Half-Year Financial Report

For the period ended June 30, 2013

LAFARGE
Building better cities™

1. Management Report

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 25, 2013 to approve the accounts for the period ended June 30, 2013. Further to their limited review of the half-year condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the Half-Year 2013 Financial Report.

This half-year management report should be read in conjunction with the interim condensed consolidated financial statements for the first six months of the year and the company's Registration Document for the fiscal year 2012 filed with the Autorité des Marchés Financiers on April 3, 2013 under number D.13-0276. Lafarge operates in a constantly evolving environment, which exposes the Group to risk factors and uncertainties in addition to the risk factors related to its operations. A detailed description of these risk factors and uncertainties is included in chapter 5 "Risks and control" of the company's Registration Document. The materialization of these risks could have a material adverse effect on our operations, our financial condition, our results, our prospects or our share price, particularly during the remaining six months of the fiscal year. There may be other risks that have not yet been identified or whose occurrence is not considered likely to have such a material adverse effect as of the date hereof.

Hereinafter, and in our other shareholder and investor communications, "current operating income" (COI) refers to the subtotal "operating income before capital gains, impairment, restructuring and other" on the face of the Group's consolidated statements 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" 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.

EBITDA is defined as the current operating income before depreciation and amortization on tangible and intangible assets and is a non-GAAP financial measure.

Variations like-for-like are variations at constant scope and exchange rates.

2012 figures were restated to reflect the impact of the amendments to IAS 19. Additional information is provided in the notes to the interim condensed consolidated financial statements.

This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although Lafarge believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Lafarge, including but not limited to the risks described in the Lafarge's annual report available on its Internet website (www.lafarge.com) and uncertainties related to the market conditions and the implementation of our plans. Accordingly, we caution you against relying on forward looking statements. Lafarge does not undertake to provide updates of these forward-looking statements.
More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), including under "Regulated Information" section.
This document does not constitute an offer to sell, or a solicitation of an offer to buy Lafarge shares.

1.1 Consolidated key figures

Summary of the key figures

	6 Months 2013	6 Months 2012	Variation	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation	Variation like-for-like
Volumes								
Cement (MT)	65.2	69.7	-6%	-4%	36.5	38.4	-5%	-3%
Pure Aggregates (MT)	83.8	84.2	-	-4%	50.9	51.0	-	-1%
RMX-Concrete (Mm3)	15.0	15.7	-5%	-1%	8.3	8.6	-4%	-
Sales (million euros)	7,248	7,614	-5%	-2%	4,112	4,261	-3%	-
EBITDA (million euros)	1,302	1,513	-14%	-9%	922	1,002	-8%	-3%
EBITDA Margin	*18.0%*	*19.9%*	*-190bps*		22.4%	23.5%	-110bps	
COI (million euros)	791	1,012	-22%	-12%	667	750	-11%	-4%
Net income – Group share (1)	84	(21)	nm		201	39	nm	
Earnings per share (euros) (2)	0.29	(0.07)	nm		0.70	0.14	nm	
Free Cash Flow (3)	(132)	(312)	nm		165	122	35%	
Net Debt	11,881	12,550	-5%					

(1) Net income attributable to the owners of the parent of the Group
(2) Based on an average number of shares outstanding of 287.2 million for the half-year 2013 and 287.1 million for the half-year 2012
(3) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures

Sales and EBITDA by geographical zone and by business line

Sales

	6 Months 2013	6 Months 2012	Variation	Scope	Foreign Exchange Effect	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation like-for-like
By geographical zone									
North America	1,259	1,395	-10%	-6%	-2%	-2%	811	905	-1%
Western Europe	1,602	1,624	-1%	5%	-	-6%	894	871	-2%
Central & Eastern Europe	488	561	-13%	-	-	-13%	340	380	-10%
Middle East and Africa	2,017	2,196	-8%	-	-5%	-3%	1,077	1,152	-1%
Latin America	456	474	-4%	-	-8%	4%	238	233	8%
Asia	1,426	1,364	5%	-	-2%	7%	752	720	6%
By business line									
Cement	4,723	5,127	-8%			-3%	2,639	2,819	-1%
Aggregates & Concrete	2,476	2,443	1%			-	1,444	1,418	2%
Holding and others	49	44					29	24	
TOTAL	**7,248**	**7,614**	**-5%**	**-**	**-3%**	**-2%**	**4,112**	**4,261**	**-**

EBITDA

	6 Months 2013	6 Months 2012	Variation	Scope	Foreign Exchange Effect	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation like-for-like
By geographical zone									
North America	129	128	1%	-14%	-2%	17%	141	170	-8%
Western Europe (1)	150	255	-41%	-3%	-	-38%	145	173	-14%
Central & Eastern Europe	45	87	-48%	-	-	-48%	80	101	-21%
Middle East and Africa	550	646	-15%	-	-5%	-10%	304	329	-1%
Latin America	122	129	-5%	-	-6%	1%	71	70	7%
Asia	306	268	14%	-	-3%	17%	181	159	16%
By business line									
Cement (1)	1,181	1,371	-14%			-8%	776	852	-3%
Aggregates & Concrete	114	134	-15%			-14%	142	149	-7%
Holding and others	7	8					4	1	
***TOTAL* (1)**	**1,302**	**1,513**	**-14%**	**-2%**	**-3%**	**-9%**	**922**	**1,002**	**-3%**

(1) Impacted by lower sales of carbon credits: No carbon credit sold in 2013, versus 46 million euros sold in the first-half of 2012:
- 45 million euros lower proceeds (23 million euros in the second quarter) for Western Europe
- 1 million euros lower proceeds on Central and Eastern Europe

1.2. Review of operations and financial results

All data regarding sales, sales volume, EBITDA and COI include the proportional contributions of our proportionately consolidated subsidiaries.

When we analyze our volumes and sales trends per country, and unless specified, we comment on the domestic volumes and sales both originating and completed within the relevant geographic market, and thus exclude export sales and volumes.

Group highlights for the half-year 2013

- Q2 EBITDA showed a good resilience, despite prevailing adverse weather conditions, notably in North America, the absence of CO_2 sales and negative impact of foreign exchange.
- Performance and innovation measures generated respectively 100 million euros and 60 million euros EBITDA in the quarter. In the first-half, we have generated a total of 260 million euros, on track with our plan.
- EBITDA margin excluding CO_2 was stable at constant scope and exchange rates in the quarter, supported by performance and innovation measures and price increases which offset the impact of lower volumes and cost inflation.
- Net income Group Share in the quarter, at 201 million euros favorably compares to 39 million euros in the second quarter 2012 which was negatively impacted by exceptional items.
- Net debt at the end of June decreased 0.7 billion euros compared to end of June last year, reflecting the strict control of investments and working capital optimization which supported the 35% free cash flow increase in the quarter. With the recently announced divestment of its US gypsum operations, the Group has secured 1.5 billion euros[1] since the beginning of 2012, of which 0.9 billion euros will be received in H2.

[1] *Excluding 0.2 billion euros of capital injection of our new partner in India, as announced in May 2013*

Overview of operations: Sales, EBITDA and Current Operating Income

The first half of the year was marked by resilient results in an environment in which volumes were lower than expected in certain areas. In this context, the Group pursued its efforts on self-help measures, with results achieved on performance and innovation running on track with our plan and significant steps secured in the quarter towards the Group objective to reduce net debt below 10 billion euros.

Volumes for our activities continued to decline in the quarter, although at a lower pace than in the first quarter, affected by a high comparison base in 2012, continuing adverse weather in North America and temporary fuel shortage in Egypt. Year-to-date, at constant scope, cement, aggregates and concrete sales volumes declined 4%, 4% and 1%, respectively.

Consolidated sales, at 7,248 million euros for the first half 2013, were down 5% versus last year, and decreased 3% to 4,112 million euros in the second quarter.

Net changes in the scope of consolidation had a slightly negative impact on sales (-0.2% on the semester, and -0.5% on the second quarter), as the effect of the divestment of two plants located in Missouri and Oklahoma (United States) was almost offset by the impact of the consolidation of the joint-venture with Tarmac in the United Kingdom. Currency impacts were unfavorable (-2.9% both year-to-date and in the second quarter), mainly due to the depreciation of the South African rand, the Egyptian pound, the Brazilian real and the Indian rupee versus the euro.

At constant scope and exchange rates, consolidated sales were down 2% year-to-date but stable in the quarter, as the effect of increased prices across all of our product lines to address cost inflation mitigated the impact of the volume decrease, especially in the second quarter where volume declines eased.

EBITDA dropped both in the quarter and year-to-date, including the adverse impact of foreign currency variations (-3% year-to-date) and changes in scope (-2%, year-to-date). At constant scope and exchange rates, EBITDA decreased 9% year-to-date (3% in the second quarter) with performance and innovation actions and improved pricing strongly mitigating the impact of lower volumes, cost inflation and the absence of carbon credit sales (no carbon credit sales in the first semester 2013, versus 46 million euros in the first half of 2012, and 24 million euros in the second quarter 2012). The Group generated 160 million euros of EBITDA through performance measures and 100 million euros through innovation initiatives in the first half of 2013, on track with its 2013 objective.

Current operating income contracted 12% versus the first semester 2012 (-4% in the second quarter), at constant scope and exchange rates and when restating the impact of the depreciation of the UK assets that was stopped from March 1st, 2011 in accordance with IFRS, and restarted after the formation of the joint-venture with Tarmac on January 7th, 2013 (37 million euros of additional depreciation in the first half of 2013).

