Interim Report at March 31, 2010

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on May 4, 2010 to approve the accounts for the period ended March 31, 2010.

This interim financial report should be read in conjunction with the consolidated financial statements for the first three months of the year and the company's Annual Report (document de reference) for the fiscal year 2009 filed with the Autorité des Marchés Financiers on March 11, 2010 under number D.10-0104.

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.

Please note that, in a majority of our markets, the first quarter represents a lower share of our yearly sales and an even lower share of our profits due to the seasonality of our businesses.

1. Consolidated key figures *(unaudited)*

Sales

(million euros)	1st quarter 2010	1st quarter 2009	% Variance
By geographical zone of destination			
Western Europe	976	1,107	-12%
North America	450	533	-16%
Middle East and Africa	939	1,048	-10%
Central and Eastern Europe	127	175	-27%
Latin America	174	207	-16%
Asia	610	559	9%
By business line			
Cement	2,017	2,186	-8%
Aggregates & Concrete	917	1,096	-16%
Gypsum	340	344	-1%
Other	2	3	nm (1)
Total	***3,276***	***3,629***	***-10%***

(1) Not meaningful

Current operating income

(million euros)	1st quarter 2010	1st quarter 2009	% Variance
By geographical zone of destination			
Western Europe	46	80	-42%
North America	(146)	(151)	nm
Middle East and Africa	231	276	-16%
Central and Eastern Europe	(25)	12	nm
Latin America	39	41	-5%
Asia	91	77	18%
By business line			
Cement	299	384	-22%
Aggregates & Concrete	(72)	(64)	nm
Gypsum	10	17	-41%
Other	(1)	(2)	nm
Total	***236***	***335***	***-30%***

Other key figures

(million euros, except per share data)	1st quarter 2010	1st quarter 2009	% Variance
Net income - Group share	64	(17)	nm
Excluding one-off item (1)	(73)	(17)	nm
Earnings per share (in euros)	0.22	(0.08)	nm
Excluding one-off item (1)	(0.26)	(0.08)	nm
Free cash flow (2)	(86)	(253)	nm
Net debt	14,582	17,680	-18%

(1) Excluding the gain on the disposal of Cimpor shares
(2) Defined as the net cash generated by continuing operations 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 quarter of 2010

- First quarter results reflect seasonality, traditionally leading to low net results, and historically have not been indicative of activity in other quarters or the full year
- Very poor weather and the lower economic activity in developed countries and Eastern Europe negatively impacted volumes and margins
- Earnings stabilizing in Aggregates and Concrete
- Disposal of the investment interest in Cimpor in exchange for cement assets in Brazil, the fastest growing market in Latin America, to be received in the third quarter 2010
- Cost savings on target, achieving more than €50 million in structural savings for the quarter
- Free cash flow improved, helped by strong working capital actions and lower capital expenditures

Overview of operations: sales and current operating income

Consolidated sales and current operating income

Compared to the first quarter of 2009, consolidated sales in the first quarter of 2010 decreased by 10% to 3,276 million euros. Particularly adverse weather conditions in both mature and some emerging markets along with the continued lower economic activity in Europe and North America affected the volumes. Cement prices remained firm in most countries as compared to the last quarter of 2009. The impact of declining volumes led the organic decline in sales in the quarter (-8%). Net changes in the scope of consolidation had a negative impact on our sales of 3%, reflecting the sale of our Chilean and Turkish operations (respectively in August 2009 and December 2009), and the divestiture of aggregates and concrete assets in North America (mostly in June 2009). Currency impacts were slightly favorable (1%), due mainly to the impact of the appreciation against the euro of the Canadian dollar, the South African rand and the Brazilian real, partially offset by the effect of the depreciation of the US dollar and currencies in the Middle East and North Africa (Nigerian naira, Egyptian pound, Iraqi, Algerian and Jordanian dinars).

In the same period, the current operating income decreased by 30%, mainly reflecting the impact of declining volumes in the quarter that were partially offset by cost reductions.

Our Cement division benefited from solid market growth in emerging countries outside Central and Eastern Europe, although a few countries were negatively impacted by new capacities entering the market or adverse weather. The lower markets and poor weather conditions significantly impacted Europe and North America. Our Aggregates and Concrete division, mainly exposed to mature markets, experienced a decrease in sales but stabilized operating results due to tight cost control. The better performance of our Gypsum division in Asia mitigated the further declines observed in mature markets.

Please note that the first quarter historically has represented a lower share of our yearly sales and an even lower share of our profits due to the seasonality of our businesses in the Northern hemisphere. It may fluctuate significantly from one year to the other due to weather conditions that, in this case, were particularly harsh in the first quarter of 2010.

Sales and Current operating income by segment

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

Cement

(million euros)	1st quarter 2010	1st quarter 2009	% Variation	% Change at constant scope and exchange rates
Sales before elimination of inter-division sales	2,137	2,335	-8%	-6%
Current operating income	299	384	-22%	-21%

Cement volumes declined in the first quarter due to a combination of poor weather, lower economic activity in Europe and North America, and new capacities entering a few growth markets. All together, this resulted in volumes declining by 7% in the quarter. Sales in the first quarter 2010 were also lowered by the absence of our Chilean and Turkish operations which were sold in 2009 (-2%).

WESTERN EUROPE

Sales: ***€408 million at end of March 2010 (€475 million in 2009)***

Current operating income: ***€36 million at end of March 2010 (€64 million in 2009)***

At constant scope and exchange rates, domestic sales and current operating income declined respectively 15% and 42%. With the notable exception of UK that showed an increase in domestic volumes on this quarter, double digit volume declines in the other countries led the contraction in sales and current operating income in the quarter, reflecting the particularly adverse weather conditions and lower economic activity. Prices were slightly below the level of the first quarter 2009, but stable with the fourth quarter of 2009. Tight cost control partially mitigated the decline in results.

