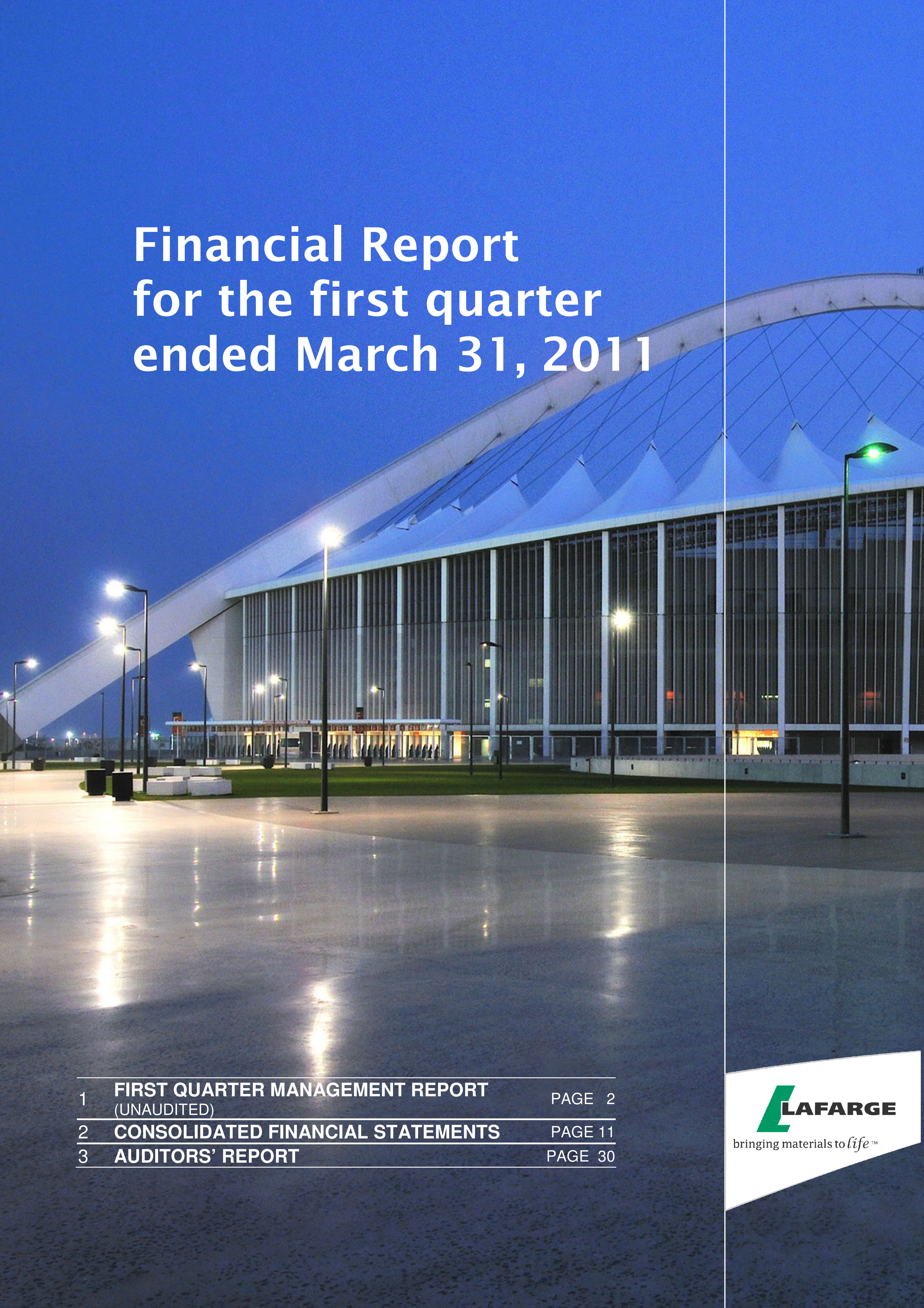

Financial Report for the first quarter ended March 31, 2011

1	FIRST QUARTER MANAGEMENT REPORT (UNAUDITED)	PAGE 2
2	CONSOLIDATED FINANCIAL STATEMENTS	PAGE 11
3	AUDITORS' REPORT	PAGE 30

LAFARGE

bringing materials to life ™

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on May 4, 2011 to approve the accounts for the period ended March 31, 2011. Further to their limited review of the condensed first quarter consolidated financial statements of Lafarge, the auditors have established a report which is included in the Financial Report for the first quarter ended March 31, 2011.

This first quarter management 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 2010 filed with the Autorité des Marchés Financiers on March 22, 2011 under number D.11.0163. Lafarge operates in a constantly evolving environment, which exposes the Group to risk factors and uncertainties in addition to the risk factors related to its operations. A detailed description of theses risk factors and uncertainties is included in chapter 2 "Risk factors" of the company's Annual Report. The materialization of theses risks could have a material adverse effect on our operations, our financial condition, our results, our prospects or our share price, particularly during the remaining nine months of the fiscal year. There may be other risks that have not yet been identified or whose occurrence is not considered likely to have such a material adverse effect as of the date hereof.

Hereinafter, and in our other shareholder and investor communications, "current operating income" 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.