Review of operations by region

North America

Volumes	6 Months 2013	6 Months 2012	Variation	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation	Variation like-for-like
Cement (MT)	4.4	5.7	-22%	-13%	2.9	3.7	-21%	-11%
Pure Aggregates (MT)	36.8	40.6	-9%	-4%	24.4	26.5	-8%	-2%
RMX-Concrete (Mm3)	2.7	2.9	-6%	-1%	1.6	1.8	-10%	-3%
Sales (million euros)	1,259	1,395	-10%	-2%	811	905	-10%	-1%
EBITDA (million euros)	129	128	1%	17%	141	170	-17%	-8%
EBITDA Margin	10.2%	9.2%	100bps		17.4%	18.8%	-140bps	
COI (million euros)	51	30	70%	117%	101	120	-16%	-9%

Overall, market trends are solid in the region, on the back of improved trends in the residential sector in the United States and the well-oriented economy in Western Canada, but the first semester 2013 was particularly affected by adverse weather in our relevant regions in the United States, as well as floods across Canada.

Accordingly, sales were down 10% both in the quarter and year-to-date. The effect of the divestment of two plants located in Missouri and in Oklahoma at the end of November 2012, together with other smaller disposals in aggregates and concrete reduced sales by 6%. Foreign exchange variations also lowered sales with the depreciation of the Canadian and US dollar against the euro (negative impact of 2% on sales).

At constant scope and exchange rates, sales were down 2% year-to-date (1% in the second quarter), with solid price gains across all product lines offsetting the impact of lower volumes.

- **In the United States,** prices moved higher on all product lines, partly offsetting lower volumes, strongly impacted by particularly adverse weather in the Northeast region. Like-for-like cement, aggregates and ready-mix sales volumes decreased 17%, 6% and 5%, respectively versus the first-half 2012.
- **In Canada,** sales were overall stable, with pricing gains compensating for lower volumes. In Quebec, construction activity is currently slowed down by the Charbonneau Commission inquiries, delaying certain projects. Additionally, heavy floods occurred in various parts of the country strongly impacting construction activity. In the first semester, like-for-like cement and aggregates sales volumes decreased 8%, and 2% respectively, while ready-mix sales volumes were stable supported by several projects in Western Canada.

EBITDA was up 17% like-for-like in the first-half of the year as lower volumes were more than offset by the combined effect of higher prices, cost-cutting and innovation measures and a one-time gain of 20 million euros recorded in the first quarter 2013 linked to management's decision to review pension commitments in North America (curtailment of defined benefit plans in the United States). EBITDA was down 8% in the second quarter, due to lower volumes.

Western Europe

	6 Months 2013	6 Months 2012	Variation	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation	Variation like-for-like
Volumes								
Cement (MT)	6.9	8.3	-17%	-7%	4.0	4.5	-12%	-3%
Pure Aggregates (MT)	29.1	25.9	12%	-7%	15.7	13.9	13%	-3%
RMX-Concrete (Mm3)	4.5	5.0	-10%	-8%	2.5	2.6	-6%	-4%
Sales (million euros)	1,602	1,624	-1%	-6%	894	871	3%	-2%
EBITDA (million euros) (1)	150	255	-41%	-38%	145	173	-16%	-14%
EBITDA Margin (1)	9.4%	15.7%	-630bps		16.2%	19.9%	-370bps	
COI (million euros) (1)	21	161	-87%	-66%	82	125	-34%	-19%

(1) Impacted by the absence of carbon credit sales in the first-half 2013, versus 45 million euros sold in the first-half 2012 and 23 million euros in the second quarter 2012.

Overall, volume trends eased in the second quarter in Northern Europe while Spain and Greece continued to face a challenging economic situation.

Changes in the scope of consolidation had a net positive impact on sales, reflecting the operations conducted in the context of the completion of the Lafarge Tarmac joint venture in the United Kingdom in January 2013. The effects of the divestments of some assets required by the competition authorities (notably a 1.4MT cement capacity plant and some ready-mix plants) and the deconsolidation of 50% of the remaining assets of Lafarge were more than offset by the impact of the integration of 50% of the assets brought by Tarmac into the joint-venture. The impact of foreign exchange rates was negligible.

At constant scope and exchange rates, sales were down 6% in the first-half 2013 versus last year (-2% in the second quarter), mostly impacted by the drop in sales volumes experienced across all business lines.

- **France** was resilient, with volumes trends easing in the second quarter and only slightly down across product lines. For the first-half of 2013, cement volumes were down 4%, while aggregates and ready-mix volumes decreased 5%.
- **In the UK**, after completion of the required divestments, the joint venture started in January 2013. The product mix has largely changed, notably with a larger exposure to aggregates and asphalt & paving businesses which traditionally present a more marked seasonality during winter. The construction market was slightly down in the first-half of the year. Overall, our sales went up in the quarter and year-to-date, reflecting a higher proportion of aggregates and asphalt and paving sales from the assets contributed to the JV by Tarmac.
- Activity in **Spain and Greece** was affected by the challenging economic environment. Cement sales volumes were down 9% and 21% year-to-date, respectively. In this challenging environment, mitigating actions, such as cost-saving, adaptation of our industrial network, focus on innovation and development of exports continue to be deployed.

EBITDA was down 38% on the first-half 2013 and 14% in the second quarter, under the combined effect of lower sales, lower carbon credit sales and the scope impact on the UK (negative impact of 23 and 7 million euros on EBITDA, on the semester and the second quarter, respectively). When excluding carbon credit sales, EBITDA was stable like-for like in the second quarter despite lower volumes, supported by significant cost savings.

Central and Eastern Europe

	6 Months		Variation	Variation like-for-like	2nd Quarter		Variation	Variation like-for-like
Volumes	2013	2012			2013	2012		
Cement (MT)	5.4	5.9	-8%	-8%	3.8	4.1	-6%	-6%
Pure Aggregates (MT)	7.9	9.1	-13%	-14%	5.5	6.0	-9%	-10%
RMX-Concrete (Mm3)	0.6	0.7	-12%	-12%	0.4	0.5	-9%	-9%
Sales (million euros)	488	561	-13%	-13%	340	380	-11%	-10%
EBITDA (million euros)	45	87	-48%	-48%	80	101	-21%	-21%
EBITDA Margin	9.2%	15.5%	-630bps		23.5%	26.6%	-310bps	
COI (million euros)	1	47	-98%	-97%	57	81	-30%	-29%

The first-half of the year was marked by a harsh and long winter and by limited infrastructure spending as a result of lower EU funds available in Poland and Romania.

In this context, volumes decreased in most of the countries of this region, and sales were down 13% like-for-like in the first-half of 2013, and down 10% in the second quarter. The impact of scope and foreign exchange variations was negligible.

- **In Poland,** building activity slowed down, after having been bolstered by the European Cup Games of June 2012 and EU funding. Cement sales volumes decreased 4% in the second quarter (down 13% year-to-date), with an easing comparison base compared to the first quarter, and with construction market still being down. Year-to-date aggregates and ready-mix concrete sales volumes were also down year-to-date. Cement prices decreased versus the first semester 2012, mostly reflecting price erosion during the second half of 2012.
- **In Russia,** market trends were positive, but our cement sales volumes were affected by production limitations at one plant and by the competitive environment.
- **In Romania,** cement sales volumes were down 20% in the quarter (-17% year-to-date), impacted by lower infrastructure spending and competitive environment.

EBITDA decreased, hampered by volume decline across all product lines, and the lower average prices in Poland.

Middle East and Africa

Volumes	6 Months 2013	6 Months 2012	Variation	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation	Variation like-for-like
Cement (MT)	21.4	23.4	-9%	-10%(1)	11.3	12.2	-7%	-7%(1)
Pure Aggregates (MT)	4.4	4.4	1%	2%	2.4	2.4	1%	3%
RMX-Concrete (Mm3)	3.5	3.5	-1%	-1%	1.9	1.8	2%	2%
Sales (million euros)	2,017	2,196	-8%	-3%	1,077	1,152	-7%	-1%
EBITDA (million euros)	550	646	-15%	-10%	304	329	-8%	-1%
EBITDA Margin	27.3%	29.4%	-210bps		28.2%	28.6%	-40 bps	
COI (million euros)	396	484	-18%	-13%	229	249	-8%	-2%

(1) domestic only

The region experienced contrasting trends, with markets well oriented in most countries, but volumes were impacted by production limitations in Egypt due to gas shortages and the current situation in Syria. However, strong fundamentals for growth in the construction sector remain unchanged in this region, with significant needs for housing and infrastructures.

Sales were down 7% in the quarter, impacted by a 6% adverse impact of foreign exchange rates variations.

At constant scope and exchange rates, sales stabilized in the second quarter, down 1% (down 3% in the first-half 2013 compared with 2012).

