Interim Report at September 30, 2009

LAFARGE
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The Board of Directors of Lafarge, chaired by Bruno Lafont, met on November 5, 2009 to approve the accounts for the period ended September 30, 2009.

This interim financial report should be read in conjunction with the consolidated financial statements for the first nine months of the year 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.

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 *(unaudited)*

Sales

(million euros)	9 months 2009	9 months 2008	% Var.	3rd quarter 2009	3rd quarter 2008	% Var.	Full Year 2008
By geographic area of destination							
Western Europe	3,579	4,742	-25%	1,189	1,535	-23%	6,021
North America	2,329	3,179	-27%	966	1,415	-32%	4,270
Middle East	1,286	1,055	22%	395	425	-7%	1,611
Central and Eastern Europe	830	1,402	-41%	341	549	-38%	1,761
Latin America	626	727	-14%	208	244	-15%	968
Africa	1,845	1,809	2%	588	645	-9%	2,373
Asia	1,748	1,472	19%	565	504	12%	2,029
By business line							
Cement	7,325	8,349	-12%	2,504	3,015	-17%	10,911
Aggregates & Concrete	3,892	4,846	-20%	1,413	1,916	-26%	6,573
Gypsum	1,018	1,164	-13%	333	376	-11%	1,521
Other	8	27	nm(1)	2	10	nm	28
TOTAL	***12,243***	***14,386***	***-15%***	***4,252***	***5,317***	***-20%***	***19,033***

(1) Not meaningful

Current operating income

(million euros)	9 months 2009	9 months 2008	% Var.	3rd quarter 2009	3rd quarter 2008	% Var.	Full Year 2008
By geographic area of destination							
Western Europe	438	823	-47%	171	301	-43%	981
North America	15	337	-96%	137	252	-46%	429
Middle East	354	305	16%	111	111	-	417
Central and Eastern Europe	231	533	-57%	121	236	-49%	649
Latin America	118	143	-17%	44	45	-2%	187
Africa	540	449	20%	176	162	9%	597
Asia	287	199	44%	92	71	30%	282
By business line							
Cement	1,836	2,302	-20%	746	922	-19%	2,964
Aggregates & Concrete	147	496	-70%	116	259	-55%	623
Gypsum	42	40	5%	10	9	11%	36
Other	(42)	(49)	nm	(20)	(12)	nm	(81)
TOTAL	***1,983***	***2,789***	***-29%***	***852***	***1,178***	***-28%***	***3,542***

Other key figures

(million euros, except per share data)	9 months 2009	9 months 2008	% Var.	3rd quarter 2009	3rd quarter 2008	% Var.	Full Year 2008
Net income – Group share	774	1,558		404	647		1,598
Excluding one-off items (1)	731	1,420	-49%	404	647	-38%	1,713
Earnings per share (in euros) (2)	2.99	7.02		1.42	2.89		7.19
Excluding one-off items (1)	2.82	6.40	-56%	1.42	2.89	-51%	7.70
Free Cash Flow (3)	1,711	1,091	57%	836	962	-13%	2,113
Net Debt	14,613	17,802	-18%				16,884

(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: 221.8m for the period ended September 30, 2008, 258.9m for the period ended September 30, 2009.
(3) Defined as the net cash used in operating activities less sustaining capital expenditures

2. Review of operations and financial results *(unaudited)*

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

Group highlights for the first nine months of 2009

- Sales impacted by lower volumes, foreign exchange and scope effect
- Overall volume and margin declines eased in the third quarter
- Emerging markets current operating income rose 19% YTD, excluding Central & Eastern Europe
- Significant cost savings and control in capital expenditure achieved
- Cement EBITDA margin remained strong at 34.8% in the quarter, stable with last year
- Free cash flow improved by €620 million year-to-date, a 57% improvement
- Net debt reduced by €3.2bn over the last twelve months

Overview of operations: sales and current operating income

Consolidated sales and current operating income

Compared to 2008, consolidated sales in the first nine months of 2009 decreased by 14.9% to 12,243 million euros. 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. It should be noted that traditionally, the third quarter represents the highest quarter for our earnings in aggregates and concrete activities due to seasonality. As a consequence, although the rate of decline slowed between quarters, the total impact for the Group of volume declines on absolute earnings was relatively higher in the third quarter compared to previous ones. Prices remained solid in most countries, but sales were affected by declining volumes. Sales were also impacted 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 nine months of the year of -14.1% (-11.0% in the first quarter, -14.6% in the second quarter and -15.7% in the third quarter). Net changes in the scope of consolidation had a neutral impact on our sales for the first nine months of the year (+3.0% in the first quarter, +0.8% in the second quarter, -2.0% in the third quarter). The full consolidation in 2009 of the Orascom operations (vs. eight months in 2008) positively contributed to sales. Conversely, sales were negatively impacted mainly 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 (effective disposal end of September 2009). 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 but were negatively impacted by the disposal of some assets mainly in North America completed in the first half of the year. Following their disposal, our operations in Chile in cement, aggregates and concrete have been deconsolidated from end of August 2009. Currency impacts were very slightly unfavorable (-0.8% year-to-date but -2.3% in the third quarter), due mainly to the impact of the depreciation against the euro of the British pound, the Canadian dollar, the Nigerian naira, the Brazilian real and Eastern Europe currencies (Polish zloty, Russian ruble, Romanian lei and Ukrainian hryvnia), partially offset by the appreciation of the US dollar, the Egyptian pound, the Iraqi dinar and the Chinese renminbi.