1.1 Consolidated key figures

Sales

(million euros)	1st quarter 2011	1st quarter 2010	% Variance
By geographical zone of destination			
Western Europe	1,057	976	8%
North America	479	450	6%
Middle East and Africa	930	939	-1%
Central and Eastern Europe	182	127	43%
Latin America	252	174	45%
Asia	657	610	8%
By business line			
Cement	2,161	2,017	7%
Aggregates & Concrete	1,024	917	12%
Gypsum	371	340	9%
Other	1	2	-50%
Total	***3,557***	***3,276***	***9%***

Current operating income

(million euros)	1st quarter 2011	1st quarter 2010	% Variance
By geographical zone of destination			
Western Europe	103	46	124%
North America	(148)	(146)	-1%
Middle East and Africa	197	231	-15%
Central and Eastern Europe	(22)	(25)	12%
Latin America	46	39	18%
Asia	48	91	-47%
By business line			
Cement	270	299	-10%
Aggregates & Concrete	(58)	(72)	19%
Gypsum	18	10	80%
Other	(6)	(1)	nm (1)
Total	***224***	***236***	***-5%***

(1) Not meaningful

Other key figures

(million euros, except per share data)	1st quarter 2011	1st quarter 2010	% Variance
Net income - Group share	(29)	64	nm
Earnings per share (in euros)	(0.10)	0.22	nm
Free cash flow (1)	(322)	(86)	nm
Net debt	14,240	14,582	-2%

(1) Defined as the net cash generated or used in operating activities less sustaining capital expenditures

1.2. 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 2011

- Sales increased for the quarter, driven by higher volumes in all product lines across both emerging and developed markets.
- Overall results impacted by inflation and events in Egypt.
- Net income group share and earnings per share improved when excluding the first quarter 2010 one time gain of 137 million euros for the sale of the investment in Cimpor.
- The Group is positioned for 2011 earnings growth and is on track to achieve more than 2 billion euros of deleveraging and 200 million euros of structural cost savings in 2011.

Overview of operations: sales and current operating income

Consolidated sales and current operating income

Compared to the first quarter of 2010, consolidated sales in the first quarter of 2011 increased 9% to 3,557 million euros. Volumes improved in all divisions and across most regions, on the back of continued solid market trends in emerging markets, improved weather conditions in Europe and North America compared to first quarter 2010, and the improving construction environment observed in many mature markets. Cement prices were slightly down versus the first quarter 2010 due to price declines that occurred later in 2010 in some markets, but moved higher when comparing to the fourth quarter 2010. The impact of higher volumes led the organic growth of 4% in sales in the quarter. Net changes in the scope of consolidation had a positive impact on our sales of 3%, reflecting the consolidation of our new Brazilian assets and the impact of our new plant in Syria. Currency impacts were slightly favorable (2%), due mainly to the impact of the appreciation against the euro of the Canadian dollar, the Brazilian real, the South African rand and most of Asian currencies, partially offset by the effect of the depreciation of the Egyptian pound.

In the same period, the current operating income decreased 5% (-12% at constant scope and exchange rates), impacted by significant higher cost inflation and the events in Egypt.

Our Cement division benefited from solid volume growth on most emerging markets, improved market trends and favourable weather in Europe and in North America, while earnings were impacted by cost inflation and a negative price base effect. Our Aggregates and Concrete division benefited from the growth observed in most of its markets, with solid prices overall and strong cost cutting offsetting cost inflation. Our Gypsum division experienced positive volumes in most of our major regions, with higher prices overall.

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.

Sales and Current operating income by segment

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

Cement

(million euros)	1st quarter 2011	1st quarter 2010	% Variation	% Change at constant scope and exchange rates
Sales before elimination of inter-division sales	2,300	2,137	8%	2%
Current operating income	270	299	-10%	-14%

Cement sales increased 8% in the first quarter and 2% at constant scope and exchange rate, with solid volume improvements across all regions, new capacities in Brazil, Syria and China, and despite the depressed Greek economy and the impact of recent political events in Egypt.

At constant scope and foreign exchange rates, current operating income decreased 14%, impacted by higher cost inflation, lower prices versus the first quarter of last year, and events in Egypt. Price increases were announced or implemented in certain of our markets in the first quarter of 2011 and rose when compared to fourth quarter 2010. Higher volumes combined with continuing cost cutting measures and higher carbon credit sales (incrementally 15 million euros higher versus the first quarter 2010) partially mitigated the decrease in earnings.

WESTERN EUROPE

Sales: ***€432 million at end of March 2011 (€408 million in 2010)***

Current operating income: ***€73 million at end of March 2011 (€36 million in 2010)***

At constant scope and exchange rates, domestic sales increased 5% and current operating income doubled. Volumes were favoured by improved market trends and weather versus the first quarter 2010, while Greece continued to have lower volumes. Prices were slightly below the level of the first quarter 2010, but stable with the fourth quarter of 2010. The strong improvement of current operating income reflected higher sales, strong cost-cutting measures and the impact of higher carbon credit sales (incrementally 22 million euros higher compared with the first quarter 2010).

NORTH AMERICA

Sales: ***€200 million at end of March 2011 (€185 million in 2010)***

Current operating loss: ***€-63 million at end of March 2011 (€-57 million in 2010)***

At constant scope and exchange rates, sales increased 5%, benefiting from positive volumes in the United States and in Canada, while prices were lower than the first quarter 2010 levels. As the first quarter is typically a small quarter in volumes in absolute terms, the improvement in volumes and cost cutting measures were not sufficient to offset the impact of higher costs and lower prices.