- **Nigeria** benefited from strong market trends, with cement sales volumes up 14% in the quarter (10% year-to-date), while prices were slightly adjusted downwards.
- **Algeria's** underlying market demand continued to be strong, and our cement sales volumes increased 5% in the second quarter. Volumes are still down 2% year-to-date, impacted by a 10-day work stoppage in the first quarter. Prices went up, supported by the development of the sales of new cement products. A new grinder, recently started, should help us to further capture market growth in the second part of the year.
- **In Egypt** our cement sales volumes were impacted by gas shortages and dropped 30%, both in the quarter and year-to-date. Other fuels sourcing should be secured in the course of the third quarter. Prices were strongly increased in response to high cost inflation.
- **In Morocco,** cement volumes were down 10% year-to-date, but stabilized in the second quarter with an easing comparison base, while prices were positively oriented to compensate for cost inflation.
- **In Iraq,** where cement demand remains strong, our sales were impacted by the competitive environment.
- **South Africa** benefited from solid market trends. Cement and aggregates sales volumes grew 1% and 7% year-to-date, respectively, while ready-mix concrete sales volumes soared 23% year-to-date, supported by road projects and renewable energy projects.
- **In Kenya**, construction market growth was dampened as elections were held in March 2013. Kenya experienced cement volume declines in the semester, after a 22% cement volume growth in the first-half of 2012, while prices were well oriented in response to cost inflation.
- **Syria** continued to be impacted by the current situation.

At constant scope and foreign exchange rates, EBITDA decreased 10% year-to-date, as higher pricing and significant cost-saving measures only partly mitigated the significant cost inflation and the impact of the lower volumes in a few markets. In the second quarter, EBITDA was up 9% like-for-like excluding Syria and Egypt, with robust volumes in Nigeria, Algeria and South Africa, strong cost-saving and innovation measures and higher pricing in response to significant cost inflation.

Latin America

Volumes	6 Months 2013	6 Months 2012	Variation	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation	Variation like-for-like
Cement (MT)	4.5	4.5	1%	1%	2.3	2.2	5%	5%
Pure Aggregates (MT)	1.2	1.3	-6%	-6%	0.7	0.7	-	-
RMX-Concrete (Mm3)	0.6	0.5	8%	8%	0.3	0.3	5%	5%
Sales (million euros)	456	474	-4%	4%	238	233	2%	8%
EBITDA (million euros)	122	129	-5%	1%	71	70	1%	7%
EBITDA Margin	26.8%	27.2%	-40bps		29.8%	30.0%	-20bps	
COI (million euros)	101	108	-6%	-	60	60	-	8%

In Latin America, market trends were positive overall. Sales were affected by a significant adverse impact of FX, and were up 8% like-for-like in the second quarter (4% year-to-date), with higher prices and volumes.

- **In Brazil,** after a first quarter impacted by a high comparison base and a lower number of trading days, cement volumes were back to positive territory, up 6% in the second quarter, with pricing gains in response to significant cost inflation. Year-to-date domestic cement sales were up 2%.
- **In Ecuador,** market trends were solid, with higher prices and volumes. Cement sales were up 9% versus the first semester 2012.

At constant scope and exchange rates, EBITDA was up 7% in the second quarter (up 1% year-to-date), supported by higher sales with a significant focus on innovation and despite an overall cost inflation environment.

Asia

Volumes	6 Months 2013	6 Months 2012	Variation	Variation like-for-like	2nd Quarter 2013	2nd Quarter 2012	Variation	Variation like-for-like
Cement (MT)	22.6	21.9	3%	3%	12.2	11.7	4%	4%
Pure Aggregates (MT)	4.4	2.9	52%	50%	2.2	1.5	46%	46%
RMX-Concrete (Mm3)	3.1	3.1	1%	9%	1.6	1.6	1%	7%
Sales (million euros)	1,426	1,364	5%	7%	752	720	4%	6%
EBITDA (million euros)	306	268	14%	17%	181	159	14%	16%
EBITDA Margin	21.5%	19.6%	190bps		24.1%	22.1%	200bps	
COI (million euros)	221	182	21%	24%	138	115	20%	21%

In Asia, market trends were positive in most countries in which we operate, and sales increased, both in the quarter and year-to-date. Foreign exchange fluctuations had a negative effect of 2% on sales, mainly coming from the depreciation of the Indian rupee against the euro.

At constant scope and exchange rates, sales were up 7% year-to-date (6% in the quarter), with higher volumes and pricing gains in response to cost inflation.

- **In China,** cement domestic sales volumes were up 4% year-to-date, while prices were slightly down versus the first half of last year, affected by increased supply. Prices increased 1.5% sequentially from the fourth quarter levels, with some improvements noticed in Sichuan.
- **In India,** market growth was subdued. Our cement sales volumes increased 2% year-to-date while prices improved to offset cost inflation. Our ready-mix sales volumes were down 9%, but we were able to raise prices in response to cost inflation.
- **In Malaysia**, cement sales volumes stabilized in the quarter, and were up 2% year-to-date. Prices decreased versus the first semester 2012, mostly reflecting price erosion during the second half of 2012.
- **The Philippines** benefited from solid market trends and the start-up of a new grinding facility in the second quarter, bolstering our volumes, up 12% year-to-date, while prices rose solidly.
- **In South Korea,** domestic cement volumes were stable in the second quarter, and slightly down 1% year-to-date.

At constant scope and exchange rates, EBITDA strongly increased, up 16% in the quarter and 17% year-to-date, mostly reflecting higher volumes and prices in most markets in this region together with the impact of innovation initiatives launched in various countries, and the effect of lower coal prices in China.

Other income statement items

The table below shows our operating income and net income for the period ended June 30, 2013 and 2012:

(million euros)	6 Months		Variation
	2013	2012	%
EBITDA	**1,302**	**1,513**	**-14%**
Depreciation	(511)	(501)	2%
Current Operating Income	**791**	**1,012**	**-22%**
Net gains on disposals	46	44	5%
Other operating income (expenses)	(129)	(383)	nm
Operating Income	**708**	**673**	**5%**
Net financial costs	(513)	(544)	-6%
Of which Financial expenses	*(599)*	*(627)*	*-4%*
Financial income	*86*	*83*	*4%*
Share of net income (loss) of associates	4	10	-60%
Income before Income Tax	**199**	**139**	**43%**
Income tax	(60)	(70)	-14%
Net Income from continuing operations	**139**	**69**	**101%**
Net income from discontinued operations	21	(3)	nm
Net income	**160**	**66**	**nm**
of which part attributable to:			
- Owners of the parent Company	**84**	**(21)**	**nm**
- Non-controlling interests	76	87	-13%

Depreciation was 511 million euros in 2013 versus 501 million euros in the first-half of 2012, with the restarting of the depreciation in the United Kingdom (37 million euros of additional depreciation year-to-date versus 2012), partly offset by the impact of the divestment of some US operations and the effect of the changes in foreign exchange rates.

Net gains on disposals were 46 million euros in the first semester 2013 versus 44 million euros in 2012, and mainly comprise the impact of the UK transaction.

Other operating expenses primarily reflect the impact of impairments, restructuring, and legal actions. They amounted to 129 million euros in the first half of 2013 (81 million euros in the second quarter) versus 383 million euros in 2012 (273 million euros in the second quarter). In 2013, the Group recorded 76 million euros of restructuring charges as part of executing its cost-cutting program, and 28 million euros of impairment on various assets. In 2012, the Group recorded 148 million euros of restructuring costs in the first semester in the context of the implementation of its new country-based organization, and 200 million euros of impairment of goodwill and other assets given the sustained downturn in economic conditions in Greece.

Operating income improved 5% to 708 million euros, as the lower restructuring and impairment charges recorded this semester versus last year more than offset the impact of the lower volumes on operational results.

Net financial costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, at 513 million euros in 2013 versus 544 million euros in 2012, decreased 6%.

The financial expenses on net debt decreased to 411 million euros from 437 million euros, reflecting the effect of a lower average net debt. The average interest rate on our gross debt was 6.2% in the first half of 2013, compared to 6.3% in 2012.

Foreign exchange resulted in a loss of 29 million euros in 2013 compared with a loss of 25 million euros in 2012, primarily relating to debt placed by certain countries in a currency different from the local currency, and for which no hedging market is available.

Other financial costs were reduced to 73 million euros in 2013 versus 82 million euros in 2012, and mainly comprise bank commissions, the amortization of debt issuance costs, and the net interest cost related to pensions.

The contribution from our associates represented a net gain of 4 million euros in 2013, versus a net gain of 10 million euros in the first-half of 2012, primarily reflecting the evolution of the contribution of the 20% ownership in Siniat (Gypsum operations in Europe and Latin America), impacted by a non-recurring depreciation charge, while results generated by Unicem in Nigeria improved versus last year.

Income tax was 60 million euros in the first half of 2013, corresponding to an effective tax rate of 31%. In 2012, the effective tax rate was higher, impacted by a non-deductible impairment charge on goodwill.

Net income from continuing operations doubled, increasing by 70 million euros to 139 million euros, as the lower impairment and restructuring charges more than compensated the decrease in EBITDA.

Net income from discontinued operations was a gain of 21 million euros in the semester, versus a loss of 3 million euros last year, reflecting the results of our Gypsum operations in North America, helped by improved housing construction market and higher pricing.

Net income Group share[2]was 84 million euros for the first-half of 2013 compared to versus a loss of 21 million euros in 2012 which was impacted by the 200 million euros pre-tax impairment charge on Greek assets.

Non-controlling interests decreased to 76 million euros versus 87 million euros in 2012, mostly reflecting the effect of lower volumes in Egypt.

Basic earnings per share was 0.29 euro in the first-half of 2013 (0.70 euro in the second quarter), compared to -0.07 euro in the first half of 2012 (0.14 euro in the second quarter 2012), reflecting the strong improvement in net income attributable to the owners of the parent company, while the average number of shares was relatively stable.