Year-to-date, the current operating income decreased by 28.9% to 1,983 million euros (- 26.3% at constant scope and exchange rates in the first nine months of the year and -21.7% in the third quarter), mainly reflecting the impact of declining volumes across the divisions that were only partially offset by strong cost reductions and improved prices overall, despite declines in a limited number of countries.
In the third quarter, our cement division benefited from tight cost control and lower energy costs leading to a very limited contraction in operating margins (-90 basis points in the third quarter compared to -290 basis point in the first six months of the year).
Our aggregates and concrete division results continued to be strongly affected by declining volumes in mature markets although tight cost control and positive pricing partly mitigated the impact of lower volumes.

Sales and Current operating income by segment

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

Cement

(million euros)	9 months				3rd 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	7,817	8,926	-12.4%	-10.0%	2,672	3,196	-16.4%	-11.6%
Current operating income	1,836	2,302	- 20.2%	-18.1%	746	922	-19.1%	-14.0%

Growing markets in the Middle East, Africa and Asia, tight cost control and positive pricing trends overall, despite declines in a limited number of countries, 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 eight months of activity in 2008 positively contributed to the results in the first nine months of the year. However, this was partly mitigated by the impact of the deconsolidation of some of our assets in Egypt, Italy, Venezuela and to a lesser extent in Chile (from August). Currencies had a negative impact on our current operating income (-63 million euros of which -47 million euros in the third quarter) mainly reflecting the devaluation against the euro of most of the currencies in Central and Eastern Europe.

WESTERN EUROPE

Sales: ***€ 1,618 million at end of September 2009 (€ 2,190 million in 2008)***
€ 550 million in the third quarter of 2009 (€ 706 million in 2008)

Current operating income: ***€ 377 million at end of September 2009 (€ 628 million in 2008)***
€ 163 million in the third quarter of 2009 (€ 245 million in 2008)

At constant scope and exchange rates, domestic sales and current operating income declined respectively 22.7% and 38.6% (-18.8% and -31.6% in the third 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 remained solid in all countries but Spain, in a context of inflation on input costs for the year. Tight cost control mitigated the decline in results.

NORTH AMERICA

Sales: ***€ 929 million at end of September 2009 (€ 1,193 million in 2008)***
€ 382 million in the third quarter of 2009 (€ 495 million in 2008)

Current operating income: ***€ 25 million at end of September 2009 (€ 180 million in 2008)***
€ 73 million in the third quarter of 2009 (€ 106 million in 2008)

At constant scope and exchange rates, domestic sales declined 27.2% or 347 million euros (-26.0% in the third quarter). The current operating income decreased 86.3% at constant scope and exchange rates (-35.1% in the third quarter), reflecting declining volumes due to a continuing soft market. Shipments declined both in the United States and in Canada (respectively by 28.3% and 23.3%). Rates of volume decline did not improve in the third quarter.
Prices remained solid overall. Tight cost control helped to mitigate the impact of higher input costs and declining volumes.

EMERGING MARKETS

Sales:	***€ 5,270 million at end of September 2009 (€ 5,543 million in 2008)*** ***€ 1,740 million in the third quarter of 2009 (€ 1,995 million in 2008)***
Current operating income:	***€ 1,434 million at end of September 2009 (€ 1,494 million in 2008)*** ***€ 510 million in the third quarter of 2009 (€ 571 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 in most countries, although some declines were seen, as anticipated, in a few markets, notably in Russia, Iraq and China, due to specific market conditions. Current operating income remained at strong levels as solid market trends in Africa, Middle East and Asia, 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 and a difficult environment in Iraq in the third quarter.

In the Middle East, very strong market trends in Egypt since the beginning of the year more than offset market softness in Turkey, price adjustments in Jordan to reflect the decline in fuel costs and impact of imports in Iraq in the third quarter. Domestic sales improved 7.3% at constant scope and exchange rates (being down -11.1% in the third quarter). Strict cost control and strong dynamism in Egypt more than offset the impact of lower results in Iraq in the third quarter. At constant scope and exchange rates, excluding Turkey due to its disposal, the current operating income improved 5.7% (-3.0% in the third quarter).

In Central and Eastern Europe our domestic sales at constant scope and exchange rates declined 31.4% (-27.4% in the third quarter). After two record years, these markets were strongly impacted by the contraction in the housing market due to the economic crisis. Volume trends showed lower declines since the second quarter in Poland, sustained by a relatively dynamic housing market and some early impact of infrastructure projects. Despite tight cost control across the countries, volume declines in Romania and Russia and price weakness in the latter due to competitive pressure led the reduction in current operating income in the period (-46.6% in the first nine months of the year and -38.0% in the third quarter at constant scope and exchange rates). In Poland and Romania, prices remained close to last year levels.