NORTH AMERICA

Sales: ***€185 million at end of March 2010 (€211 million in 2009)***

Current operating loss: ***€-57€ million at end of March 2010 (€-61 million in 2009)***

At constant scope and exchange rates, sales declined 12% due to adverse weather conditions and lower economic activity in the United States. Overall, prices were resilient, with the increase in Canada mitigating the slight decrease in the United States. The improvement of the current operating loss by 4 million euros in the quarter, despite volume declines of 12%, reflects the strong measures to cut costs.

EMERGING MARKETS

Sales: ***€1,544 million at end of March 2010 (€1,649 million in 2009)***

Current operating income: ***€320 million at end of March 2010 (€381 million in 2009)***

In the Middle East and Africa region, solid market trends continued in many countries, notably Egypt and Iraq, where our volumes increased. Nevertheless, our domestic sales at constant scope and exchange rates decreased by 6%, negatively impacted by new capacities entering Jordan and Kenya and by heavy rains in Morocco and Zambia. Additionally, lower production levels in Algeria prevented us from fully capturing market growth. Prices remained solid overall, with Iraqi prices stabilizing on late 2009 levels. Current operating income was negatively impacted by currency fluctuations (-3%). At constant scope and exchange rates, the current operating income decreased by 14%, reflecting the impact of lower volumes and the base effect on Iraqi prices.

In Central and Eastern Europe our domestic sales at constant scope and exchange rates declined 35%. These markets were strongly affected in the first quarter by the adverse weather conditions and lower economic activity, which resulted in a current operating loss of 17 million euros.

In Latin America, positive market trends in Brazil drove the increase in domestic sales by 2% at constant scope and exchanges rates with price increases implemented late in the quarter. The current operating income was negatively impacted by the disposal of Chile, but benefited from the appreciation of the Brazilian real. At constant scope and exchange rates, current operating income increased by 3%.

In Asia, domestic sales were up 6% while current operating income increased by 18% at constant scope and exchange rates. Solid volume growth in most countries, South Korea being the main exception due to harsh weather conditions, contributed to this very good performance. In China, reduced positive market trends due to drought conditions and increased competition lowered our volumes; prices increased compared to the last quarter of 2009, but decreased versus the average prices of the first quarter 2009. India benefited from solid market growth in the Northeast region; price increases were driven by increases in input costs and in excise duties. Our new production line at Sonadih and our grinding station at Mejia contributed to capture this growth and led the increase in current operating income for the region, together with positive market trends in Philippines.

Aggregates & Concrete

(million euros)	1st quarter 2010	2009	% Variation	% Change at constant scope and exchange rates
Sales before elimination of inter-division sales	918	1,097	-16%	-13%
Current operating income	(72)	(64)	*nm*	*nm*

AGGREGATES AND OTHER RELATED PRODUCTS

Sales: ***€389 million at end of March 2010 (€444 million in 2009)***

Current operating loss: ***€-52 million at end of March 2010 (€-66 million in 2009)***

At constant scope and exchange rate, sales decreased by 9%, reflecting slower rates of volumes declines compared to previous quarters, despite adverse weather conditions. The stabilization of the current operating loss was driven by particularly strong cost control and optimization of production capacities.

In Western Europe strict cost control partially offset the impact of volume declines experienced in most of the countries. United Kingdom was an exception and showed notable positive trends driven by an increased number of projects, with volumes improving by 9% versus the first quarter of 2009.

In North America, improvement of the results is the combination of strict cost control, positive volumes and prices in Canada, and further decline in volumes in the United States impacted by adverse weather conditions.

Elsewhere in the world, results declined slightly, mainly reflecting softer markets in Central and Eastern Europe and the end of major projects in South Africa.

CONCRETE AND OTHER RELATED PRODUCTS

Sales: ***€600 million at end of March 2010 (€725 million in 2009)***

Current operating income: ***€-20 million at end of March 2010 (€2 million in 2009)***

Contraction in volumes in most countries, although at a lower pace compared to previous quarters, led to the decline in sales in the quarter. Our sales were also negatively impacted by the disposal of our Chilean operations in August 2009. Prices were slightly below the first quarter 2009 price levels. Progress of our value-added products and strict cost control mitigated the effect of volume drops.

In Western Europe, some contrasted volume trends were observed; while ready-mix concrete volumes were up 2% in the United Kingdom due to large projects, they were down in Spain and France due to adverse weather conditions and lower economic activity. Overall, the decrease in operating income was led by volume declines, somewhat mitigated by strong cost control.

In North America, results were impacted by declining volumes only partly offset by tight cost control.

Elsewhere in the world, current operating income decreased over last year with contrasted trends across the countries.

Gypsum

(million euros)	1st quarter 2010	1st quarter 2009	% Variation	% Change at constant scope and exchange rates
Sales before elimination of inter-division sales	344	349	-1%	-3%
Current operating income	10	17	-41%	-43%

At constant scope and exchange rate, the slight increase in volumes and a tight cost control mitigated the negative impact of lower selling prices compared to the first quarter 2009. Current operating income improved by 14 million euros compared to the fourth quarter of 2009, with comparable volumes.

Other income statement items

Other elements of operating income: €-41 million (€-31 million in the first quarter of 2009)

Gains on disposals, net, amounted to 20 million euros compared to 6 million euros in 2009.

Other operating expenses amounted to 61 million euros, compared to 37 million euros in 2009 due mainly to restructuring and closure related costs.