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

Cash flow statement

Net operating cash used by continuing operations was €7 million in the first-half of 2013, versus €202 million in 2012.

Net operating cash used by continuing operations improved 195 million euros under the effect of a softer increase of the level of strick working capital compared with the increase experienced in the first semester 2012. Our actions to optimize the strict working capital[3] limited the normal increase of strict working capital during the first semester linked to the seasonality of our activity ; the strict working capital, when expressed as a number of days sales, decreased 2 days versus the first half 2012. This improvement partly offset the decline in cash flow from operations, reflecting the EBITDA evolution.

Net cash used in investing activities from continuing operations was €359 million, compared with €190 million of net cash provided in the first-half 2012.

Sustaining capital expenditures slightly increased, from 110 million euros in the first semester 2012 to 125 million euros in the first-half 2013.

Capital expenditures for productivity projects and for the building of new capacity were contained to 382 million euros, as part of our strict capex management. They mostly comprise investments in our on-going new cement plants projects in Russia and India and in our plants of Exshaw and Ravena in North America, as well as our fast-return new grinding capacities in the Philippines, Algeria and Brazil.

Net of net debt disposed of, and including the proceeds of the disposals of ownership interests with no loss of control, the divestment operations have reduced, net of selling costs, the Group's financial net debt by 181 million euros in the first half of 2013 (72 million euros last year). They were mainly related to the divestment of some aggregates quarries in Georgia, and the first instalment of the divestment of some UK assets.

Consolidated statement of financial position

At June 30, 2013, total equity stood at €16,857 million (€17,748 million at the end of December 2012) **and net debt at €11,881 million** (€11,317 million at the end of December 2012).

Total equity decreased 0.9 billion euros, reflecting the negative 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, 2012 and June 30, 2013 (0.7 billion euros) and the dividends of the period (0.4 billion euros), parly offset by the net income generated over the period (0.2 billion euros).

The increase of 0.6 billion euros of the net consolidated debt mainly results from the impact of the usual seasonality on our cash flows on the consolidated net debt, although softened by the strong actions to optimize working capital requirements, and from the phasing of capital spending (0.5 billion euros) versus divestments (0.2 billion euros received over the period). As of July 26, 2013, we have secured 1.5 billion euros[4] of divestments since January 1st, 2012, of which 655 million euros have been received to date. The remainder, or 0.9 billion euros, should be received prior to the year-end, and will contribute to further debt reduction.

Outlook

Overall the Group sees cement growth in its markets of between 0 to 3 percent in 2013 versus 2012, factoring in low volumes in the first-half. Emerging markets continue to be the main driver of demand and Lafarge will benefit from its well-balanced geographic spread of high quality assets.

We expect higher pricing for the year. Cost inflation will continue, although at a lower rate than in 2012, benefiting from positive trends in coal and petcoke prices.

The Group targets to deliver additional EBITDA of 650 million euros in the year through its performance and innovation measures.

Our objective is to reduce net debt to below 10 billion euros in 2013, and below 9 billion euros in 2014.

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[3] *Strict working capital: trade receivables plus inventories less trade payables.*
[4] *Excluding 0.2 billion euros of capital injection of our new partner in India, as announced in May 2013*

2. Interim condensed consolidated financial statements

Consolidated statement of income

(million euros, except per share data)	6 months		2nd quarter		December 31,
	2013	2012*	2013	2012*	2012*
Revenue	**7,248**	**7,614**	**4,112**	**4,261**	**15,816**
Cost of sales	(5,746)	(5,860)	(3,079)	(3,132)	(11,934)
Selling and administrative expenses	(711)	(742)	(366)	(379)	(1,469)
Operating income before capital gains, impairment, restructuring and other	**791**	**1,012**	**667**	**750**	**2,413**
Net gains (losses) on disposals	46	44	1	7	53
Other operating income (expenses)	(129)	(383)	(81)	(273)	(546)
Operating income	**708**	**673**	**587**	**484**	**1,920**
Financial expenses	(599)	(627)	(301)	(308)	(1,255)
Financial income	86	83	42	19	160
Share of net income (loss) of associates	4	10	8	6	5
Income before income tax	**199**	**139**	**336**	**201**	**830**
Income tax	(60)	(70)	(99)	(101)	(292)
Net income from continuing operations	**139**	**69**	**237**	**100**	**538**
Net income from discontinued operations	21	(3)	12	(6)	16
Net income	**160**	**66**	**249**	**94**	**554**
Of which attributable to:					
- Owners of the parent company	**84**	**(21)**	**201**	**39**	**365**
- Non-controlling interests (minority interests)	76	87	48	55	189
Earnings per share (euros)					
Attributable to the owners of the parent company					
Basic earnings per share	0.29	(0.07)	0.70	0.14	1.27
Diluted earnings per share	0.29	(0.07)	0.70	0.14	1.27
From continuing operations					
Basic earnings per share	0.22	(0.06)	0.66	0.16	1.21
Diluted earnings per share	0.22	(0.06)	0.66	0.16	1.21
Basic average number of shares outstanding (in thousands)	**287,205**	**287,063**	**287,283**	**287,094**	**287,079**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IAS 19 Amended*

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

Consolidated statement of comprehensive income

(million euros)	6 months 2013	6 months 2012*	2nd quarter 2013	2nd quarter 2012*	December 31, 2012*
Net income	**160**	**66**	**249**	**94**	**554**
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains / (losses)	83	(96)	75	(94)	(240)
Income tax on items that will not be reclassified to profit or loss	(32)	26	(26)	30	64
Total items that will not be reclassified to profit or loss	**51**	**(70)**	**49**	**(64)**	**(176)**
Items that may be reclassified subsequently to profit or loss					
Available-for-sale investments	-	-	-	-	-
Cash-flow hedging instruments	2	1	(1)	(2)	4
Foreign currency translation adjustments	(684)	439	(895)	643	(492)
Income tax on items that may be reclassified to profit or loss	(1)	(1)	-	-	(2)
Total items that may be reclassified to profit or loss	**(683)**	**439**	**(896)**	**641**	**(490)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	(632)	369	(847)	577	(666)
TOTAL COMPREHENSIVE INCOME	(472)	435	(598)	671	(112)
Of which attributable to :					
- **Owners of the parent company**	***(517)***	***309***	***(598)***	***544***	***(248)***
- Non-controlling interests (minority interests)	*45*	*126*	*-*	*127*	136

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IAS 19 Amended*

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

Foreign currency translation adjustments

Change in cumulative exchange differences on translating foreign operations from January 1, 2013 to June 30, 2013 (closing rate) comprises -382 million euros due to the depreciation of the Egyptian pound, the Syrian pound the Brazilian real and the British pound, compared to the euro currency.

During the second quarter, the change in cumulative exchange differences on translating foreign operations amounts to -895 million euros mainly due to the depreciation of the Brazilian real, the Egyptian pound, the Algerian Dinar and the Philippine peso compared to the euro currency.

Consolidated statement of financial position

(million euros)	At June 30,		At December 31,
	2013	2012*	2012*
ASSETS			
NON CURRENT ASSETS	**30,930**	**31,215**	**30,180**
Goodwill	12,217	12,765	12,184
Intangible assets	619	636	620
Property, plant and equipment	15,628	15,544	14,992
Investments in associates	460	485	470
Other financial assets	731	733	698
Derivative instruments	2	34	27
Deferred tax assets	1,235	977	1,149
Other receivables	38	41	40
CURRENT ASSETS	**8,048**	**10,056**	**9,284**
Inventories	1,793	1,750	1,662
Trade receivables	2,264	2,259	1,762
Other receivables	864	960	779
Derivative instruments	47	107	68
Cash and cash equivalents	2,629	2,619	2,733
Assets held for sale	451	2,361	2,280
TOTAL ASSETS	**38,978**	**41,271**	**39,464**
EQUITY & LIABILITIES			
Common stock	1,149	1,149	1,149
Additional paid-in capital	9,704	9,689	9,695
Treasury shares	(1)	(12)	(11)
Retained earnings	6,254	6,080	6,477
Other reserves	(872)	(821)	(925)
Foreign currency translation adjustments	(1,373)	120	(719)
Equity attributable to owners of the parent company	**14,861**	**16,205**	**15,666**
Non-controlling interests (minority interests)	1,996	2,125	2,082
EQUITY	**16,857**	**18,330**	**17,748**
NON CURRENT LIABILITIES	**14,559**	**15,100**	**14,451**
Deferred tax liabilities	1,060	957	973
Pension & other employee benefits	1,351	1,411	1,492
Provisions	683	677	637
Financial debt	11,389	11,968	11,261
Derivative instruments	3	17	8
Other payables	73	70	80
CURRENT LIABILITIES	**7,562**	**7,841**	**7,265**
Pension & other employee benefits	104	169	102
Provisions	166	103	127
Trade payables	2,198	2,041	1,985
Other payables	1,751	1,714	1,567
Current tax liabilities	136	117	220
Financial debt (including current portion of long-term debt)	3,124	3,257	2,823
Derivative instruments	43	68	53
Liabilities associated with assets held for sale	40	372	388
TOTAL EQUITY AND LIABILITIES	**38,978**	**41,271**	**39,464**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IAS 19 Amended*