In Latin America, at constant scope and exchange rates, domestic sales grew by 3.1% (4.2% in the third quarter) and current operating income was almost stable in absolute terms (improving by respectively 4 and 10 million euros in the first nine months of the year and the third quarter). 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. Following the disposal of our Chilean operations, they have been deconsolidated from August 2009 while in Venezuela, due to the nationalization of the cement industry, our operations were deconsolidated since October 1, 2008 (effective disposal end of September 2009).

In Africa, domestic sales grew solidly (up 10.1% in the first nine months of the year and 3.8% in the third quarter), reflecting sound market trends overall, combined with the benefit of the new plants in Algeria in the first half of the year and in 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 21.2% in the first nine months of the year and 24.5% in the third quarter). Algeria, Kenya, Morocco and Zambia were the main contributors to this performance. Nigeria was affected since the second quarter by energy disruptions.

In Asia, domestic sales and current operating income were up 15.2% and 42.2% respectively, at constant scope and exchange rates (up 11.5% and 30.1% respectively in the third quarter). This improvement was driven by solid volume growth in most countries, Malaysia being the main exception, combined with pricing gains overall in a context of a rise in input costs. In China, volume growth, tight cost control, including the impact of closing old technology lines, and declining energy cost in the third quarter contributed to increased earnings and largely offset the impact of declining prices in a competitive environment. As a reminder, last year volumes in China were affected by the earthquake in May 2008. India, where our new line at Sonadih has started to operate successfully at the end of the third quarter, benefited from solid market growth in the Northeast region on the back of robust rural demand and sustained infrastructure works.

Aggregates & Concrete

(million euros)	9 months				3rd 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	3,894	4,852	-19.7%	-22.4%	1,413	1,919	-26.4%	-23.1%
Current operating income	147	496	-70.4%	-69.3%	116	259	-55.2%	-49.9%

AGGREGATES AND OTHER RELATED PRODUCTS

Sales: ***€ 1,813 million at end of September 2009 (€ 2,448 million in 2008)***
€ 720 million in the third quarter of 2009 (€ 1,059 million in 2008)

Current operating income: ***€ 81 million at end of September 2009 (€ 292 million in 2008)***
€ 89 million in the third quarter of 2009 (€ 177 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 mitigated 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, reflecting mainly softer markets in Central and Eastern Europe.

CONCRETE AND OTHER RELATED PRODUCTS

Sales: ***€ 2,345 million at end of September 2009 (€ 2,745 million in 2008)***
€ 793 million in the third quarter of 2009 (€ 985 million in 2008)

Current operating income: ***€ 66 million at end of September 2009 (€ 204 million in 2008)***
€ 27 million in the third quarter of 2009 (€ 82 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, mainly driven by adverse market conditions in Central and Eastern Europe, Chile and South Africa. As a reminder, effective end of August our operations in Chile have been deconsolidated, following their disposal.

Gypsum

(million euros)	9 months 2009	9 months 2008	% Variation	% Change at constant scope and exchange rates	3rd quarter 2009	3rd quarter 2008	% Variation	% Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	1,035	1,184	-12.6%	-10.2%	339	383	-11.5%	-9.0%
Current operating income	42	40	5.0%	31.7%	10	9	11.1%	101.3%

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: ***€ 587 million at end of September 2009 (€ 688 million in 2008)***
€ 182 million in the third quarter of 2009 (€ 211 million in 2008)

Current operating income: ***€ 44 million at end of September 2009 (€ 56 million in 2008)***
€ 10 million in the third quarter of 2009 (€ 12 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: ***€ 140 million at end of September 2009 (€ 144 million in 2008)***
€ 47 million in the third quarter of 2009 (€ 51 million in 2008)

Current operating income: ***€ -30 million at end of September 2009 (€ -49 million in 2008)***
€ -10 million in the third 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: ***€ 308 million at end of September 2009 (€ 352 million in 2008)***
€ 110 million in the third quarter of 2009 (€ 121 million in 2008)

Current operating income: ***€ 28 million at end of September 2009 (€ 33 million in 2008)***
€ 10 million in the third quarter of 2009 (€ 14 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 — ***€ -18 million at end of September 2009 (€ 108 million in 2008)***
€ -16 million in the third quarter of 2009 (€ -28 million in 2008)

Other elements of the operating income in the first nine months of the year mainly include restructuring costs of 72 million euros and a 43 million euros provision reversal in the second quarter 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 — ***€ 678 million at end of September 2009 (€ 626 million in 2008)***
€ 222 million in the third quarter of 2009 (€ 236 million in 2008)

Financial expenses on net indebtedness declined to 586 million euros in the first nine months of 2009 (611 million euros in the first nine months of 2008), the impact of one additional month of interest on the Orascom acquisition debt being more than offset by the combined effect of lower variable interest rates on the drawings on our credit lines and debt reduction measures.