Finance costs: €83 million (€251 million in the first quarter of 2009)

Financial expenses on net indebtedness decreased to 178 million euros (from 226 million euros in the first quarter of 2009) mainly reflecting the decrease in the net debt versus the first quarter 2009.

The average interest rate on our gross debt was 5.2% during the first quarter of 2010, compared to 5.4% in the first quarter of 2009.

Foreign exchange resulted in a loss of 21 million euros, versus 1 million euros in 2009, mostly relating to loans and debts denominated in currencies for which no hedging market is available.

Other finance costs and income include the gain on the disposal of Cimpor shares for 137 million euros. Excluding this one-off item, other financial costs slightly decreased to 21 million euros, compared to 24 million euros in the first quarter of 2009.

Income tax: €1 million (€11 million in the first quarter of 2009)

The effective tax rate is only 0.9% for the first quarter of 2010, strongly impacted by the gain on the disposal of Cimpor that was not taxable.

Non-controlling interests: €50 million (€60 million in the first quarter of 2009)

Certain subsidiaries with minority interests generated lower earnings in the first quarter 2010 than in 2009, due primarily to lower volumes.

Net income, Group share [1]: €64 million (Net loss of €-17 million in the first quarter of 2009)

2010 was impacted by the gain on the disposal of Cimpor shares for 137 million euros. Adjusted for this one-off item, the net loss attributable to the owners of the parent company increased from 17 million euros to 73 million euros, reflecting the usual impact of the seasonality in our activities, amplified this year by harsh weather conditions and lower level of activity in Europe and North America.

Earnings per share: €0.22 (€-0.08 in the first quarter of 2009)

Adjusted for the one-off item described above, basic earnings per share decreased to -0.26 euros from -0.08 euros, reflecting the decrease in the adjusted net income and the full impact of the April 2009 rights issue on the average number of shares.

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

Cash flow statement

Net cash used by operating activities in the first quarter, amounted to €41 millions (€178 million at the end of March 2009).

The improvement reflects lower cash payments for financial expenses and income taxes mainly due to the timing of these payments relative to last year.

Net cash used in investing activities amounted to €382 million (vs. €411 million in the first quarter of 2009).

The strong focus on sustaining capital expenditure management led to a further 40% reduction in the amount of sustaining capital expenditure in the quarter, at 45 million euros, after an already low level in 2009 (75 million euros in the first quarter of 2009).

Capital expenditures for the building of new capacity, at 317 million euros (321 million euros in the first quarter of 2009), reflect mainly major cement projects such as the extension of our capacities in Eastern India, China, Poland, Uganda and Nigeria, the reconstruction of our Aceh plant in Indonesia and the investments in new capacities in Syria and Saudi Arabia.

Disposals of 36 million euros (16 million euros in the first quarter of 2009) were mainly related to sales of assets.

Consolidated statement of financial position

At March 31, 2010 total equity stood at €17,921 million (€16,800 million at the end of December 2009) **and net debt at €14,582 million** (€13,795 million at the end of December 2009).

The increase in equity reflects mostly the non cash impact of translating our foreign subsidiaries assets into euros, given the appreciation of various currencies in countries where we operate against the euro between December 31, 2009 and March 31, 2010 (positive impact of 1.2 billion euros in our equity).

The increase of 0.8 billion euros of the net consolidated debt mainly results from the impact of the usual seasonality on our cash flows and the negative translation impact (0.3 billion euros) coming primarily from the appreciation of the US dollar against the euro during the period.

Outlook for 2010

Overall, the Group maintains its previous estimate that cement volumes in its markets will increase between 0 to 5 percent in 2010 as compared to 2009. We expect demand to start to recover in developed countries during the second half of the year with emerging markets showing strength overall. Pricing is expected to remain solid for the year, despite lower prices in a certain number of markets. Overall energy costs are forecasted to be stable on a full year basis.

3. Consolidated financial statements *(unaudited)*

Consolidated statements of income

	3 months		December 31,
(million euros, except per share data)	**2010**	**2009**	**2009**
Revenue	**3,276**	3,629	**15,884**
Cost of sales	(2,636)	(2,878)	(11,707)
Selling and administrative expenses	(404)	(416)	(1,700)
Operating income before capital gains, impairment, restructuring and other	**236**	**335**	**2,477**
Gains on disposals, net	20	6	103
Other operating income (expenses)	(61)	(37)	(330)
Operating income	**195**	**304**	**2,250**
Finance costs	(257)	(326)	(1,136)
Finance income	174	75	210
Income from associates	3	1	(18)
Income before income tax	**115**	**54**	**1,306**
Income tax	(1)	(11)	(260)
Net income	**114**	**43**	**1,046**
Out of which part attributable to:			
- Owners of the parent of the Group	**64**	**(17)**	**736**
- Non-controlling interests	50	60	310
Earnings per share			
Net income - attributable to the owners of the parent company			
Basic earnings per share	0.22	(0.08)	2.77
Diluted earnings per share	0.22	(0.08)	2.77
Basic average number of shares outstanding (in thousands)	**286,077**	**224,224**	**265,547**

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

Consolidated statement of comprehensive income

(million euros)	3 months 2010	3 months 2009	December 31, 2009
Net income	**114**	**43**	**1,046**
Available for sale investments	(138)	39	381
Cash-flow hedge instruments	3	(7)	32
Actuarial gains / (losses)	(29)	(84)	(174)
Currency translation adjustments	1,170	328	(77)
Income tax on other comprehensive income	7	24	-
Other comprehensive income for the period, net of income tax	**1,013**	**300**	**162**
Total comprehensive income for the period	**1,127**	**343**	**1,208**
Out of which part attributable to:			
- Owners of the parent of the Group	*962*	*258*	*937*
- Non-controlling interests	*165*	*85*	*271*

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

Available-for-sale investments

The unrealized gain on the shares of Cimentos de Portugal (CIMPOR), which amounts to 148 million euros, has been transferred to the consolidated statements of income further to the sale of this asset *(see Notes 3 and 7)*.