EMERGING MARKETS

Sales: ***€1,668 million at end of March 2011 (€1,544 million in 2010)***

Current operating income: ***€260 million at end of March 2011 (€320 million in 2010)***

In the Middle East and Africa region, our domestic sales were flat at constant scope and exchange rates. Solid market trends continued with our volumes up in most countries.
Higher production levels in Algeria and Nigeria, the new line started last year in Uganda and our new plant in Syria allowed us to further capture the market growth opportunities. In Iraq, the market growth was somewhat subdued, but we were able to maintain solid margins.
In Egypt, the political events in the quarter weighed on the construction market and our sales volumes. Even given these events, residential construction continued to be active while a slowdown was more severe in infrastructure projects. Jordan continued to be affected by new capacities while the South African construction market remained weak.
Prices were at 2010 year-end level, but lower than the first quarter 2010 level, mostly due to Nigeria and Egypt. Current operating income was negatively impacted by the depreciation of the Egyptian pound. At constant scope and exchange rates, the current operating income decreased 8%, but increased 6% when excluding the 30 million euros decline experienced in Egypt, with cost cutting and higher volumes offsetting the increasing input costs.

In Central and Eastern Europe our domestic sales at constant scope and exchange rates increased 29%, bolstered by strong volume increases in Poland and Russia, reflecting improved market trends and weather versus the first quarter 2010. Prices improved overall, notably in Russia. The current operating income was negatively impacted by lower carbon credit sales due to the temporary closure of the national carbon credit register in Romania. Restating the negative timing impact of those carbon credit sales (incrementally 7 million euros less compared with the first quarter 2010), current operating income would have improved by 28%, reflecting the impact of higher sales.

In Latin America, positive market trends and well-oriented prices drove the 10% domestic sales increase at constant scope and exchanges rates. The region's performance continued to benefit from the contribution of our new assets in north-east Brazil, where market demand was very strong. Current operating income was up 24%, benefiting from the higher sales, the contribution of our new assets and the appreciation of the Brazilian real. At constant scope and exchange rates, current operating income decreased 15%, impacted by a strong increase in variable costs and slightly lower production levels in Brazil.

In Asia, domestic sales were down 1% at constant scope and exchange rates while current operating income was halved due to lower pricing and higher cost inflation, particularly fuel costs. While down compared to last year, pricing did incrementally start to move higher when comparing first quarter 2011 versus the fourth quarter 2010 levels.
In China, our volumes were up 18%, on the back of strong demand and the stabilization of our new plants started end of 2010, but were not sufficient to offset the negative price base effect and the higher coal costs. Malaysia benefited from a solid market and well-oriented prices offsetting the strong increase in input costs. In the Philippines, government infrastructure projects continued to be delayed and our volumes and prices were down. In India, the market growth was somewhat subdued in the first quarter in our regions, and earnings were impacted by the strong increase of input costs and the negative price base effect. In South Korea, the market remains volatile, with some volume improvements, but lower prices and higher input costs.

Aggregates & Concrete

(million euros)	1st quarter 2011	1st quarter 2010	% Variation	% Change at constant scope and exchange rates
Sales before elimination of inter-division sales	1,026	918	12%	8%
Current operating loss	(58)	(72)	19%	15%

AGGREGATES AND OTHER RELATED PRODUCTS

Sales: ***€453 million at end of March 2011 (€389 million in 2010)***

Current operating loss: ***€-45 million at end of March 2011 (€-52 million in 2010)***

At constant scope and exchange rate, sales increased 13%, reflecting the improved volumes trends amplified by generally better weather conditions and well-oriented prices. Strong cost cutting measures continued to be implemented in all regions and helped limit the impact of cost increases.

In Western Europe, improvement of the results is due to higher volumes, notably in France and to a lesser extent in the United Kingdom, more than offsetting the increase in costs. Greece continued to be impacted by government austerity measures and lower private construction activity.

In North America, volumes increased 5%, with even more positive trends in the United States, helped by the improved weather and favourable product and geographical mix effects compared with the first quarter 2010. Earnings were stable due to increasing costs and slightly lower pricing in the United States.

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

CONCRETE AND OTHER RELATED PRODUCTS

Sales: ***€655 million at end of March 2011 (€600 million in 2010)***

Current operating loss: ***€-13 million at end of March 2011 (€-20 million in 2010)***

At constant scope and exchange rate, sales increased 6%, benefiting from higher volumes combined with favourable prices overall. Despite the increase of costs, notably delivery costs, the current operating income improved 7 million euros, with cost containment and the progress of the share of our value-added products.

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

In North America, strong cost containment and higher sales fully absorbed cost increases.

Elsewhere in the world, trends were contrasted, with India and Poland showing higher volumes and earnings while South Africa market was down and Egypt was affected by the political and social events.

Gypsum

(million euros)	1st quarter 2011	1st quarter 2010	% Variation	% Change at constant scope and exchange rates
Sales before elimination of inter-division sales	375	344	9%	6%
Current operating income	18	10	80%	65%

Plasterboard volumes were up 5%, benefiting from the progressive improvements observed in the residential sector, in most of our major markets.

At constant scope and exchange rate, our sales increased 6%, with prices well-oriented. Current operating income improved by 8 million euros compared to the first quarter 2010, reflecting the higher volumes and the continuous cost cutting that more than offset the impact of higher paper and energy costs.

Other income statement items

Other elements of operating income: €-27 million (€-41 million in the first quarter of 2010)

Gains on disposals, net, amounted to 5 million euros compared to 20 million euros in 2010.

Other operating expenses amounted to 32 million euros, compared to 61 million euros in 2010 and mainly comprise restructuring expenses and accelerated depreciation of some assets in Western Europe.