The average interest rate on our gross debt was 5.0% during the first nine months of 2009 as compared to 5.4% in 2008.

Foreign exchange resulted in a loss of 6 million euros in the first nine months of 2009 (gain of 44 million euros in 2008).

Other finance costs increased to 86 million euros, compared to 59 million euros in the first nine months 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 — ***€ -14 million at end of September 2009 (€ 7 million in 2008)***
€ -9 million in the third quarter of 2009 (€ 6 million in 2008)

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

Income tax — ***€ 244 million at end of September 2009 (€ 454 million in 2008)***
€ 109 million in the third quarter of 2009 (€ 179 million in 2008)

The effective tax rate reduced slightly, at 19% in the first nine months of 2009 (20% in 2008), benefiting from a lower contribution of operations in mature markets taxed at relatively 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 — ***€ 255 million at end of September 2009 (€ 266 million in 2008)***
€ 92 million in the third quarter of 2009 (€ 94 million in 2008)

Non-controlling interests in the first nine months of 2009 slightly declined compared to the first nine months 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) — ***€ 774 million at end of September 2009 (€ 1,558 million in 2008)***
€ 404 million in the third quarter of 2009 (€ 647 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 nine months of the year decreased by 48.5%. The decline in net profit for the first nine month 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) ***€ 2.99 at end of September 2009 (€ 7.02 in 2008)***
€ 1.42 in the third quarter of 2009 (€ 2.89 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 was 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 nine months of the year decreased by 55.9%, 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 nine months, increased by € 266 million to € 1,910 million (€ 1,644 million at the end of September 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 € 682 million (€ 7,824 million in the first nine months of 2008).

The strong focus on sustaining capital expenditure management, as per our plan to reduce debt in 2009, led to a 64% reduction in the amount of sustaining capital expenditure in the first nine months of 2009, at 199 million euros (553 million euros in the first nine months of 2008).

Capital expenditures for the building of new capacity, at 926 million euros (1,162 million euros in the first nine months 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 588 million euros (342 million euros in the first nine months of 2008) were mainly related to the sale of our cement, aggregates and concrete operations in Chile (288 million euros net of cash disposed of), our 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 first nine months of 2009. It also included the first payment related to the disposal of our cement operations in Venezuela subsequent to their nationalization (40% of the selling price; the balance will be settled in four equal yearly instalments). Disposals do not include the proceeds of the sale of our operations in the Marmara and West Black Sea regions in Turkey, as we are awaiting the finalization of the disposal.

Statement of financial position

At September 30, 2009 total equity stood at € 16,075 million (€ 14,635 million at the end of December 2008) **and net debt at € 14,613 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 (1.0 billion euros), partly offset by the non cash impact of translating our foreign subsidiaries assets into euros (-0.5 billion euros) and the impact of dividends (-0.5 billion euros).

Compared to December 31, 2008, the decrease of 2.3 billion euros of the net consolidated debt reflects the solid generation of free cash flow (at 1.7 billion euros), the 1.5 billion euros rights issue finalized on April 28 and the 0.6 billion euros of disposal proceeds which largely offset the 0.9 billion euros investment in building new capacities and the 0.4 billion euros dividend paid by Lafarge SA in July 2009.

Outlook for 2009

Annual cement volumes in Lafarge's markets are expected to decline between -6% to -8% in 2009. Overall pricing is expected to remain solid for the year, despite price declines in a limited number of markets. Energy costs declined in the third quarter and are expected to further ease into the fourth quarter as compared to 2008.

The progressive improvement of the economic environment along with government stimulus plans, with their announced large focus on infrastructure spending, are expected to have a positive impact on our markets as of the second half of 2010. In addition, the fundamental need for cement continues in developing economies due to the long-term trends of urbanization, demographic growth and infrastructure requirements.

Consolidated financial statements *(unaudited)*

Consolidated statements of income

	9 months		3rd quarter		December 31,
(million euros, except per share data)	2009	2008	2009	2008	2008
Revenue	**12,243**	**14,386**	**4,252**	**5,317**	**19,033**
Cost of sales	(9,004)	(10,308)	(2,990)	(3,699)	(13,729)
Selling and administrative expenses	(1,256)	(1,289)	(410)	(440)	(1,762)
Operating income before capital gains, impairment, restructuring and other	**1,983**	**2,789**	**852**	**1,178**	**3,542**
Gains on disposals, net	62	197	16	6	229
Other operating income (expenses)	(80)	(89)	(32)	(34)	(409)
Operating income	**1,965**	**2,897**	**836**	**1,150**	**3,362**
Finance costs	(839)	(814)	(250)	(310)	(1,157)
Finance income	161	188	28	74	216
Income from associates	(14)	7	(9)	6	(3)
Income before income tax	**1,273**	**2,278**	**605**	**920**	**2,418**
Income tax	(244)	(454)	(109)	(179)	(479)
Net income	**1,029**	**1,824**	**496**	**741**	**1,939**
Out of which part attributable to:					
- Owners of the parent of the Group	**774**	**1,558**	**404**	**647**	**1,598**
- Non-controlling interests	255	266	92	94	341
Earnings per share (1)					
Net income - attributable to the owners of the parent company					
Basic earnings per share	2.99	7.02	1.42	2.89	7.19
Diluted earnings per share	2.99	7.01	1.42	2.89	7.16
Basic average number of shares outstanding (in thousands) (1)	**258,937**	**221,839**	**284,966**	**223,547**	**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