Actuarial gains / (losses)

The evolution of the Group’s net position on pension obligations resulted in an actuarial loss of 29 million euros in equity (loss of 22 million euros net of tax effect) during the first three months 2010.

Currency translation adjustments

Change in cumulative exchange differences on translating foreign operations from January 1, 2010 to March 31, 2010 (closing rate) comprises 351 million euros due to the appreciation of the Algerian dinar and the Egyptian pound compared to the euro currency.

Consolidated statement of financial position

(million euros)	March 31, 2010	March 31, 2009	At December 31, 2009
ASSETS			
NON CURRENT ASSETS	**34,550**	**33,660**	**32,857**
Goodwill	13,915	13,755	13,249
Intangible assets	1,407	625	632
Property, plant and equipment	17,573	17,185	16,699
Investments in associates	344	490	335
Other financial assets	928	1,235	1,591
Derivative instruments - assets	59	87	43
Deferred income tax assets	324	283	308
CURRENT ASSETS	**7,048**	**7,221**	**6,640**
Inventories	1,823	2,242	1,702
Trade receivables	1,959	2,232	1,686
Other receivables	1,064	1,225	1,008
Derivative instruments - assets	49	166	24
Cash and cash equivalents	2,153	1,356	2,220
TOTAL ASSETS	**41,598**	**40,881**	**39,497**
EQUITY & LIABILITIES			
Common stock	1,146	781	1,146
Additional paid-in capital	9,624	8,437	9,620
Treasury shares	(26)	(36)	(27)
Retained earnings	5,611	5,204	5,555
Other reserves	(527)	(641)	(370)
Foreign currency translation	108	(602)	(947)
Equity attributable to owners of the parent company	**15,936**	**13,143**	**14,977**
Non-controlling interests	1,985	1,747	1,823
EQUITY	**17,921**	**14,890**	**16,800**
NON CURRENT LIABILITIES	**17,395**	**17,575**	**16,652**
Deferred income tax liability	868	874	887
Pension & other employee benefits liabilities	1,157	1,057	1,069
Provisions	951	1,015	939
Long-term debt	14,326	14,566	13,712
Derivative instruments - liabilities	93	63	45
CURRENT LIABILITIES	**6,282**	**8,416**	**6,045**
Pension & other employee benefits liabilities	117	66	109
Provisions	161	155	136
Trade payables	1,794	1,684	1,652
Other payables	1,553	1,724	1,630
Income tax payable	233	127	193
Short term debt and current portion of long-term debt	2,272	4,555	2,265
Derivative instruments - liabilities	152	105	60
TOTAL EQUITY AND LIABILITIES	**41,598**	**40,881**	**39,497**

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

Consolidated statements of cash flows

	3 months		December 31,
(million euros)	2010	2009	2009
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net income	**114**	**43**	**1,046**
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	280	286	1,123
Impairment losses	21	2	164
Income from associates	(3)	(1)	18
(Gains) on disposals, net	(20)	(6)	(103)
Finance costs (income)	83	251	926
Income taxes	1	11	260
Others, net (including dividends received from equity affiliates)	16	(18)	(57)
Change in operating working capital items, excluding financial expenses and income taxes (see analysis below)	(285)	(311)	1,029
Net operating cash generated before impacts of financial expenses and income taxes	**207**	**257**	**4,406**
Cash payments for financial expenses	(133)	(291)	(827)
Cash payments for income taxes	(115)	(144)	(373)
Net cash used in operating activities	**(41)**	**(178)**	**3,206**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Capital expenditures	(365)	(409)	(1,645)
Investment in subsidiaries and joint ventures*	(1)	(8)	(29)
Investment in associates	-	(2)	(10)
Investment in available for sale investments	(18)	(5)	(35)
Disposals**	36	16	760
Net decrease (increase) in long-term receivables	(34)	(3)	(115)
Net cash provided by (used in) investing activities	**(382)**	**(411)**	**(1,074)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Proceeds from issuance of common stock	7	-	1,448
Non-controlling interests' share in capital increase/(decrease) of subsidiaries	-	-	86
(Increase) / Decrease in treasury shares	-	-	-
Dividends paid	-	-	(393)
Dividends paid by subsidiaries to non-controlling interests	(20)	(8)	(143)
Proceeds from issuance of long-term debt	538	436	4,495
Repayment of long-term debt	(244)	(134)	(6,829)
Increase (decrease) in short-term debt	(23)	40	(153)
Net cash provided by (used in) financing activities	**258**	**334**	**(1,489)**

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

	3 months		December 31,
(million euros)	2010	2009	2009
Increase / (decrease) in cash and cash equivalents	**(165)**	**(255)**	**643**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	98	20	(14)
Cash and cash equivalents at beginning of year	2,220	1,591	1,591
Cash and cash equivalents at end of the year	**2,153**	**1,356**	**2,220**
** Net of cash and cash equivalents of companies acquired*	-	-	*3*
*** Net of cash and cash equivalents of companies disposed of*	*2*	-	*54*
SUPPLEMENTAL DISCLOSURES			
Analysis of changes in operating working capital items	**(285)**	**(311)**	**1,029**
(Increase) / decrease in inventories	(46)	(8)	433
(Increase) / decrease in trade receivables	(132)	123	562
(Increase) / decrease in other receivables – excluding financial and income taxes receivables	(30)	(41)	361
Increase / (decrease) in trade payables	(10)	(248)	(236)
Increase / (decrease) in other payables – excluding financial and income taxes payables	(67)	(137)	(91)