Finance costs: €185 million (€83 million in the first quarter of 2010)

Financial expenses on net indebtedness increased to 206 million euros (from 178 million euros in the first quarter of 2010) mainly reflecting the increase in interest rates. The decision of Standard & Poor's to downgrade our long-term credit rating from BBB- to BB+ (outlook stable) and our short-term credit rating from A3 to B on March 17th, 2011 had no impact on the net finance costs of this quarter. Moving forward, the application of the step-up clauses on some of our bonds will generate 21 millions euros and 62 million euros of additional financial costs for 2011 and 2012, respectively.

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

Foreign exchange resulted in a gain of 34 million euros, versus a loss of 21 million euros in 2010, mostly relating to loans and debts denominated in currencies for which no hedging market is available.

Other finance costs and income in 2010 included the gain on the disposal of Cimpor shares for 137 million euros. Excluding this one-off item, net financial costs slightly decreased to 13 million euros, compared to 21 million euros in the first quarter of 2010.

Income tax: €3 million (€1 million in the first quarter of 2010)

The effective tax rate was 25% in the first quarter of 2011. It was 1% in the first quarter 2010, due to the gain on the disposal of Cimpor shares that was not taxable.

Non-controlling interests: €35 million (€50 million in the first quarter of 2010)

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

Net loss, Group share [1]: €-29 million (Net income of €64 million in the first quarter of 2010)

Net result, Group share decreased 93 million euros versus the first quarter 2010, as the latter benefited from the one time gain of 137 million euros for the sale of the investment in Cimpor.

Earnings per share: €-0.10 (€0.22 in the first quarter of 2010)

The earnings per share decreased to €-0.10 versus €0.22 in the first quarter 2010, reflecting the decrease in net result, Group share, while the average number of shares was stable.

Cash flow statement

Net cash used by operating activities in the first quarter, amounted to €269 millions (€41 million at the end of March 2010).

Net cash used by operating activities increased 228 million euros, primarily reflecting the evolution of the change in strict working capital. We pursued our actions to optimize the strict working capital that, when expressed as a number of days sales, decreased 8 days to 47 days compared to 55 days at the end of March 2010. However, due the particularly optimized level of the strict working capital level at the end of 2010 and the improvement in sales in the first quarter 2011 versus the first quarter 2010, the strict working capital increase was higher this quarter than last year.

Net cash used in investing activities amounted to €269 million (vs. €382 million in the first quarter of 2010).

Sustaining capital expenditures in the quarter were contained at 53 million euros, compared to an already low level in the first quarter of 2010 (45 million euros).

Capital expenditures for the building of new capacity, at 195 million euros (317 million euros in the first quarter of 2010), reflect mainly major cement projects such as the extension of our capacities in Eastern India, China, Nigeria and Poland.

Including the acquisitions of ownership interests with no gain of control[2], acquisition had a net impact on 54 million euros on our net debt, versus 22 million euros in the first quarter 2010.

Disposals of 11 million euros (36 million euros in the first quarter of 2010) were mainly related to minor sales of industrial assets and lands.

---

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

[2] Acquisitions of ownership interests with no gain of control were 39 million euros excluding a 51 million euros third-party put, already recorded as debt, that was exercised in the quarter.

Consolidated statement of financial position

At March 31, 2011 total equity stood at €17,130 million (€18,224 million at the end of December 2010) **and net debt at €14,240 million** (€13,993 million at the end of December 2010).

The decrease in equity reflects mostly the non cash impact of translating our foreign subsidiaries assets into euros, given the depreciation of various currencies in countries where we operate against the euro between December 31, 2010 and March 31, 2011 (negative impact of 1.0 billion euros in our equity).

The increase of 0.2 billion euros of the net consolidated debt mainly results from the impact of the usual seasonality on our cash flows and of the capital spending (0.3 billion euros) mitigated by the positive translation impact (0.3 billion euros) coming primarily from the depreciation of the US dollar against the euro during the period.

Outlook for 2011

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

Overall pricing is expected to move higher for the year in the context of a higher cost inflation environment, although levels of pricing movements will vary by market.

2. Consolidated financial statements

Consolidated statements of income

(million euros, except per share data)	3 months 2011	3 months 2010	December 31, 2010
Revenue	**3,557**	3,276	**16,169**
Cost of sales	(2,909)	(2,636)	(12,015)
Selling and administrative expenses	(424)	(404)	(1,713)
Operating income before capital gains, impairment, restructuring and other	**224**	**236**	**2,441**
Gains on disposals, net	5	20	45
Other operating income (expenses)	(32)	(61)	(317)
Operating income	**197**	**195**	**2,169**
Finance costs	(265)	(257)	(1,069)
Finance income	80	174	346
Share of profit of associates	(3)	3	(16)
Income before income tax	**9**	**115**	**1,430**
Income tax	(3)	(1)	(316)
Net income	**6**	**114**	**1,114**
Out of which part attributable to:			
- Owners of the parent of the Group	**(29)**	**64**	**827**
- Non-controlling interests	35	50	287
Earnings per share (euros)			
Net income - attributable to the owners of the parent company			
Basic earnings per share	(0.10)	0.22	2.89
Diluted earnings per share	(0.10)	0.22	2.89
Basic average number of shares outstanding (in thousands)	**286,101**	**286,077**	**286,087**

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

Consolidated statement of comprehensive income

(million euros)	3 months 2011	3 months 2010	December 31, 2010
Net income	**6**	**114**	**1,114**
Available for sale investments	-	(138)	(138)
Cash-flow hedge instruments	8	3	12
Actuarial gains / (losses)	30	(29)	(64)
Currency translation adjustments	(961)	1,170	1,175
Income tax on other comprehensive income	(18)	7	5
Other comprehensive income for the period, net of income tax	**(941)**	**1,013**	**990**
Total comprehensive income for the period	**(935)**	**1,127**	**2,104**
Out of which part attributable to:			
- **Owners of the parent of the Group**	*(866)*	*962*	*1,712*
- Non-controlling interests	*(69)*	*165*	*392*

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

Available-for-sale investments

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

Actuarial gains / (losses)

The evolution of the Group's net position on pension obligations resulted in an actuarial gain of 30 million euros in equity (gain of 15 million euros net of tax effect) during the first three months 2011.