	9 months		3rd quarter		December 31,
(million euros)	2009	2008	2009	2008	2008
Net income	**1,029**	**1,824**	**496**	**741**	**1,939**
Available for sale investments	265	(204)	50	13	(338)
Cash-flow hedge instruments	21	(9)	6	(63)	(53)
Actuarial gains / (losses)	(414)	(88)	(45)	-	(384)
Currency translation adjustments	(460)	234	(266)	1,249	(836)
Income tax on other comprehensive income	107	13	12	16	126
Other comprehensive income for the period, net of income tax	**(481)**	**(54)**	**(243)**	**1,215**	**(1,485)**
Total comprehensive income for the period	**548**	**1,770**	**253**	**1,956**	**454**
Out of which part attributable to:					
- Owners of the parent of the Group	*358*	*1,507*	181	1,780	*148*
- Non-controlling interests	*190*	*263*	72	176	*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 September 30, 2009, which strongly increased compared to the market value as of December 31, 2008. The difference with the acquisition cost is +44 million euros as of September 30, 2009 (-7 million euros as of June 30, 2009 and -207 million euros as of December 31, 2008).

Actuarial gains / losses

The evolution of the Group's net position on pension obligations leads to recognize an actuarial loss of 414 million euros in equity (loss of 298 million euros net of tax effect) during the first nine months 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 lower discount rate on the pension obligation.

Currency translation adjustments
Change in cumulative exchange differences on translating foreign operations from January 1, 2009 to September 30, 2009 (closing rate) comprises -341 million euros due to the depreciation of the Algerian dinar and the Egyptian pound.

In addition, around 38 million euros of exchange losses have been reclassified to the consolidated statements of income during the 3rd quarter 2009 as part of the Group's divestment operations and have been included in the disposal results of these operations (Note 3.3).

Consolidated statement of financial position

(million euros)	September 30, 2009	September 30, 2008	At December 31, 2008
ASSETS			
NON CURRENT ASSETS	**32,220**	**33,983**	**32,928**
Goodwill	12,890	14,190	13,374
Intangible assets	616	613	614
Property, plant and equipment	16,385	17,310	16,927
Investments in associates	451	335	563
Other financial assets	1,452	1,368	1,147
Derivative instruments - assets	50	14	122
Deferred income tax assets	376	153	181
CURRENT ASSETS	**7,233**	**8,489**	**7,680**
Inventories	1,816	2,259	2,195
Trade receivables	2,319	3,203	2,320
Other receivables	1,062	1,518	1,351
Derivative instruments - assets	81	38	223
Cash and cash equivalents	1,955	1,471	1,591
TOTAL ASSETS	**39,453**	**42,472**	**40,608**
EQUITY & LIABILITIES			
Common stock	1,141	781	781
Additional paid-in capital	9,583	8,454	8,462
Treasury shares	(27)	(63)	(40)
Retained earnings	5,593	5,185	5,225
Other reserves	(634)	(252)	(613)
Foreign currency translation	(1,300)	133	(905)
Equity attributable to owners of the parent company	**14,356**	**14,238**	**12,910**
Non-controlling interests	1,719	1,825	1,725
EQUITY	**16,075**	**16,063**	**14,635**
NON CURRENT LIABILITIES	**16,880**	**19,874**	**17,043**
Deferred income tax liability	842	1,037	923
Pension & other employee benefits liabilities	1,334	751	943
Provisions	980	987	976
Long-term debt	13,686	17,052	14,149
Derivative instruments - liabilities	38	47	52
CURRENT LIABILITIES	**6,498**	**6,535**	**8,930**
Pension & other employee benefits liabilities	61	59	67
Provisions	139	179	165
Trade payables	1,595	1,822	1,864
Other payables	1,535	1,898	2,039
Income tax payable	193	351	176
Short term debt and current portion of long-term debt	2,931	2,091	4,472
Derivative instruments - liabilities	44	135	147
TOTAL EQUITY AND LIABILITIES	**39,453**	**42,472**	**40,608**