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

Consolidated statement of cash flows

(million euros)	6 months 2013	6 months 2012*	2nd quarter 2013	2nd quarter 2012*	December 31, 2012*
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**160**	**66**	**249**	**94**	**554**
Net income from discontinued operations	**21**	**(3)**	**12**	**(6)**	**16**
Net income from continuing operations	**139**	**69**	**237**	**100**	**538**
Adjustments for income and expenses which are non-cash or not related to operating activities, financial expenses or income tax:					
Depreciation and amortization of assets	511	501	255	252	1,010
Impairment losses	28	170	11	166	212
Share of net (income) loss of associates	(4)	(10)	(8)	(6)	(5)
Net (gains) losses on disposals, net	(46)	(44)	(1)	(7)	(53)
Financial (income) / expenses	513	544	259	289	1,095
Income tax	60	70	99	101	292
Others, net (including dividends received from equity-accounted investments)	(58)	30	(4)	23	(68)
Change in working capital items, excluding financial expenses and income tax (see analysis below)	(446)	(802)	(154)	(231)	(304)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**697**	**528**	**694**	**687**	**2,717**
Interest (paid) received	(439)	(477)	(297)	(339)	(954)
Cash payments for income tax	(265)	(253)	(160)	(167)	(487)
Net operating cash generated by (used in) continuing operations	**(7)**	**(202)**	**237**	**181**	**1,276**
Net operating cash generated by (used in) discontinued activities	**1**	**(6)**	**-**	**5**	**22**
Net cash generated by (used in) operating activities	**(6)**	**(208)**	**237**	**186**	**1,298**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(510)	(313)	(221)	(133)	(775)
Investment in subsidiaries and joint ventures (1)	(14)	48	(7)	52	21
Investment in associates	-	(2)	-	-	(3)
Acquisition of available-for-sale financial assets	-	(2)	-	(2)	(1)
Disposals (2)	171	63	49	1	413
Net (increase) decrease in long-term receivables	(6)	16	(3)	(3)	22
Net cash provided by (used in) investing activities from continuing operations	**(359)**	**(190)**	**(182)**	**(85)**	**(323)**
Net cash provided by (used in) investing activities from discountinued operations	**(1)**	**(1)**	**-**	**(1)**	**(4)**
Net cash provided by (used in) investing activities	**(360)**	**(191)**	**(182)**	**(86)**	**(327)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Capital increase (decrease) - owners of the parent company	2	9	2	-	9
Capital increase (decrease) - non-controlling interests (minority interests)	-	9	-	-	2
Acquisitions of ownership interests with no gain of control	(2)	(62)	(2)	(60)	(147)
Disposal of ownership interests with no loss in control	10	-	-	-	21
Dividends paid	-	-	-	-	(145)
Dividends paid by subsidiaries to non-controlling interests (minority interests)	(148)	(95)	(75)	(81)	(154)
Proceeds from issuance of long-term debt	1,172	289	366	58	1,069
Repayment of long-term debt	(737)	(337)	(248)	(127)	(1,928)
Increase (decrease) in short-term debt	87	(11)	(36)	88	(75)
Net cash provided by (used in) financing activities from continuing operations	**384**	**(198)**	**7**	**(122)**	**(1,348)**
Net cash provided by (used in) financing activities from discontinued operations	**-**	**-**	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**384**	**(198)**	**7**	**(122)**	**(1,348)**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IAS 19 Amended*

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

(million euros)	6 months 2013	6 months 2012*	2nd quarter 2013	2nd quarter 2012*	December 31, 2012*
Increase / (decrease) in cash and cash equivalents from continuing operations	**18**	**(590)**	**62**	**(26)**	**(395)**
Increase (decrease) in cash and cash equivalents from discontinued operations	-	(7)	-	4	18
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(122)	38	(162)	55	(61)
Reclassification of cash and cash equivalents as held for sale	-	7	-	(4)	-
Cash and cash equivalents at the beginning of the year/period	2,733	3,171	2,729	2,590	3,171
Cash and cash equivalents at end of the year/period	**2,629**	**2,619**	**2,629**	**2,619**	**2,733**
(1) *Net of cash and cash equivalents of companies acquired*	*2*	-	*2*	-	-
(2) *Net of cash and cash equivalents of companies disposed of*	*41*	*1*	-	*(1)*	*1*
Analysis of changes in working capital items	***(446)***	**(802)**	**(154)**	**(231)**	**(304)**
(Increase) / decrease in inventories	*(116)*	(195)	20	(70)	(183)
(Increase) / decrease in trade receivables	*(420)*	(572)	(386)	(385)	(107)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	*(35)*	(81)	(2)	(44)	(44)
Increase / (decrease) in trade payables	*109*	58	168	182	24
Increase / (decrease) in other payables – excluding financial and income tax payables	*16*	(12)	46	86	6

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IAS 19 Amended*
The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

	Outstanding shares	*of which: Treasury shares*	*Common stock*	Additional paid-in capital	Treasury shares	Retained earnings*	Other reserves*	Foreign currency translation	Equity attributable to owners of the parent company	Non-controlling interests (minority interests)	Equity
		(number of shares)		(million euros)							
Balance at January 1, 2012	*287,247,518*	*233,448*	1,149	9,684	(17)	6,217	(751)	(280)	16,002	2,197	18,199
Net income						(21)			(21)	87	66
Other comprehensive income, net of income tax							(70)	400	330	39	369
Total comprehensive income						(21)	(70)	400	309	126	435
Dividends						(145)			(145)	(129)	(274)
Issuance of common stock									-	9	9
Issuance of common stock (stock options exercise)	*7,984*		-	-					-		-
Share based payments				5					5		5
Treasury shares		*(75,530)*			5	(5)			-		-
Changes in ownership with no gain/loss of control						32			32	(76)	(44)
Other movements						2			2	(2)	-
Balance at June 30, 2012	*287,255,502*	*157,918*	1,149	9,689	(12)	6,080	(821)	120	16,205	2,125	18,330
Balance at January 1, 2013	*287,255,502*	*157,283*	1,149	9,695	(11)	6,477	(925)	(719)	15,666	2,082	17,748
Net income						84			84	76	160
Other comprehensive income, net of income tax							53	(654)	(601)	(31)	(632)
Total comprehensive income						84	53	(654)	(517)	45	(472)
Dividends						(289)			(289)	(148)	(437)
Issuance of common stock (stock options exercise)	*75,399*		-	2					2		2
Share based payments				7					7		7
Treasury shares		*(139,198)*			10	(10)			-		-
Changes in ownership with no gain/loss of control						(9)			(9)	18	9
Other movements						1			1	(1)	-
Balance at June 30, 2013	*287,330,901*	*18,085*	1,149	9,704	(1)	6,254	(872)	(1,373)	14,861	1,996	16,857

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IAS 19 Amended*

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

Notes to the interim condensed consolidated financial statements

Note 1. Business description

Lafarge S.A. is a French limited liability company (*société anonyme*) governed by French law. Our commercial name is "Lafarge". The company was incorporated in 1884 under the name "J et A Pavin de Lafarge". Currently, our by-laws state that the duration of our company is until December 31, 2066, and may be amended to extend our corporate life. Our registered office is located at 61 rue des Belles Feuilles, 75116 Paris, France. The company is registered under the number "542105572 RCS Paris" with the registrar of the Paris Commercial Court (Tribunal de Commerce de Paris).

The Group has a country-based organization (See Note 4).

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 the companies included in the scope of consolidation.

Interim condensed consolidated financial statements are presented in euros rounded to the nearest million.

The Board of Directors approved these interim condensed consolidated financial statements on July 25, 2013.

Note 2. Summary of significant accounting policies

2.1 – Interim condensed consolidated financial statements

The Group's interim condensed consolidated financial statements at June 30, 2013 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 Group's consolidated financial statement for the year ended December 31, 2012.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union as of June 30, 2013 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, 2012 and described in the Note 2 of the Group consolidated financial statements of the 2012 Registration Document except for the points presented in paragraph below 2.2 New IFRS standards and interpretations.

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

- Interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result (excluding share of net income of associates) of the interim period excluding unusual material items. 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 and employee benefits are included on a prorata basis of the estimated costs for the year. For the countries where the Group's pension and other post-retirement benefit obligations and related plan assets are the most significant – i.e. the United States of America, Canada and the United Kingdom – actuarial valuations are updated at the end of June and the related amounts of pensions and other employee benefits recognized in the interim statement of financial position are adjusted accordingly. For the other countries, actuarial valuations are performed annually and amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year (See paragraph 2.2 for more information on the impact of amendments of IAS 19 effective from January 1, 2013).

In addition, the Group performed as of June 30, 2013 a review of indicators of impairment relating to goodwill allocated to Cash Generating Units (CGUs) or group of CGUs for which sensitivity analyses of the recoverable amounts have been presented in the consolidated financial statements as of December 31, 2012. This review did not indicate an impairment situation as of June 30, 2013. A follow-up of this review will be done during the next quarters, namely for CGUs in Greece and Spain in line with the economic context of these countries, and in Syria and Egypt in line with the current situation.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1, 2013

The new IFRS and interpretations published as of December 31, 2012 and effective from January 1, 2013, 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 2012 Registration Document (page F 23), had no material impact on the Group interim condensed consolidated financial statements at June 30, 2013 except the amendments to IAS 19 that have been applied retrospectively as at January 1st, 2012.