Currency translation adjustments

Change in cumulative exchange differences on translating foreign operations from January 1, 2011 to March 31, 2011 (closing rate) comprises -402 million euros due to the depreciation of the U.S. dollar and the Egyptian pound compared to the euro currency.

Consolidated statement of financial position

(million euros)	March 31, 2011	March 31, 2010	At December 31, 2010
ASSETS			
NON CURRENT ASSETS	**31,956**	**34,550**	**34,752**
Goodwill	13,161	13,915	14,327
Intangible assets	611	1,407	661
Property, plant and equipment	16,418	17,573	17,912
Investments in associates	406	344	422
Other financial assets	741	928	863
Derivative instruments	61	59	78
Deferred income tax	520	324	489
Other receivables	38	-	-
CURRENT ASSETS	**8,489**	**7,048**	**7,742**
Inventories	1,646	1,823	1,647
Trade receivables	1,951	1,959	1,774
Other receivables	887	1,064	971
Derivative instruments	54	49	56
Cash and cash equivalents	2,263	2,153	3,294
Assets held for sale	1,688	-	-
TOTAL ASSETS	**40,445**	**41,598**	**42,494**
EQUITY & LIABILITIES			
Common stock	1,146	1,146	1,146
Additional paid-in capital	9,645	9,624	9,640
Treasury shares	(22)	(26)	(26)
Retained earnings	5,784	5,611	5,816
Other reserves	(535)	(527)	(555)
Foreign currency translation	(734)	108	123
Equity attributable to owners of the parent company	**15,284**	**15,936**	**16,144**
Non-controlling interests	1,846	1,985	2,080
EQUITY	**17,130**	**17,921**	**18,224**
NON CURRENT LIABILITIES	**15,925**	**17,395**	**16,765**
Deferred income tax	813	868	871
Pension & other employee benefits liabilities	1,024	1,157	1,108
Provisions	580	951	633
Long-term debt	13,391	14,326	14,096
Derivative instruments	56	93	57
Other payables	61	-	-
CURRENT LIABILITIES	**7,390**	**6,282**	**7,505**
Pension & other employee benefits liabilities	134	117	139
Provisions	114	161	146
Trade payables	1,804	1,794	1,996
Other payables	1,681	1,553	1,642
Income tax payable	202	233	314
Short term debt and current portion of long-term debt	3,097	2,272	3,184
Derivative instruments	74	152	84
Liabilities directly associated with assets held for sale	284	-	-
TOTAL EQUITY AND LIABILITIES	**40,445**	**41,598**	**42,494**

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

Consolidated statements of cash flows

(million euros)	3 months 2011	3 months 2010	December 31, 2010
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net income	**6**	**114**	**1,114**
Adjustments for income and expenses which are non cash or not related to operating activities, financial expenses or income taxes:			
Depreciation and amortization of assets	290	280	1,173
Impairment losses	12	21	154
Income from associates	3	(3)	16
(Gains) on disposals, net	(5)	(20)	(45)
Finance costs (income)	185	83	723
Income taxes	3	1	316
Others, net (including dividends received from equity affiliates)	(14)	16	(300)
Change in operating working capital items, excluding financial expenses and income taxes (see analysis below)	(497)	(285)	354
Net operating cash generated before impacts of financial expenses and income taxes	**(17)**	**207**	**3,505**
Cash payments for financial expenses	(151)	(133)	(919)
Cash payments for income taxes	(101)	(115)	(414)
Net cash provided by (used in) operating activities	**(269)**	**(41)**	**2,172**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Capital expenditures	(251)	(365)	(1,331)
Investment in subsidiaries and joint ventures*	1	(1)	(27)
Investment in associates	-	-	(3)
Investment in available for sale investments	(3)	(18)	(19)
Disposals**	11	36	209
Net decrease (increase) in long-term receivables	(27)	(34)	(73)
Net cash provided by (used in) investing activities	**(269)**	**(382)**	**(1,244)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Capital increase (decrease) - owners of the parent company	2	7	26
Capital increase (decrease) - non controlling interests	-	-	15
Acquisitions of ownership interests with no gain of control	(90)	-	-
Disposal of ownership interests with no loss in control	-	-	139
Dividends paid	-	-	(575)
Dividends paid by subsidiaries to non-controlling interests	(26)	(20)	(274)
Proceeds from issuance of long-term debt	46	538	2,207
Repayment of long-term debt	(423)	(244)	(1,174)
Increase (decrease) in short-term debt	71	(23)	(326)
Net cash provided by (used in) financing activities	**(420)**	**258**	**38**