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, 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						*(17)*	*(28)*	*303*	***258***	*85*	***343***
Dividends paid									**-**	(33)	**(33)**
Issuance of common stock				*(31)*					***(31)***		***(31)***
Share based payments				6					**6**		**6**
Treasury shares		*(50)*			4	(4)			**-**		**-**
Other movements – non-controlling interests									**-**	(30)	**(30)**
Balance at March 31, 2009	***195,236,534***	***436,743***	**781**	**8,437**	**(36)**	**5,204**	**(641)**	**(602)**	**13,143**	**1,747**	**14,890**
Balance at January 1, 2010	***286,453,316***	***380,148***	**1,146**	**9,620**	**(27)**	**5,555**	**(370)**	**(947)**	**14,977**	**1,823**	**16,800**
Total comprehensive income for the period						*64*	*(157)*	*1,055*	***962***	*165*	***1,127***
Dividends paid									**-**	(19)	**(19)**
Issuance of common stock (exercise of stock options)	*463*								**-**		**-**
Share based payments				4					**4**		**4**
Treasury shares		*(16,470)*			1	(8)			**(7)**		**(7)**
Other movements – non-controlling interests									**-**	16	**16**
Balance at March 31, 2010	***286,453,779***	***363,678***	**1,146**	**9,624**	**(26)**	**5,611**	**(527)**	**108**	**15,936**	**1,985**	**17,921**

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

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 May 4, 2010.

Note 2. Summary of significant accounting policies

2.1 – Consolidated interim financial statements

The Group interim condensed consolidated financial statements at March 31, 2010 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 2009 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 March 31, 2010 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, 2009 and described in the Note 2 of the 2009 Annual Report except for the points presented in paragraph 2.2 New IFRS standards and interpretations – infra.

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

- Interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result of the interim period excluding unusual material items. This estimated annual tax rate takes into consideration, in particular, the expected impact of tax planning operations. The income tax charge related to any unusual item of the period is accrued using its specific applicable taxation (i.e. specific taxation for gains on disposals).

- Compensation costs recorded for stock options, employee benefits are included on a prorata basis of the estimated costs for the year.

In addition, within the framework of the current context of economic crisis, the Group performed as at March 31, 2010, a review of indicators of impairment relating to goodwill allocated to Cash Generating Units. This review did not highlight any impairment situation as at March 31, 2010.

2.2 – New IFRS standards and interpretations

Application of the revised standards IFRS 3 and IAS 27 from January 1st, 2010

The IFRS 3 – Business Combinations – and IAS 27 – Consolidated and Separate Financial Statements – revised standards were published by the IASB on January 10, 2008 and adopted by European Union on June 3, 2009 are effective from January 1st, 2010.

Accounting principles applicable from now for transactions within the scope of these standards are described hereafter.
The standards IFRS 3 and IAS 27 revised are applied prospectively. Deals completed prior to January 1st, 2010 are not restated.
Business combinations completed prior January 1st, 2010, were accounted for in accordance with the principles described in the Note 2.5 – Business combinations, related goodwill and intangible assets - to the notes of the Group consolidated financial statements of the 2009 Annual Report (page F 14).

Business combinations completed from January 1st, 2010

Business combinations are accounted for using the acquisition method. Under this method:

- the identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date,
- the non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share in the acquiree's net identifiable assets. This option is available on a transaction-by-transaction basis.

Acquisition costs are expensed and are presented in the consolidated statements of income on the line "Other operating income (expenses)".

Any contingent consideration assumed in a business combination is measured at fair value at the acquisition date even if it is not probable that an outflow of resources will be required to settle the obligation. After acquisition date, the contingent consideration is re-valued at fair value at each reporting closing. Subsequent changes to the fair value of the contingent consideration beyond one year from the acquisition date will be recognized in the statement of income if the contingent consideration is a financial liability.

At the acquisition date, the goodwill is measured as the difference between:

- the fair value of the consideration transferred, plus the amount of any non-controlling interests in the acquiree, and in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree, accordingly re-valuated through the statements of income; and
- the net fair value of the identifiable assets acquired and the liabilities assumed on the acquisition date.

After initial recognition, the goodwill is measured at cost less any accumulated impairment losses.

Acquisition of additional interests in a controlled subsidiary

In the event of the acquisition of additional interests in a controlled subsidiary, the difference between the acquisition cost and the carrying amount of the non-controlling interests acquired is recognised directly in equity and attributed to the owners of the parent company with no change in the consolidated carrying amount of the subsidiary's net assets and liabilities including goodwill.

Partial disposal of interests without loss of control

In the event of the partial disposal of interests of a controlled subsidiary without any change on the control exercised over this entity, the difference between consideration received and the carrying amount of the interests disposed of is recognised directly in equity and attributed to the owners of the parent company with no change in the consolidated carrying amount of the subsidiary's net assets and liabilities including goodwill.

Disposal of interests with loss of control

The loss of control triggers the recognition of a gain (loss) on disposal determined on both shares sold and retained at transaction date.
Any investment retained is accordingly measured at its fair value through the statements of income upon the date the control is lost.

Other IFRS standards and IFRIC interpretations applicable from January 1st, 2010

The new IFRS and interpretations effective from January 1st, 2010, listed in the Note 2.1 – Basis of preparation and Note 2.27 – Accounting pronouncements not yet effective – to the notes of the Group consolidated financial statements of the 2009 Annual Report (page F 11 and F 22), had no material impact on the Group interim condensed consolidated financial statements at March 31, 2010.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective.