The Group already applies the option offered by IAS 19 to recognize in other comprehensive income the actuarial gains or losses in the period in which they arise. As a result, these amendments impact mainly the financial component of the net periodic pension cost recorded in the consolidated statement of income and the recognition of non-vested past service costs:

- the financial component of the net periodic pension cost recorded as a financial expense is calculated by multiplying the fair value of plan assets by the discount rate instead of the expected return rate of plan assets. The difference with the actual return of plan assets is recorded in the other comprehensive income. As a result, this impacts neither the total amount of the obligation nor the equity. It only changes the split of the financial component of the net periodic pension cost between net income and other comprehensive income;
- non-vested past service costs from plan amendments are immediately recognized as an expense, and are no longer amortized over the remaining services lives of related employees. The unrecognized past service costs have been recorded in the provision for pension (non current) in counterpart of consolidated reserves for their total amount net of income tax as at January 1, 2012 (2 million euros).

Following the adoption of these amendments, the financial component of the net periodic pension cost which was previously recorded in “Operating income before gains, impairment, restructuring and other”, is now presented in “Financial expenses” in the consolidated statement of income.

The following tables present the impact of this change of method on the statement of income and the statement of comprehensive income:

Statement of income *(million euros, except per share data)*	June 30, 2012 published	IAS 19 R impact	restated	December 31, 2012 published	IAS 19 R impact	restated
Revenue	**7,614**		**7,614**	**15,816**		**15,816**
Cost of sales	(5,867)	7	(5,860)	(11,945)	11	(11,934)
Selling and administrative expenses	(725)	(17)	(742)	(1,431)	(38)	(1,469)
Operating income before capital gains, impairment, restructuring and other	**1,022**	**(10)**	**1,012**	**2,440**	**(27)**	**2,413**
Net gains (losses) on disposals	44		44	53		53
Other operating income (expenses)	(383)		(383)	(546)		(546)
Operating income	**683**	**(10)**	**673**	**1,947**	**(27)**	**1,920**
Financial expenses	(591)	(36)	(627)	(1,191)	(64)	(1,255)
Financial income	83		83	160		160
Share of net income (loss) of associates	10		10	5		5
Income before income tax	**185**	**(46)**	**139**	**921**	**(91)**	**830**
Income tax	(82)	12	(70)	(316)	24	(292)
Net income from continuing operations	**103**	**(34)**	**69**	**605**	**(67)**	**538**
Net income from discontinued operations	(3)		(3)	16		16
Net income	**100**	**(34)**	**66**	**621**	**(67)**	**554**
Of which attributable to:						
- Owners of the parent company	**13**	**(34)**	**(21)**	**432**	**(67)**	**365**
- Non-controlling interests(minority interests)	87		87	189		189
Earnings per share (euros)						
Attributable to the owners of the parent company						
Basic earnings per share	0.05	(0.12)	(0.07)	1.50	(0.23)	1.27
Diluted earnings per share	0.05	(0.12)	(0.07)	1.50	(0.23)	1.27
From continuing operations						
Basic earnings per share	0.06	(0.12)	(0.06)	1.44	(0.23)	1.21
Diluted earnings per share	0.06	(0.12)	(0.06)	1.44	(0.23)	1.21

Statement of comprehensive income *(million euros)*	June 30, 2012 published	IAS 19 R impact	restated	December 31, 2012 published	IAS 19 R impact	restated
Net income	**100**	**(34)**	**66**	**621**	**(67)**	**554**
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains / (losses)	(142)	46	(96)	(331)	91	(240)
Income tax on items that will not be reclassified to profit or loss	38	(12)	26	88	(24)	64
Total items that will not be reclassified to profit or loss	**(104)**	**34**	**(70)**	**(243)**	**67**	**(176)**
Total items that may be reclassified to profit or loss	**439**		**439**	**(490)**		**(490)**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**335**	**34**	**369**	**(733)**	**67**	**(666)**
TOTAL COMPREHENSIVE INCOME	**435**		**435**	**(112)**		**(112)**
Of which attributable to :						
- Owners of the parent company	***309***		***309***	***(248)***		***(248)***
- Non-controlling interests(minority interests)	*126*		*126*	*136*		*136*

This change of method has no impact on the statement of cash flows except for the lines directly linked to the statement of income (net income, financial (income) expenses, income tax and others).

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2013.

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

Note 3. Significant events of the period

3.1 Completion of the Lafarge Tarmac joint venture

Context of the operation
The Competition Commission in May 2012 approved the proposed joint venture between Lafarge UK and Tarmac Quarry Materials subject to the sale of a portfolio of Tarmac and Lafarge construction materials operations in the United Kingdom.
Those disposals and the completion of the Lafarge Tarmac joint venture occurred in January 7, 2013. This joint venture combines their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the United Kingdom.
The creation of the new entity was achieved without exchanging cash.

Accounting treatment of the joint venture creation
As of December 31, 2012, in compliance with IFRS 5, assets and liabilities of Lafarge UK were grouped on the lines "Assets held for sale" and 'Liabilities directly associated to assets held for sale" respectively in the consolidated statement of financial position (see *Note 3 (Significant events of the period)* to the consolidated financial statements as of December 31, 2012).

As of January 7, 2013, in accordance with IAS 27 approach further to the loss of control of Lafarge UK, the accounting treatment of the joint venture creation is as follows:

- Disposal of all of Group's interest previously held in UK Lafarge entities and recognition of the disposal impact in the statement of income;
- Acquisition of 50% of Lafarge Tarmac for an amount equal to the fair value of the joint venture Lafarge Tarmac (50%). This joint takeover induces recognition of goodwill;
- Lafarge Tarmac whose 50% of voting rights are held by the Group, is consolidated using the proportionate method starting its creation.

Presentation of provisional impacts
The net impact of the joint venture creation and of the disposal of a business portfolio as required by the Competition Commission is a gain of 42 million euros in the consolidated statement of income on the line "Net gains (losses) on disposals".

Details of the fair value of the net assets of Lafarge UK contributed, provisional net assets acquired (50% of Lafarge Tarmac) and provisional residual goodwill are as follows:

(million euros)	
Fair value of the joint venture Lafarge Tarmac (50%)	1,515
Provisional fair value of net assets acquired (50%)	1,156
Provisional goodwill	359

The goodwill is mainly attributable to the market shares and to the expected synergies through improvement of the operational logistical and purchasing efficiencies and the introduction of value-added products across a wider geographic area, which are not separately recognized.

The provisional fair value of assets and liabilities arising from the acquisition are as follows at the acquisition date:

(million euros)	Fair Value
Intangible assets	-
Property, plant and equipment	1,330
Inventories	69
Trade receivables	128
Other assets	81
Cash and cash equivalents	70
Provisions	(226)
Debt	-
Trade payables	(127)
Other liabilities	(169)
Non-controlling interests (Minority interests)	-
TOTAL NET ASSETS ACQUIRED	**1,156**

For the first semester 2013, Lafarge Tarmac contributed revenues of 483 million euros and net income (Group share) of -19 million euros to the Group.

The net impact of disposals of business portfolio and of the creation of the joint venture is 30 million euros, net of cash disposed of in the consolidated cash flows on the line “Disposals”.

3.2 Disposal of Gypsum Division operations

The Group has presented since September 2011 its Gypsum operations (activities in Middle East and Africa excluded) as discontinued operations as described in the Note 3.2.1 to the Group consolidated financial statements of the 2012 Registration Document. The completion of the divestments occurred in August 2011 for Australia and during the last quarter 2011 for Western Europe, Central and Eastern Europe, Latin America and Asia.

Interests, not disposed of, continue to be consolidated and are presented in separate lines in the consolidated financial statements. As of June 30, 2013, the related assets and liabilities held for sale have not materially changed compared to December 31, 2012.

The depreciation charge on depreciable assets ceased (10 million euros impact for the first half-year 2013 and for the first half-year 2012).

On June 24, 2013, the Group signed a contract for the sale of its Gypsum operations in North America to an affiliate of Lone Star investment fund at an enterprise value of 700 million US dollars. This transaction which is expected to be closed during the second half-year 2013, is subject to the approval of competent authorities.

3.3 Disposal of aggregates assets in Georgia (United States)

In February and March 2013, the Group disposed of 6 aggregates quarries in Georgia (United States). The net impact of this disposal is 115 million euros, net of cash disposed of in the consolidated cash flows on the line “Disposals” and 4 million euros for the net gain on disposal on the consolidated statement of income on the line “Net gains (losses) on disposals”.

Note 4. Operating segment information

The Group is organized by countries. Countries or group of countries are the Group's operating segments. For purposes of presentation, 6 regions corresponding to the aggregation of countries or group of countries are reported (except for North America which is an operating segment):

- Western Europe
- North America
- Central and Eastern Europe
- Middle East and Africa
- Latin America
- Asia

The information presented hereafter by reportable segment is in line with that reported to the Chief Executive Officer[5] for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Each operating segment derives its revenues from the following products:

- a wide range of cement and hydraulic binders adapted to the needs of the construction industry;
- aggregates and concrete;
- other products: mainly gypsum.

Group management internally follows the performance of the business based upon:

- Revenues by origin of production;
- Earning before interests, taxes, depreciation and amortization (EBITDA), defined as the total of operating income before capital gains, impairment losses, restructuring and others, before depreciation and amortization of property, plant and equipment and intangible assets;
- Operating income before capital gains, impairment losses, restructuring and others; and
- Capital employed, defined as the total of goodwill, intangible assets and property, plant and equipment, investments in associates and working capital.