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

(million euros)	3 months 2011	3 months 2010	December 31, 2010
Increase / (decrease) in cash and cash equivalents	**(958)**	**(165)**	**966**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(73)	98	108
Cash and cash equivalents at beginning of year	3,294	2,220	2,220
Cash and cash equivalents at end of the year	**2,263**	**2,153**	**3,294**
** Net of cash and cash equivalents of companies acquired*	*2*	*-*	*35*
*** Net of cash and cash equivalents of companies disposed of*	*6*	*2*	*23*
SUPPLEMENTAL DISCLOSURES			
Analysis of changes in operating working capital items	**(497)**	**(285)**	**354**
(Increase) / decrease in inventories	(117)	(46)	97
(Increase) / decrease in trade receivables	(368)	(132)	83
(Increase) / decrease in other receivables – excluding financial and income taxes receivables	1	(30)	30
Increase / (decrease) in trade payables	14	(10)	179
Increase / (decrease) in other payables – excluding financial and income taxes payables	(27)	(67)	(35)

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, 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**
Balance at January 1, 2011	***286 453 779***	***363 558***	**1 146**	**9 640**	**(26)**	**5 816**	**(555)**	**123**	**16 144**	**2 080**	**18 224**
Total comprehensive income for the period						*(29)*	*20*	*(857)*	***(866)***	*(69)*	***(935)***
Dividends paid									**-**	(111)	**(111)**
Issuance of common stock (exercise of stock options)									**-**		**-**
Share based payments				5					**5**		**5**
Treasury shares		*(59 500)*			4	(4)			**-**		**-**
Changes in ownership interests with no gain/loss of control (see Note 7)						1			**1**	(53)	**(52)**
Other movements – non-controlling interests									**-**	(1)	**(1)**
Balance at March 31, 2011	***286 453 779***	***304 058***	**1 146**	**9 645**	**(22)**	**5 784**	**(535)**	**(734)**	**15 284**	**1 846**	**17 130**

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, 2011.

Note 2. Summary of significant accounting policies

2.1 – Consolidated interim financial statements

The Group interim condensed consolidated financial statements at March 31, 2011 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not include all the IFRS required information and should therefore be read in connection with the 2010 annual report.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union as at March 31, 2011 and available on http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

These accounting policies are consistent with the ones applied by the Group at December 31, 2010 and described in the Note 2 of the 2010 Annual Report except for the points presented in paragraph 2.2 New IFRS standards and interpretations – infra.

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

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

In addition, within the framework of the current context of economic crisis affecting some of its markets, the Group performed as at March 31, 2011, 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, 2011.

2.2 – New IFRS standards and interpretations

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

The new IFRS and interpretations effective from January 1st, 2011, listed in the Note 2.27 – Accounting pronouncements at the closing date not yet effective – to the notes of the Group consolidated financial statements of the 2010 Annual Report (page F 22), had no impact on the Group interim condensed consolidated financial statements at March 31, 2011.

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 of the period

3.1 – Agreement between Lafarge and Anglo American

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

In compliance with IFRS 5 – Non-current assets held for sale and discontinued operations, Lafarge UK 's assets and liabilities that will be contributed to this joint venture have been grouped since February 18, 2011 in the consolidated statement of financial position on the lines " Assets held for sale " and " Liabilities directly associated with assets held for sale", respectively. The depreciation charge on depreciable assets also ceased from that date (5 million euros impact as at March 31, 2011).

As at March 31, 2011, the line "Assets held for sale" amounts to 1,688 million euros and essentially comprises goodwill and property, plant and equipment. The line "Liabilities directly associated with assets held for sale" amounts to 284 million euros and notably comprises trade payables.

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

3.2 – Acquisition of additional interests in Lafarge India PVT Limited

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

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

Note 4. Business segment and geographic area information

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

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

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

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

Group management internally evaluates its performance based upon:

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

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

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

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

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

As mentioned in note 3.1, the assets and liabilities of the Group's cement, aggregates, ready-mixed concrete, and asphalt & contracting businesses in the United Kingdom have been grouped since February 18, 2011 in the consolidated statement of financial position on the lines " Assets held for sale " and " Liabilities directly associated with assets held for sale", respectively. The amounts included in the statements of income related to these businesses are not presented separately as at March 31, 2011 and for 2010 comparative periods. Business segment and geographical information presented below reflects accordingly these elements.

(a) Segment information

March 31, 2011 (million euros)	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	2,300	1,026	375	1	3,702
Less: intersegment	(139)	(2)	(4)	-	(145)
Revenue	**2,161**	**1,024**	**371**	**1**	**3,557**
Operating income before capital gains, impairment, restructuring and other	270	(58)	18	(6)	224
Gains on disposals, net	3	1	-	1	5
Other operating income (expenses)	(20)	(4)	-	(8)	(32)
Including impairment on assets and goodwill	*(9)*	*(3)*	*-*	*-*	*(12)*
Operating income	**253**	**(61)**	**18**	**(13)**	**197**
Finance costs					(265)
Finance income					80
Income from associates	(4)	-	1	-	(3)
Income taxes					(3)
Net income					**6**
Other information					
Depreciation and amortization	(199)	(59)	(20)	(12)	(290)
Other segment non cash income (expenses) of operating income	(19)	4	12	9	6
Capital expenditures	186	36	9	20	251
Capital employed	25,872	5,056	1,507	404	32,839
Balance Sheet					
Segment assets	29,175	5,749	1,894	1,304	38,122
Of which investments in associates	*221*	*33*	*135*	*17*	*406*
Assets held for sale	1,143	455	-	90	1,688
Unallocated assets [a]					635
Total Assets					**40,445**
Segment liabilities	2,575	802	321	1,618	5,316
Liabilities directly associated with assets held for sale	110	140	-	34	284
Unallocated liabilities and equity [b]					34,845
Total Equity and Liabilities					**40,445**