2.3 – Seasonality

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

Note 3. Significant operations

The Group sold early in February 2010 its 17.28% stake in Cimpor to Votorantim. The terms of payment depended on the outcome of the public takeover bid for Cimpor. Further to the outcome in mid-February of this public takeover bid, the Group will receive cement operations of Votorantim, located in regions complementing Lafarge's position in Brazil.

As at March 31, 2010, the right to receive these operations, which will be transferred at the beginning of the second semester 2010, is reflected on the line "Intangible assets" of the consolidated statement of financial position for an amount of 755 million euros. This amount corresponds to the value of the cement operations to be received from Votorantim and evaluates our sold Cimpor stake at 6.5 euros per share, which moreover equals the price for which the Portuguese constructor Teixeira Duarte sold its 22.17% Cimpor stake in mid-February 2010 to the Brazilian conglomerate Camargo Correa.

Based on the above, this transaction generated a gain of 137 million euros, net of related costs, which is reflected on the line "Finance income" of the consolidated statements of income since the Cimpor investment was an available-for-sale financial asset. This gain, which is not taxable, could be increased by the dividends that Cimpor would pay related to its 2009 year-end since the contract with Votorantim indicates that they will be paid to Lafarge.

Note 4. Business segment and geographic area information

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

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

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

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

Group management internally evaluates its performance based upon:

- operating income before capital gains, impairment, restructuring and other, share in net income of associates and,

- capital employed (defined as the total of goodwill, intangible and tangible assets, investments in associates and working capital).

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

The accounting policies applied to segment earnings comply with those described in Note 2 to the Consolidated Financial Statements of the 2009 annual report.

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

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

(a) Segment information

March 31, 2010 *(million euros)*	**Cement**	**Aggregates & Concrete**	**Gypsum**	**Other**	**Total**
Statement of income					
Gross revenue	2,137	918	344	2	3,401
Less: intersegment	(120)	(1)	(4)	-	(125)
Revenue	**2,017**	**917**	**340**	**2**	**3,276**
Operating income before capital gains, impairment, restructuring and other	299	(72)	10	(1)	236
Gains on disposals, net	20	-	-	-	20
Other operating income (expenses)	(21)	(4)	(36)	-	(61)
Including impairment on assets and goodwill	*(7)*	-	*(14)*	-	*(21)*
Operating income	**298**	**(76)**	**(26)**	**(1)**	**195**
Finance costs					(257)
Finance income					174
Income from associates	2	-	1	-	3
Income taxes					(1)
Net income					**114**
Other information					
Depreciation and amortization	(186)	(63)	(21)	(10)	(280)
Other segment non cash income (expenses) of operating income	(15)	8	(33)	(10)	(50)
Capital expenditures	299	36	21	9	365
Capital employed	27,194	5,371	1,542	398	34,505
Balance Sheet					
Segment assets	31,250	6,516	1,938	1,462	41,166
Of which investments in associates	*185*	*19*	*132*	*8*	*344*
Unallocated assets [(a)]					432
Total Assets					**41,598**
Segment liabilities	2,566	1,042	413	1,945	5,966
Unallocated liabilities and equity [(b)]					35,632
Total Equity and Liabilities					**41,598**

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

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

March 31, 2009 *(million euros)*	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	2,335	1,097	349	3	3,784
Less: intersegment	(149)	(1)	(5)	-	(155)
Revenue	**2,186**	**1,096**	**344**	**3**	**3,629**
Operating income before capital gains, impairment, restructuring and other	384	(64)	17	(2)	335
Gains on disposals, net	1	-	5	-	6
Other operating income (expenses)	(28)	(3)	(1)	(5)	(37)
Including impairment on assets and goodwill	*(1)*	-	*(1)*	-	*(2)*
Operating income	**357**	**(67)**	**21**	**(7)**	**304**
Finance costs					(326)
Finance income					75
Income from associates	1	-	-	-	1
Income taxes					(11)
Net income					**43**
Other information					
Depreciation and amortization	(189)	(65)	(20)	(12)	(286)
Other segment non cash income (expenses) of operating income	2	15	5	(8)	14
Capital expenditures	319	72	14	4	409
Capital employed	26,168	5,652	1,545	854	34,219
Balance Sheet					
Segment assets	29,570	6,933	1,899	1,943	40,345
Of which investments in associates	*334*	*21*	*119*	*16*	*490*
Unallocated assets [(a)]					536
Total Assets					**40,881**
Segment liabilities	2,443	1,163	383	1,839	5,828
Unallocated liabilities and equity [(b)]					35,053
Total Equity and Liabilities					**40,881**

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

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

December 31, 2009 *(million euros)*	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	10,105	5,067	1,355	9	16,536
Less: intersegment	(628)	(3)	(21)	-	(652)
Revenue	**9,477**	**5,064**	**1,334**	**9**	**15,884**
Operating income before capital gains, impairment, restructuring and other	2,343	193	38	(97)	2,477
Gains on disposals, net	62	40	5	(4)	103
Other operating income (expenses)	(209)	(41)	(63)	(17)	(330)
Including impairment on assets and goodwill	*(152)*	*(8)*	*(4)*	-	*(164)*
Operating income	**2,196**	**192**	**(20)**	**(118)**	**2,250**
Finance costs					(1,136)
Finance income					210
Income from associates	(27)	2	5	2	(18)
Income taxes					(260)
Net income					**1,046**
Other information					
Depreciation and amortization	(733)	(265)	(81)	(44)	(1,123)
Other segment non cash income (expenses) of operating income	(133)	13	21	(20)	(119)
Capital expenditures	1,278	225	102	40	1,645
Capital employed	24,924	5,102	1,437	373	31,836
Balance Sheet					
Segment assets	28,647	6,279	1,829	2,367	39,122
Of which investments in associates	*182*	*17*	*128*	*8*	*335*
Unallocated assets [(a)]					375
Total Assets					**39,497**
Segment liabilities	2,451	1,044	382	1,851	5,728
Unallocated liabilities and equity [(b)]					33,769
Total Equity and Liabilities					**39,497**

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

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

(b) Geographic area information

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

Non-current assets include goodwill, intangible assets, property, plant and equipment and investments in associates. They include since December 31, 2009, the final allocation by region of the purchase price of Orascom Cement and its provisional allocation before that date.