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

The accounting policies used for segment information indicators comply with those applied for the consolidated financial statements (as described in Note 2).

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

[5] the Chief Operating Decision Maker

(a) Segment information

June 30, 2013 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,661	1,259	492	2,086	456	1,454	
Less: intersegment	(59)	-	(4)	(69)	-	(28)	
EXTERNAL REVENUE	**1,602**	**1,259**	**488**	**2,017**	**456**	**1,426**	**7,248**
EBITDA	**150**	**129**	**45**	**550**	**122**	**306**	**1,302**
Depreciation and amortization	(129)	(78)	(44)	(154)	(21)	(85)	**(511)**
Operating income before capital gains, impairment, restructuring and other	**21**	**51**	**1**	**396**	**101**	**221**	**791**
Net gains (losses) on disposals	42	-	-	-	-	4	**46**
Other operating income (expenses)	(80)	(17)	(6)	(17)	(4)	(5)	**(129)**
Including impairment on assets and goodwill	*(13)*	*(10)*	*(4)*	*-*	*-*	*(1)*	***(28)***
OPERATING INCOME	**(17)**	**34**	**(5)**	**379**	**97**	**220**	**708**
OTHER INFORMATION							
Capital expenditures	68	36	182	62	23	139	**510**
Capital employed	5,481	5,108	2,783	11,179	1,265	3,909	**29,725**
STATEMENT OF FINANCIAL POSITION							
Segment assets	7,124	5,660	3,031	12,281	1,493	5,025	**34,614**
Of which investments in associates	*145*	*13*	*43*	*212*	*39*	*8*	***460***
Assets held for sale	-	451	-	-	-	-	**451**
Unallocated assets [a]							**3,913**
TOTAL ASSETS							**38,978**
Segment liabilities	2,537	1,480	281	1,074	230	860	**6,462**
Liabilities associated with assets held for sale	-	40	-	-	-	-	**40**
Unallocated liabilities and equity [b]							**32,476**
TOTAL EQUITY AND LIABILITIES							**38,978**

[a] *Deferred tax assets, derivative instruments and cash and cash equivalents*

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

June 30, 2012 *(million euros)*	Western Europe	North America	Central and Eastern	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,660	1,395	572	2,262	474	1,414	
Less: intersegment	(36)	-	(11)	(66)	-	(50)	
EXTERNAL REVENUE	**1,624**	**1,395**	**561**	**2,196**	**474**	**1,364**	**7,614**
EBITDA	**255**	**128**	**87**	**646**	**129**	**268**	**1,513**
Depreciation and amortization	(94)	(98)	(40)	(162)	(21)	(86)	(501)
Operating income before capital gains, impairment, restructuring and other	**161**	**30**	**47**	**484**	**108**	**182**	**1,012**
Net gains (losses) on disposals	-	2	-	-	-	42	44
Other operating income (expenses)	(297)	(45)	(9)	(21)	(2)	(9)	(383)
Including impairment on assets and goodwill	*(163)*	*(3)*	*(3)*	*(1)*	-	-	*(170)*
OPERATING INCOME	**(136)**	**(13)**	**38**	**463**	**106**	**215**	**673**
OTHER INFORMATION							
Capital expenditures	65	33	60	59	23	73	**313**
Capital employed	4,152	5,909	2,677	12,299	1,351	4,110	**30,498**
STATEMENT OF FINANCIAL POSITION							
Segment assets	5,490	6,498	2,944	13,515	1,580	5,146	**35,173**
Of which investments in associates	*155*	*19*	*42*	*224*	*37*	*8*	***485***
Assets held for sale	1,906	455	-	-	-	-	**2,361**
Unallocated assets [(a)]							**3,737**
TOTAL ASSETS							**41,271**
Segment liabilities	2,032	1,761	294	1,201	234	780	**6,302**
Liabilities associated with assets held for sale	341	31	-	-	-	-	**372**
Unallocated liabilities and equity [(b)]							**34,597**
TOTAL EQUITY AND LIABILITIES							**41,271**

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

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

December 31, 2012 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	3,271	3,375	1,293	4,423	961	2,832	
Less: intersegment	(90)	-	(23)	(140)	-	(86)	
EXTERNAL REVENUE	**3,181**	**3,375**	**1,270**	**4,283**	**961**	**2,746**	**15,816**
EBITDA	**507**	**558**	**256**	**1,242**	**296**	**564**	**3,423**
Depreciation and amortization	(191)	(198)	(81)	(329)	(40)	(171)	(1,010)
Operating income before capital gains, impairment, restructuring and other	**316**	**360**	**175**	**913**	**256**	**393**	**2,413**
Net gains (losses) on disposals	-	10	-	1	-	42	53
Other operating income (expenses)	(357)	(65)	(36)	(71)	(4)	(13)	(546)
Including impairment on assets and goodwill	*(178)*	*(7)*	*(19)*	*(5)*	*-*	*(3)*	*(212)*
OPERATING INCOME	**(41)**	**305**	**139**	**843**	**252**	**422**	**1,920**
OTHER INFORMATION							
Capital expenditures	156	112	121	142	72	172	**775**
Capital employed	4,081	5,060	2,686	11,560	1,332	3,938	**28,657**
STATEMENT OF FINANCIAL POSITION							
Segment assets	5,244	5,632	3,007	12,701	1,550	5,073	**33,207**
Of which investments in associates	*156*	*20*	*42*	*204*	*40*	*8*	***470***
Assets held for sale	1,849	431	-	-	-	-	**2,280**
Unallocated assets [(a)]							**3,977**
TOTAL ASSETS							**39,464**
Segment liabilities	1,952	1,681	359	1,107	217	892	**6,208**
Liabilities associated with assets held for sale	348	40	-	-	-	-	**388**
Unallocated liabilities and equity [(b)]							**32,868**
TOTAL EQUITY AND LIABILITIES							**39,464**

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

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

(b) Information by product line

(million euros)	External revenue June 30, 2013	External revenue June 30, 2012	External revenue December 31, 2012	Gross revenue June 30, 2013	Gross revenue June 30, 2012	Gross revenue December 31, 2012
Cement	4,723	5,127	10,373	5,044	5,470	11,085
Aggregates & Concrete	2,476	2,443	5,353	2,484	2,450	5,367
Other products	49	44	90	49	44	90
Eliminations				(329)	(350)	(726)
Total	**7,248**	**7,614**	**15,816**	**7,248**	**7,614**	**15,816**

(c) Information by country

(million euros)	June 30, 2013 External revenue	June 30, 2013 Non-current segment assets *	June 30, 2012 External revenue	June 30, 2012 Non-current segment assets *	December 31, 2012 External revenue	December 31, 2012 Non-current segment assets *
Western Europe	**1,602**	**5,737**	**1,624**	**4,220**	**3,181**	**4,231**
Of which:						
France	910	2,314	959	2,334	1,855	2,344
*United Kingdom****	483	1,595	414	-	822	-
North America	**1,259**	**4,493**	**1,395**	**5,207**	**3,375**	**4,700**
Of which:						
*United States ***	450	1,252	588	1,672	1,307	1,368
*Canada ***	809	834	807	908	2,068	894
Central and Eastern Europe	**488**	**2,627**	**561**	**2,481**	**1,270**	**2,642**
Middle East and Africa	**2,017**	**10,971**	**2,196**	**12,173**	**4,283**	**11,444**
Of which:						
Egypt	184	2,247	241	2,782	459	2,491
Algeria	304	3,072	287	3,189	584	3,133
Nigeria	310	1,329	303	1,386	572	1,319
Latin America	**456**	**1,251**	**474**	**1,353**	**961**	**1,310**
Of which:						
Brazil	308	847	329	933	666	905
Asia	**1,426**	**3,845**	**1,364**	**3,996**	**2,746**	**3,939**
Total	**7,248**	**28,924**	**7,614**	**29,430**	**15,816**	**28,266**

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

*** Non-current segment assets excluding goodwill*

**** Increase of non-current segment assets due to the creation of the Lafarge Tarmac joint venture (see Note 3.1)*

Note 5. Earnings per share

The computation and reconciliation of basic and diluted earnings per share for the periods ended June 30, 2013, June 30, 2012 and December 31, 2012 are as follows:

	6 months		December 31,
	2013	2012	2012
Numerator (in million euros)			
Net income attributable to owners of the parent company	84	(21)	365
Of which net income from continuing operations	*63*	*(18)*	*349*
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	287,205	287,063	287,079
Total potential dilutive shares	2,062	1,091	1,183
Weighted average number of shares outstanding — fully diluted	289,267	288,154	288,262
Basic earnings per share (euros)	**0.29**	**(0.07)**	**1.27**
Diluted earnings per share (euros)	**0.29**	**(0.07)**	**1.27**
Basic earnings per share from continuing operations (euros)	**0.22**	**(0.06)**	**1.21**
Diluted earnings per share from continuing operations (euros)	**0.22**	**(0.06)**	**1.21**

Note 6. Debt

The debt split is as follows:

(million euros)	At June 30, 2013	At June 30, 2012	At December 31, 2012
Long-term debt excluding put options on shares of subsidiaries	11,351	11,919	11,212
Put options on shares of subsidiaries, long-term	38	49	49
Non current financial debt	**11,389**	**11,968**	**11,261**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	3,113	3,200	2,823
Put options on shares of subsidiaries, short-term	11	57	-
Current financial debt (including current portion of long-term debt)	**3,124**	**3,257**	**2,823**
Total debt excluding put options on shares of subsidiaries	14,464	15,119	14,035
Total put options on shares of subsidiaries	49	106	49
Total debt	**14,513**	**15,225**	**14,084**

The short-term debt that the Group can refinance on a medium and long-term basis through its committed credit facilities is classified in the statement of financial position under the section non-current liabilities "Financial debt" (892 million euros as at June 30, 2013 and no amount as at December 31, 2012). At June 30, 2013, the net variation of this debt is an increase of 892 million euros (compared to a decrease of 28 million euros at June 30, 2012 and a decrease of 57 million euros at December 31, 2012) and is presented in the statement of cash flows in "Proceeds from issuance of long-term debt".