[a] *Deferred tax assets and derivative instruments*

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

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*

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

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

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

(b) Geographic area information

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

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

	March 31, 2011		March 31, 2010		December 31, 2010	
(million euros)	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
Western Europe	**1 057**	**5 142**	**976**	**6 915**	**4 313**	**6 855**
Of which:						
France	572	2 360	503	2 320	2 176	2 345
United Kingdom	237	97	202	1 529	906	1 550
Spain	65	1 007	67	1 028	289	1 012
North America	**479**	**5 755**	**450**	**6 204**	**3 336**	**6 127**
Of which:						
United States	246	4 600	245	4 991	1 719	4 917
Canada	233	1 155	205	1 213	1 617	1 210
Middle East and Africa	**930**	**11 984**	**939**	**12 653**	**3 903**	**12 621**
Of which:						
Egypt	130	2 532	200	2 935	714	2 804
Algeria	131	3 085	103	3 213	444	3 071
Central and Eastern Europe	**182**	**2 243**	**127**	**1 988**	**1 043**	**2 015**
Latin America	**252**	**1 456**	**174**	**1 504**	**894**	**1 527**
Of which:						
Brazil	155	1 028	92	1 056	529	1 072
Asia	**657**	**4 016**	**610**	**3 975**	**2 680**	**4 177**
Total	**3 557**	**30 596**	**3 276**	**33 239**	**16 169**	**33 322**

(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, 2011, March 31, 2010 and December 31, 2010 are as follows:

	3 months		December 31,
	2011	2010	2010
Numerator (in million euros)			
Net income attributable to owners of the parent of the Group	(29)	64	827
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	286,101	286,077	286,087
Total potential dilutive shares	230	372	249
Weighted average number of shares outstanding — fully diluted	286,331	286,449	286,336
Basic earnings per share (euros)	**(0.10)**	**0.22**	**2.89**
Diluted earnings per share (euros)	**(0.10)**	**0.22**	**2.89**

Note 6. Debt

The debt split is as follows:

	March 31,		December 31,
(million euros)	2011	2010	2010
Long-term debt excluding put options on shares of subsidiaries	13,328	14,248	14,033
Put options on shares of subsidiaries, long-term	63	78	63
Long-term debt	**13,391**	**14,326**	**14,096**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	2,943	2,040	2,980
Put options on shares of subsidiaries, short-term	154	232	204
Short-term debt and current portion of long-term debt	**3,097**	**2,272**	**3,184**
Total debt excluding put options on shares of subsidiaries	16,271	16,288	17,013
Total put options on shares of subsidiaries	217	310	267
Total debt	**16,488**	**16,598**	**17,280**

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

	March 31,		December 31,
(million euros)	2011	2010	2010
Repayable in more than five years	6,126	6,026	6,726
Repayable between one and five years	7,202	8,222	7,307
Long-term debt	**13,328**	**14,248**	**14,033**
Repayable between six months and one year	623	530	1,102
Repayable in less than six months	2,320	1,510	1,878
Total debt	**16,271**	**16,288**	**17,013**

At March 31, 2011, 399 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, 2011, the net variation of this debt amounted to a decrease of 325 million euros (compared to an increase of 381 million euros at March 31, 2010 and a decrease of 212 million euros at December 31, 2010).

Interest rate

The average spot interest rate of the gross debt after swaps, as at March 31, 2011, is 5.6% (5.2% as of March 31, 2010 and 5.5% as of December 31, 2010).

The average interest rate of the net debt after swaps is 6.2% for the first quarter 2011 compared to 5.7% in the first quarter 2010 and 5.8% for the year 2010.

Securitization program

The Group entered into multi-year securitization agreements, with respect to trade receivables:

- The first one implemented in France in January 2000 for Cement and Gypsum activities, renewed twice, includes Aggregates and Concrete activities since September 2009. This is a 5-year program from June 2010.
- The second one implemented in September 2009 in North America (United States and Canada) for a 3-year period.
- The last one implemented in March 2010 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 649 million euros equivalent as of March 31, 2011 (694 million euros as of March 31, 2010 and 680 million euros as of December 31, 2010).

The current portion of debt includes 516 million euros equivalent as of March 31, 2011, related to these programs (369 million euros as of March 31, 2010 and 533 million euros as of December 31, 2010) and the non current portion of debt (195 million euros at March 31, 2010, corresponding to the North American securitization agreement) has been completely reclassified in the current portion of debt as at December 31, 2010.

The European securitization agreements are guaranteed by subordinated deposits and units totaling 133 million euros as of March 31, 2011 (130 million euros as of March 31, 2010 and 147 million euros as of December 31, 2010).

Put options on shares of subsidiaries

As part of the acquisition process of certain entities, the Group has granted third party shareholders the option to require the Group to purchase their shares at predetermined conditions. These shareholders are either international institutions, such as the European Bank for Reconstruction and Development, or private investors, which are essentially financial or industrial investors or former shareholders of the acquiring entities. Assuming that all of these options were exercised, the purchase price to be paid by the Group, including debt and cash acquired, would amount to 233 million euros at March 31, 2011 (283 million euros at December 31, 2010).

Out of the outstanding put options at March 31, 2011, 170 million euros can be exercised until March 31, 2012. The remaining 63 million euros can be exercised for part starting 2014 and for part starting 2015.

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 217 million euros and 267 million euros at March 31, 2011 and December 31, 2010, respectively, the remaining options were granted on shares of joint ventures.

This specific debt is recorded by reclassifying the underlying minority interests and recording goodwill, since no put option was granted since January 1st, 2010, in an amount equal to the difference between the carrying value of minority interests and the value of the debt (104 million euros and 128 million euros at March 31, 2011 and December 31, 2010, respectively).