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

Consolidated statements of cash flows

(million euros)	9 months 2009	9 months 2008	3rd quarter 2009	3rd quarter 2008	December 31, 2008
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**1,029**	**1,824**	**496**	**741**	**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	849	790	280	285	1,076
Impairment losses	41	21	6	(9)	276
Income from associates	14	(7)	9	(6)	3
(Gains) on disposals, net	(62)	(197)	(16)	(6)	(229)
Finance costs (income)	678	626	222	236	941
Income taxes	244	454	109	179	479
Others, net (including dividends received from equity affiliates)	(34)	93	(4)	50	22
Change in operating working capital items, excluding financial expenses and income taxes (see analysis below)	138	(912)	43	68	(154)
Net operating cash generated before impacts of financial expenses and income taxes	**2,897**	**2,692**	**1,145**	**1,538**	**4,353**
Cash payments for financial expenses	(681)	(614)	(183)	(216)	(777)
Cash payments for income taxes	(306)	(434)	(62)	(160)	(575)
Net cash used in operating activities	**1,910**	**1,644**	**900**	**1,162**	**3,001**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(1,157)	(1,818)	(315)	(767)	(2,886)
Investment in subsidiaries and joint ventures (1) / (3)	(21)	(6,198)	-	(307)	(6,309)
Investment in associates	(4)	(16)	-	(8)	(63)
Investment in available for sale investments	(26)	(10)	(9)	(7)	(11)
Disposals (2)	588	342	409	21	615
Net decrease in long-term receivables	(62)	(124)	(32)	(100)	(117)
Net cash provided by (used in) investing activities	**(682)**	**(7,824)**	**53**	**(1,168)**	**(8,771)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Proceeds from issuance of common stock	1,445	12	(2)	-	12
Non-controlling interests' share in capital increase/(decrease) of subsidiaries	-	21	-	10	90
(Increase) / Decrease in treasury shares	-	(8)	-	(5)	8
Dividends paid	(393)	(784)	(393)	-	(784)
Dividends paid by subsidiaries to non-controlling interests	(117)	(108)	(14)	(35)	(267)
Proceeds from issuance of long-term debt	3,234	8,669	563	554	9,208
Repayment of long-term debt	(4,964)	(544)	(873)	(187)	(1,094)
Increase (decrease) in short-term debt	(24)	(1,020)	8	(329)	(1,143)
Net cash provided by (used in) financing activities	**(819)**	**6,238**	**(711)**	**8**	**6,030**

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

	9 months		3rd quarter		December 31,
(million euros)	2009	2008	2009	2008	2008
Increase / (decrease) in cash and cash equivalents	**409**	**58**	**242**	**2**	**260**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(45)	(16)	(33)	75	(98)
Cash and cash equivalents at beginning of year	1,591	1,429	1,746	1,394	1,429
Cash and cash equivalents at end of the year	**1,955**	**1,471**	**1,955**	**1,471**	**1,591**
(1) Net of cash and cash equivalents of companies acquired	*-*	*305*	*-*	*22*	*306*
(2) Net of cash and cash equivalents of companies disposed of	*50*	*28*	*13*	*-*	*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	**138**	**(912)**	**43**	**68**	**(154)**
(Increase) / decrease in inventories	306	(303)	59	(64)	(373)
(Increase) / decrease in trade receivables	(53)	(593)	3	(16)	206
(Increase) / decrease in other receivables – excluding financial and income taxes receivables	199	(136)	(87)	(67)	(292)
Increase / (decrease) in trade payables	(255)	(62)	(108)	4	53
Increase / (decrease) in other payables – excluding financial and income taxes payables	(59)	182	176	211	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						*1,558*	*(288)*	*237*	***1,507***	*263*	***1,770***
Dividends						(784)			**(784)**	(109)	**(893)**
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)	*171,959*		-	*12*					***12***		***12***
Share based payments			-	21					**21**		**21**
Treasury shares		*81,060*			(8)				**(8)**		**(8)**
Other movements – non-controlling interests									**-**	592	**592**
Balance at September 30, 2008	***195,236,534***	***738,293***	**781**	**8,454**	**(63)**	**5,185**	**(252)**	**133**	**14,238**	**1,825**	**16,063**
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						*774*	*(21)*	*(395)*	***358***	*190*	***548***
Dividends						(393)			**(393)**	(117)	**(510)**
Issuance of common stock (1)	*90,109,164*		*360*	*1,103*					*1,463*		**1,463**
Issuance of common stock (exercise of stock options)									**-**		**-**
Share based payments				18					**18**		**18**
Treasury shares		*(56,645)*			13	(13)			**-**		**-**
Other movements – non-controlling interests									**-**	(79)	**(79)**
Balance at September 30, 2009	***285,345,698***	***380,148***	**1,141**	**9,583**	**(27)**	**5,593**	**(634)**	**(1,300)**	**14,356**	**1,719**	**16,075**

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 November 5th, 2009.

Note 2. Summary of significant accounting policies

2.1 – Accounting policies

The Group interim condensed consolidated financial statements at September 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 September 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 15, Agreements for the Construction of Real Estate, effective at January 1st, 2010
- 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

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 September 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 September 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. 37 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

During the first semester 2009
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 September 30, 2009 is 161 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.

During the third quarter 2009
On August 28th, 2009 the Group sold its Cement and Aggregate & Concrete assets in Chile to the Peruvian group Brescia. The impact of this disposal as at September 30, 2009 is 288 million euros, net of cash disposed of, on the statement of cash flows on the line “Disposals”.