	March 31, 2010		March 31, 2009		December 31, 2009	
(million euros)	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
Western Europe	**976**	**6,915**	**1,107**	**7,695**	**4,657**	**6,964**
Of which:						
France	503	2,320	580	2,662	2,328	2,333
Spain	67	1,028	96	1,189	390	1,030
United Kingdom	202	1,529	195	1,557	833	1,541
North America	**450**	**6,204**	**533**	**6,173**	**3,028**	**5,799**
Of which:						
United States	245	4,991	332	5,080	1,674	4,691
Canada	205	1,213	201	1,093	1,354	1,108
Middle East and Africa	**939**	**12,653**	**1,048**	**11,809**	**4,018**	**11,927**
Of which:						
Egypt	200	2,935	185	2,792	704	2,779
Algeria	103	3,213	116	3,714	460	3,056
Central and Eastern Europe	**127**	**1,988**	**175**	**1,811**	**1,053**	**1,875**
Latin America	**174**	**1,504**	**207**	**1,038**	**791**	**710**
Asia	**610**	**3,975**	**559**	**3,529**	**2,337**	**3,640**
Total	**3,276**	**33,239**	**3,629**	**32,055**	**15,884**	**30,915**

(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 March 31, 2010, March 31, 2009 and December 31, 2009 are as follows:

	3 months		December 31,
	2010	2009	2009
Numerator (in million euros)			
Net income attributable to owners of the parent of the Group	64	(17)	736
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	286,077	224,224	265,547
Effect of dilutive securities — stock options	372	41	260
Weighted average number of shares outstanding — fully diluted	286,449	224,265	265,807
Basic earnings per share (euros)	**0.22**	**(0.08)**	**2.77**
Diluted earnings per share (euros)	**0.22**	**(0.08)**	**2.77**

Note 6. Debt

The debt split is as follows:

	March 31,		December 31,
(million euros)	2010	2009	2009
Long-term debt excluding put options on shares of subsidiaries	14,248	14,450	13,634
Put options on shares of subsidiaries, long-term	78	116	78
Long-term debt	**14,326**	**14,566**	**13,712**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	2,040	4,331	2,033
Put options on shares of subsidiaries, short-term	232	224	232
Short-term debt and current portion of long-term debt	**2,272**	**4,555**	**2,265**
Total debt excluding put options on shares of subsidiaries	16,288	18,781	15,667
Total put options on shares of subsidiaries	310	340	310
Total debt	**16,598**	**19,121**	**15,977**

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

(million euros)	March 31, 2010	March 31, 2009	December 31, 2009
Repayable in more than five years	6,026	4,612	5,959
Repayable between one and five years	8,222	9,838	7,675
Long-term debt	**14,248**	**14,450**	**13,634**
Repayable between six months and one year	530	4,331	2,033
Repayable in less than six months	1,510	0	0
Total debt	**16,288**	**18,781**	**15,667**

At March 31, 2010, 1,317 million euros of short-term debt have been classified as long-term based upon the Group's ability to refinance these obligations on a medium and long-term basis through its committed credit facilities.

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 statement of financial position under the section "Long-term debt". The net variation of this short-term debt is shown in the statement of cash flows in "proceeds from issuance of long-term debt" when it is positive, and in "repayment of long-term debt" when it is negative. At March 31, 2010, the net variation of this debt amounted to an increase of 381 million euros (compared to an increase of 251 million euros at March 31, 2009 and a decrease of 1,088 million euros at December 31, 2009).

Average spot interest rate

The average spot interest rate of the debt after swaps, as at March 31, 2010, is 5.2% (4.1% as of March 31, 2009 and 5.3% as of December 31, 2009).

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. In March 2010, a fourth securitization agreement with respect to trade receivables was implemented both in Spain and United Kingdom, also for a 5-year period, for some of the Cement, Aggregates and Concrete activities of these 2 countries.

Under the programs, some of the French, North American, British and Spanish 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 finances 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 694 million euros equivalent as of March 31, 2010 (235 million euros as of March 31, 2009 and 745 million euros as of December 31, 2009).

The current portion of debt includes 369 million euros equivalent as of March 31, 2010, related to these programs (204 million euros as of March 31, 2009 and 407 million euros as of December 31, 2009) and the non-current portion of debt includes 195 million euros as of March 31, 2010, corresponding to the North American securitization agreement implemented in 2009 (235 million euros as of December 31, 2009).

The European securitization agreements are guaranteed by subordinated deposits and units totaling 130 million euros as of March 31, 2010 (31 million euros as of March 31, 2009 and 103 million euros as of December 31, 2009).

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 345 million euros at March 31, 2010 (383 million euros at March 31, 2009 and 345 million euros at December 31, 2009).

Out of the outstanding debt at March 31, 2010, 267 million euros can be exercised in 2010 and 2011. The remaining 78 million euros can be exercised starting 2012.

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 310 million euros at March 31, 2010 and at December 31, 2009, 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 179 million euros at March 31, 2010 and 163 million euros at December 31, 2009).