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share the Group paid for the year 2009 as well as the dividend amount per share for 2010 proposed by our Board of Directors for approval at the Annual General Meeting of shareholders to be held on May 12, 2011.

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

** 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 286,090,221 shares.*

(b) Other comprehensive income – part attributable to the owners of the parent company

The roll forward for the period of other comprehensive income, for the part attributable to the owners of the parent company, is as follows:

	December 31, 2010	Gains/(losses) arising during the year	Recycling to income statement	March 31, 2011
Change in unrealized gains/(losses) on available for sale investments	22	-	-	22
Gross value	31	-	-	31
Deferred taxes	(9)	-	-	(9)
Change in unrealized gains/(losses) on cash flow hedge instruments	(34)	5	-	(29)
Gross value	(43)	8	-	(35)
Deferred taxes	9	(3)	-	6
Change in actuarial gains/(losses)	(543)	15	-	(528)
Gross value	(725)	30	-	(695)
Deferred taxes	182	(15)	-	167
Total Other reserves	***(555)***	***20***	**-**	***(535)***
	-	-	-	-
Total Foreign currency translation	***123***	***(857)***	**-**	***(734)***
	-	**-**	**-**	**-**
Total other comprehensive income	***(432)***	***(837)***	**-**	***(1,269)***

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

As at March 31, 2011, changes in ownership interests with no gain/loss of control have an impact of - 52 million euros on equity and notably reflect the purchase price consideration for ownership interests.

Note 8. Legal and arbitration proceedings

In the ordinary course of its business, Lafarge is involved in a certain number of judicial and arbitral proceedings. Lafarge is also subject to certain claims and lawsuits which fall outside the scope of the ordinary course of its business, the most significant of which are summarized below.

Provisions for the charges that could result from these procedures are not recognized until they are probable and their amount can be reasonably estimated. The amount of provisions made is based on Lafarge's assessment of the level of risk on a case-by-case basis and depends on its assessment of the basis for the claims, the stage of the proceedings and the arguments in its defense, it being specified that the occurrence of events during proceedings may lead to a reappraisal of the risk at any moment.

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

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

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

The global provision in connection with this case amounts to 24 million euros as at March 31, 2011.

Competition: Also on competition matters, 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 investigated by the European Commission for alleged anti-competitive practices. By a letter dated 6 December 2010, the Commission notified the parties of the opening of an official investigation (which do not constitute a statement of objection), while reminding them that at that stage, it did not have conclusive evidence of anti-competitive practices. The alleged offences, which will be the subject of the detailed investigation, involve restrictions of commercial trade in or upon entry to the EEA, market sharing, and coordination of prices on the cement and related markets. In the case of Lafarge, seven (7) countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. The Commission's investigation is ongoing. The date of its closure is unknown and no conclusion can be drawn at this stage.

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

United States of America – Hurricane Katrina: In late 2005, several class action and individual lawsuits were filed in the United States District Court for the Eastern District of Louisiana. In their Complaints, plaintiffs allege that our subsidiary, Lafarge North America Inc., and/or several other defendants including the federal government, are liable for death, bodily and personal injury and property and environmental damage to people and property in and around New Orleans, Louisiana. Some of the referenced complaints claim that these damages resulted from a barge under contract to Lafarge North America Inc. that allegedly breached the Inner Harbor Navigational Canal levee in New Orleans during or after Hurricane Katrina. On May 21, 2009, the Court denied plaintiffs' Motion for Class Certification. At this stage, only individual cases may be tried. The Judge trial involving the first few plaintiffs commenced in late June, 2010 and briefing to the Court closed in October. In a ruling dated January 20, 2011, the Judge ruled in favor of our subsidiary, Lafarge North America Inc. Plaintiffs have now filed a Notice of Appeal. The decision of the Court of Appeal should be held in the second quarter 2012.

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 favor 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. did not lodge a request to the Supreme Court against the decision of the Court of Appeals.

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

India / **Bangladesh:** The Group holds, jointly with Cementos Molins, 59% of Lafarge Surma Cement which is operating a cement plant in Bangladesh. This cement plant is supplied by its Indian affiliate with limestone extracted from a quarry in the Meghalaya region of India. These operations in Bangladesh are consolidated under the proportionate method and contribute to the Group's total assets for an amount of 90 million euros as at March 31, 2011. At a hearing on February 5th, 2010, the Supreme Court of India decided to suspend the mining activities of the quarry, due to the fact that its location is today regarded as a forest area, making it necessary to obtain a new mining permit. The procedure for obtaining the new permit continues before the Indian Supreme Court. The Group continues to review the progress of the hearings before the Supreme Court and it is difficult to determine the date of the decision.

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 2010 annual report.

Note 10. Subsequent events

None.

Statutory auditors' review report on the interim condensed consolidated financial statements for the first quarter 2011

(Free translation of a French language original)

To the Chairman and Chief Executive Officer,

In our capacity as statutory auditors of Lafarge SA and in accordance with your request, we have reviewed the interim condensed consolidated financial statements of Lafarge SA contained in the accompanying report for the period from January 1, 2011 to March 31, 2011.

These interim condensed consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review procedures.

A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than that obtained from an audit.
Based on our review, nothing has come to our attention that causes us to believe that these interim condensed consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Neuilly-sur-Seine and Paris-La Défense, May 5, 2011

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG Audit	
Frédéric Gourd	Pascal Pincemin	Christian Mouillon	Nicolas Macé