In 2008, the Venezuelan government announced the nationalization of the cement industry. A sale contract for the shares was signed end of September 2009 between the government on the one hand, and Lafarge and the minority shareholders on the other hand, for a total price of 296 million dollars, of which 201 million dollars for the Group that then enables it to recover the cost of its investments in this country. As contractually stated, 40% of the sale price was paid and the remaining 60% part is to be paid over a 4-year period. The Group's share in this payment is reflected, net of selling costs, on the statement of cash flows on the line “Disposals” for an amount of 52 million euros.

These two transactions generated a net disposal gain of 20 million euros. As part of these disposals, the Group has granted to the acquirers indemnification commitments, for which the exposure is considered remote, for a total maximum amount of 371 million dollars, a part of which is counter-guaranteed by the minority shareholders in the Venezuelan transaction.

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 during the first semester 2009 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

September 30, 2009 *(million euros)*	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	7,817	3,894	1,035	8	12,754
Less: intersegment	(492)	(2)	(17)	-	(511)
Revenue	**7,325**	**3,892**	**1,018**	**8**	**12,243**
Operating income before capital gains, impairment, restructuring and other	1,836	147	42	(42)	1,983
Gains on disposals, net	18	42	5	(3)	62
Other operating income (expenses)	(41)	(26)	(7)	(6)	(80)
Including impairment on assets and goodwill	*(35)*	*(3)*	*(3)*	-	*(41)*
Operating income	**1,813**	**163**	**40**	**(51)**	**1,965**
Finance costs					(839)
Finance income					161
Income from associates	(19)	1	4	-	(14)
Income taxes					(244)
Net income					**1,029**
Other information					
Depreciation and amortization	(557)	(195)	(60)	(37)	(849)
Other segment non cash income (expenses) of operating income	31	23	8	(62)	-
Capital expenditures	888	172	66	31	1,157
Capital employed	24,641	5,272	1,489	814	32,216
Balance Sheet					
Segment assets	28,030	6,516	1,860	2,540	38,946
Of which investments in associates	*290*	*17*	*127*	*17*	*451*
Unallocated assets [a]					507
Total Assets					**39,453**
Segment liabilities	2,270	1,110	389	2,068	5,837
Unallocated liabilities and equity [b]					33,616
Total Equity and Liabilities					**39,453**

[a] *Deferred tax assets and derivative instruments*

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

September 30, 2008 *(million euros)*	**Cement**	**Aggregates & Concrete**	**Gypsum**	**Other**	**Total**
Statement of income					
Gross revenue	8,926	4,852	1,184	27	14,989
Less: intersegment	(577)	(6)	(20)	-	(603)
Revenue	**8,349**	**4,846**	**1,164**	**27**	**14,386**
Operating income before capital gains, impairment, restructuring and other	2,302	496	40	(49)	2,789
Gains on disposals, net	191	2	-	4	197
Other operating income (expenses)	(43)	(1)	(4)	(41)	(89)
Including impairment on assets and goodwill	*(17)*	*(1)*	*(3)*	-	*(21)*
Operating income	**2,450**	**497**	**36**	**(86)**	**2,897**
Finance costs					(814)
Finance income					188
Income from associates	10	11	11	(25)	7
Income taxes					(454)
Net income					**1,824**
Other information					
Depreciation and amortization	(517)	(188)	(58)	(27)	(790)
Other segment non cash income (expenses) of operating income	-	(7)	(5)	(37)	(49)
Capital expenditures	1,332	350	99	37	1,818
Capital employed	27,006	5,959	1,560	832	35,357
Balance Sheet					
Segment assets	30,521	7,490	1,967	2,141	42,119
Of which investments in associates	*125*	*66*	*120*	*24*	*335*
Unallocated assets [(a)]					353
Total Assets					**42,472**
Segment liabilities	2,753	1,324	399	1,571	6,047
Unallocated liabilities and equity [(b)]					36,425
Total Equity and Liabilities					**42,472**

[(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.

	September 30, 2009		September 30, 2008		December 31, 2008	
(million euros)	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
Western Europe	**3,579**	**7,403**	**4,742**	**7,573**	**6,021**	**7,478**
Of which:						
France	1,785	2,670	2,104	2,035	2,721	2,641
Spain	306	1,185	588	1,167	671	1,183
United Kingdom	644	1,569	965	2,056	1,191	1,529
North America	**2,329**	**5,697**	**3,179**	**5,947**	**4,270**	**5,964**
Of which:						
United States	1,314	4,618	1,629	4,761	2,215	4,876
Canada	1,015	1,079	1,550	1,186	2,055	1,088
Middle East	**1,286**	**5,994**	**1,055**	**6,431**	**1,611**	**6,197**
Of which:						
Egypt	557	2,663	376	2,756	504	2,744
Central and Eastern Europe	**830**	**1,826**	**1,402**	**1,832**	**1,761**	**1,920**
Latin America	**626**	**695**	**727**	**1,189**	**968**	**1,030**
Africa	**1,845**	**5,292**	**1,809**	**6,281**	**2,373**	**5,325**
Of which:						
Algeria	355	3,390	268	4,358	361	3,602
Asia	**1,748**	**3,435**	**1,472**	**3,195**	**2,029**	**3,564**
Total	**12,243**	**30,342**	**14,386**	**32,448**	**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 September 30, 2009, September 30, 2008 and December 31, 2008 are as follows:

	9 months		December 31,
	2009	2008	2008
Numerator (in million euros)			
Net income attributable to owners of the parent of the Group	774	1,558	1,598
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	258,937	221,839	222,350
Effect of dilutive securities — stock options	220	492	846
Weighted average number of shares outstanding — fully diluted	259,157	222,331	223,196
Basic earnings per share (euros)	**2.99**	**7.02**	**7.19**
Diluted earnings per share (euros)	**2.99**	**7.01**	**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:

	September, 30		December 31,
(million euros)	2009	2008	2008
Long-term debt excluding put options on shares of subsidiaries	13,607	16,901	14,003
Put options on shares of subsidiaries, long-term	79	151	146
Long-term debt	**13,686**	**17,052**	**14,149**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	2,714	1,943	4,278
Put options on shares of subsidiaries, short-term	217	148	194
Short-term debt and current portion of long-term debt	**2,931**	**2,091**	**4,472**
Total debt excluding put options on shares of subsidiaries	16,321	18,844	18,281
Total put options on shares of subsidiaries	296	299	340
Total debt	**16,617**	**19,143**	**18,621**

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

(million euros)	September 30, 2009	September 30, 2008	December 31, 2008
Repayable in more than five years	5,068	5,494	4,571
Repayable between one and five years	8,539	11,407	9,432
Long-term debt	**13,607**	**16,901**	**14,003**
Repayable between six months and one year	945	355	3,471
Repayable in less than six months	1,769	1,588	807
Total debt	**16,321**	**18,844**	**18,281**

At September 30, 2009, 830 million euros of short-term debt (consisting of commercial paper) 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 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 September 30, 2009, the net variation of this debt amounted to -1,195 million euros (compared 1,133 million euros at September 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 September 30, 2009, is 4.9% (5.8% as of September 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.

On September 28, 2009, an amount of 800 million euros has been repaid proportionally on the three remaining tranches B, C1 and C2 (all maturing in December 2012) of the Orascom acquisition credit facility. This repayment has been made by using the proceeds of divestments and the proceeds of the cash received from the French Aggregates and Concrete Securitization agreement implemented in September 2009. The outstanding amount of the acquisition credit facility has been therefore reduced to 2,268 million euros.

Securitization program

In January 2000, the Group entered into a multi-year securitization agreement in France for Cement and Gypsum activities with respect to trade receivables. This program was renewed in 2005 for a 5-year period. Two other securitization agreements with respect to trade receivables were implemented in September 2009, one in France (for some of the Aggregates and Concrete activities) for a 5-year period and the other in North America (United States and Canada) for a 3-year period.

Under the programs, some of the French and north American subsidiaries agree to sell on a revolving basis, some of their accounts receivables. Under the terms of the arrangements, 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 747 million euros equivalent as of September 30, 2009 (265 million euros as of September 30, 2008 and 261 million euros as of December 31, 2008).

The current portion of debt includes 637 million euros equivalent as of September 30, 2009, related to these programs (230 million euros as of September 30, 2008 and 227 million euros as of December 31, 2008).

The French securitization agreements are guaranteed by subordinated deposits and units totaling 110 million euros as of September 30, 2009 (35 million euros as of September 30, 2008 and 34 million euros as of December 31, 2008).

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

Out of the outstanding debt at September 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 September 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 174 million euros at September 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. The hearing was held on October 22 and the 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 remaining fine very significantly 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 September 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 80 million euros at September 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. The Commission's investigation is ongoing. The date of its closure is unknown. No conclusion can be drawn at this preliminary stage.
- 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. Some of the referenced complaints claim that these damages resulted from a barge that allegedly breached the Industrial Canal levee in New Orleans during or after Hurricane Katrina. On May 21, 2009, the Court denied plaintiffs' Motion for Class Certification. This decision is subject to appeal, however, at this stage, only individual cases may be tried 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 the Court's decision which found 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.

United State of America –USG: In the context of lawsuit and amended complaints filed by United States Gypsum Corporation ("USG") against our subsidiary, Lafarge North America Inc in the United States District Court for the Northern District of Illinois, a trial is expected to be held in the last quarter of 2009 for a possible decision of the Court during the first quarter of 2010. Alleging infringement of a patent relating to the production of gypsum drywall, misappropriation of trade secrets and other claims, USG seeks money damages and certain injunctive relief relating to the patent and the alleged misappropriation of trade secrets.

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. 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 10. Subsequent events

The Group announced October 13, 2009 a share capital increase reserved for employees. A maximum 5.75 million shares will be issued as a result of the capital increase, at a 48.8 euros subscription price per share. The subscription period will take place from October 15 until November 9, 2009, included.