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share the Group paid for the year 2008 as well as the dividend amount per share for 2009 proposed by our Board of Directors for approval at the Annual General Meeting of shareholders to be held on May 6, 2010.

(euros, except otherwise indicated)	2009 *	2008
Total dividend (million euros)	575**	393
Base dividend per share	2.00	2.00
Increased dividend per share	2.20	2.20

** Proposed dividend. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements.*

***Based on an estimation of the number of shares eligible for dividends of 286,073,168 shares.*

(b) Other reserves and currency translation adjustments

The detailed roll forward for the period of other reserves and currency translation is presented in the following table:

	December 31, 2009	Gains/(losses) arising during the year	Recycling to income statement	March 31, 2010
Change in unrealized gains/(losses) on available for sale investments	160	10	(148)	22
Gross value	169	10	(148)	31
Deferred taxes	(9)	-	-	(9)
Change in unrealized gains/(losses) on cash flow hedge instruments	(42)	-	3	(39)
Gross value	(55)	-	3	(52)
Deferred taxes	13	-	-	13
Change in actuarial gains/(losses)	(488)	(22)	-	(510)
Gross value	(661)	(29)	-	(690)
Deferred taxes	173	7	-	180
Total Other reserves	***(370)***	***(12)***	***(145)***	***(527)***
	-	-	-	-
Total Foreign currency translation	***(947)***	***1 055***	***-***	***108***
	-	**-**	**-**	**-**
Total other comprehensive income	**(1 317)**	**1 043**	**(145)**	**(419)**

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 European Court of Justice (ECJ). Decision on this appeal should not happen before 2010. The hearing was held on October 22 and the ECJ decision is expected on the second or third quarter of 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 the major 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 the same amount.

Finally, the Court's decision related to the remaining part of the appeal has been given on June 26, 2009, exempting Lafarge Zement partly and reducing the remaining fine very significantly to 24 million euros. Lafarge Zement has appealed to the Supreme Court on the basis of legal grounds. The decision of the Supreme Court should be given in the year 2010.

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

As a consequence, the global provision in connection with these above mentioned two litigations amounts to 274 million euros as at March 31, 2010 and as at December 31, 2009. Additional provisions were recorded in each of our annual financial statements since 2003 in relation to the accrued interests on part of these amounts for a total amount of 86 million euros at March 31, 2010.

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

- in November 2008, the major European cement players, including Lafarge, were investigated by the European Commission for alleged anti-competitive practices. The Commission's investigation is ongoing. The date of its closure is unknown. No conclusion can be drawn at this 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;
- in South Africa, an inquiry on the cement industry was opened by the competition authorities in 2009. The level of risk cannot be appreciated at this stage.

United States of America – Hurricane Katrina: In late 2005, several class action and individual lawsuits were filed in the United States District Court for the Eastern District of Louisiana. In their Complaints, plaintiffs allege that our subsidiary, Lafarge North America Inc., and/or several other defendants including the federal government, are liable for death, bodily and personal injury and property and environmental damage to people and property in and around New Orleans, Louisiana. Some of the referenced complaints claim that these damages resulted from a barge under contract to Lafarge North America Inc. that allegedly breached the Inner Harbor Navigational Canal levee in New Orleans during or after Hurricane Katrina. On May 21, 2009, the Court denied plaintiffs' Motion for Class Certification. At this stage, only individual cases may be tried and the first trial involving a handful of plaintiffs is scheduled to commence in June, 2010.
Additionally, in connection with this litigation, one of Lafarge North America Inc.'s insurers, the American Steamship Owners Mutual P&I Association, 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. lodged an appeal against the Court's decision, which had found that this claim was not covered under the insurance policy. Finally, some of Lafarge North America Inc.'s other insurers (the "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 lower court granted judgment on these claims largely in favour of our subsidiary. All three insurance cases were then consolidated before the United States Court of Appeals for the Second Circuit and, on March 15, 2010 the Court upheld the decision in favor of the American Steamship Owners Mutual P & I Association and also found that while the Other Insurers' policies of insurance applied to the incident, the Other Insurers did not have to reimburse Lafarge North America Inc for its legal fees and other litigations costs incurred prior to the Court's ruling (in the event our subsidiary is found to be liable by a court of final review, the policy limits available from the Other Insurers' insurance is approximately 50 million US dollars). Lafarge North America Inc. has lodged a request to the Court to reconsider its position on all the rulings.
Lafarge North America Inc. vigorously defends itself in these actions. Lafarge North America Inc. believes that the claims against it are without merit and that these matters will not have a materially adverse effect on its financial condition.

India/Bangladesh: The Group holds, jointly with Cementos Molins, 59% of Lafarge Surma Cement which is operating a cement plant in Bangladesh. This cement plant is supplied by its Indian affiliate with limestone extracted from a quarry in the Meghalaya region of India. These operations in Bangladesh are consolidated under the proportionate method. These operations contributed as at December 31, 2009 to the Group's total assets and operating income before capital gains, impairment, restructuring and other, for respectively 91 and 12 million euros. At a hearing on February 5th, 2010, the Supreme Court of India decided to suspend the mining activities of the quarry, due to the fact that its location is today regarded as a forest area, making it necessary to obtain a new mining permit. The procedure for obtaining the new permit continues before the Indian Supreme Court.

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

Note 9. Transactions with related parties

There were no significant related-party transactions during the period neither evolution in the nature of the transactions as described in note 30 of the Consolidated Financial Statements included in the Group 2009 annual report.

Note 10. Subsequent events

Lafarge announced April 7th, 2010 that it placed under its EMTN program a 500 million euros bond with an eight year maturity and a fixed annual coupon of 5%.
The proceeds of this transaction will refinance a bond maturing in July 2010 for the same amount.