The following table details the contractual maturities of our various loan agreements (excluding put options on shares of subsidiaries), including the undiscounted contractual flows and future interest, based on the closest term the Group can be called for repayment. Under IAS1, when the Group does not have the unconditional right to defer the term of a financing beyond 12 months, then the financing is accounted for in current liabilities regardless of probable renegotiation considered by the Management in order to extend the maturity of the financial instrument.

(million euros)	Repayable in less than six months	Repayable between six months and one year	Contractual flows - less than one year (incl. future interests)	Statement of Financial position - Current Liabilities	Repayable between one and five years	More than 5 years	Contractual flows - more than one year (incl. future interests)	Statement of Financial position - Non Current Liabilities	Total Contractual flows (incl. future interests)	Statement of Financial position - June 30, 2013
Total debt excluding put options on shares of subsidiaries	2,084	1,770	3,854	3,113	10,195	5,405	15,600	11,351	19,453	14,464

Interest rate

The average spot interest rate of the gross debt after swaps, as at June 30, 2013, is 6.3% (6.2% as of June 30, 2012 and 6.4 % as of December 31, 2012).

The average interest rate of the net debt after swaps (gross debt minus cash and cash equivalents) is 7.1% for the first half-year of 2013 stable compared to the first half-year of 2012 and 7.2% for the full year 2012.

Securitization program

The Group entered into multi-year securitization agreements with respect to trade receivables as described in the Note 17 of the Group consolidated financial statements of the 2012 Registration Document.

Under these programs, some of the French and North American subsidiaries agree to sell trade receivables. These trade receivables sold remain on the statement of financial position and totaled 394 million euros as of June 30, 2013 (520 million euros as of June 30, 2012 and 371 million euros as of December 31, 2012).

The current portion of debt financing received from these programs includes 328 million euros as of June 30, 2013 (383 million euros as of June 30, 2012 and 300 million euros as of December 31, 2012).

The European securitization agreements are guaranteed by subordinated deposits and units totaling 66 million euros as of June 30, 2013 (137 million euros as of June 30, 2012 and 71 million euros as of December 31, 2012).

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share the Group approved in 2013 for the year 2012 (paid in July 2013) as well as the dividend amount per share approved in 2012 for the year 2011 (paid in July 2012).

(euros, except otherwise indicated)	2012	2011
Total dividend (million euros)	289	145
Base dividend per share	1.00	0.50
Increased dividend per share*	1.10	0.55

** See section 6.2.5 (c) (Articles of Association (Statuts) - Rights, preferences and restrictions attached to shares) of the 2012 Registration document for an explanation of our "Loyalty dividend".*

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

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

	At December 31, 2012	Gains/(losses) arising during the period	Recycling to income statement	At June 30, 2013
Available-for-sale financial assets	21	-	-	21
Gross value	*31*	-	-	*31*
Deferred taxes	*(10)*	-	-	*(10)*
Cash flow hedge instruments	(27)	-	1	(26)
Gross value	*(37)*	-	*2*	*(35)*
Deferred taxes	*10*	-	*(1)*	*9*
Actuarial gains/(losses)	(919)	52	-	(867)
Gross value	*(1,310)*	*84*	-	*(1,226)*
Deferred taxes	*391*	*(32)*	-	*359*
Total Other reserves	***(925)***	***52***	***1***	***(872)***
Total Foreign currency translation	***(719)***	***(654)***	**-**	***(1,373)***
Total Other comprehensive income/(loss), net of income tax	*(1,644)*	*(602)*	*1*	*(2,245)*

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.

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.

Competition

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 Düsseldorf Court of Appeals (the "Oberlandesgericht"). 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 (It should be noted that the Bundeskartellamt claims for payment of accrued interests on this amount, which has been granted by the court). Finally, the Düsseldorf Court of Appeals' 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 then appealed to the Federal Supreme Court on the basis of legal grounds.

On April 9, 2013, the Federal Supreme Court notified its final judgment confirming the verdict of Düsseldorf Court of Appeals, subject to a 5% reduction of the fine (corresponding to 1.2 million euros). Hence, during the second quarter, Lafarge Zement paid the 22.8 million euros fine (which amount was fully provided) and obtained repayment from the Bundeskartellamt of a 4.4 million euros amount (from the 16 million euros paid on November 2, 2007), finally corresponding to a net payment by Lafarge Zement of 18.4 million euros.

In parallel to the above case, a civil action was brought by third parties claiming for damages resulting from such anti-competitive practices in Germany. Further to the hearings which took place in March 2012, the Düsseldorf Regional Court pronounced itself on various points of law. Procedures with regard to statute of limitation are taking place and hearings will take place in the coming months.

India – Cement: An investigation started in 2011 against the major players of the cement Indian market. Further to this investigation, by an Order dated June 21, 2012, the Competition Commission of India has found cement manufacturers in violation of the provisions of the Competition Act, 2002, which deals with anticompetitive agreements. The Commission has imposed a penalty on 11 cement manufacturers, including our subsidiary Lafarge India PVT Limited. The Commission has also imposed a penalty on the Indian Cement Manufacturers Association. The penalty imposed on Lafarge India PVT Limited amounts to 4.8 billion rupees (67 million euros), out of a total amount of penalty of sixty billion rupees (830 million euros). Lafarge India PVT Limited vigorously challenges the merits of this order and, on August 31, 2012, lodged an appeal to the Competition Appeal Tribunal as well as a request for a stay of the collection of the penalty until final Judgment of the Competition Appeal Tribunal. On May 17, 2013, further to different initial procedural steps, the Competition Appeal Tribunal issued an Order, granting a conditional stay, subject to the deposit of 10% of the penalty imposed by the Commission. Hence, Lafarge India PVT deposited the corresponding amount (ie 6.7 millions of euros) on June 24, 2013, while requesting the Tribunal to rectify and reduce this amount.

No provision has been recorded.

Hearings on the merits of the case will resume in August 2013 and a final Order by the Competition Appeal Tribunal may be expected by the end of this year.

United States – Gypsum: Commencing in December, 2012, a series of antitrust cases have been filed against the entire wallboard industry, including Lafarge North America Inc., in federal courts located in several cities, including Philadelphia, Chicago and Charlotte. All these cases have now been consolidated in the Eastern District of Pennsylvania and Plaintiffs have filed a Consolidated Complaint. Plaintiffs generally allege that the industry colluded to raise prices in the years 2012 and 2013. The plaintiffs do not allege any direct evidence of an agreement among the defendants, and instead rely largely on alleged circumstantial evidence. Lafarge North America Inc. believes these lawsuits are without merit and intends to vigorously defend the litigation. No provision has been recorded.

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

Europe – Cement: 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 December 6, 2010, the Commission notified the parties of the opening of an official investigation (which do not however 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 any possible restrictions of commercial trade in or upon entry to the EEA, market sharing, and coordination of prices on the cement and related markets (concrete, aggregates). In the case of Lafarge, seven (7) countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. The Commission's investigation is ongoing and Lafarge answered to its various requests for information. In November 2011, further to the answer by Lafarge of the last questionnaire received, the Commission notified Lafarge an injunction to waive any reserve to the answer and provide any further information deemed necessary to complete its investigation, under the threat of a penalty. Lafarge promptly complied with this new request for information and lodged a lawsuit with a view to obtaining the annulment of such injunction decision. By letter received on January 15, 2013, the European Commission confirmed that no penalty will be imposed to Lafarge under this injunction and, accordingly, Lafarge withdrew the lawsuit aiming to obtain its annulment. During the third quarter of 2012, European officials visited the French, German and European cement association. The completion date of this investigation is unknown and no conclusion can be drawn at this stage.

United Kingdom (UK) – Cement: On January 18, 2012, the UK Office of Fair Trading ("OFT") announced that it had referred the aggregates, cement and ready-mixed concrete markets (the "Industry") in the UK to the Competition Commission (the "Commission") for an in-depth sector investigation. The OFT believes that it has reasonable grounds to suspect that competition problems may exist due to the existing market structure in the UK, and considers that the Industry displays a number of features which may potentially adversely affect the way competition operates in the UK. As a result, the Commission conducted an in-depth sector investigation into competition in relation to the supply of those products. On May 21, 2013, the Commission published its provisional findings report (the "Report"), alleging the existence of combination of structural and conduct features giving rise to an adverse effect on competition in the Great Britain cement market. On June 25, 2013, Lafarge-Tarmac responded to the Report, strongly contesting the provisional findings and possible remedies. Further to hearings which took place on July 3, 2013, the Commission is expected to publish its provisional position on remedies in September 2013 and the final report is currently scheduled to be published in January 2014.

Other proceedings

United States – 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. (LNA), 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 LNA 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.

The Judge trial involving the first few plaintiffs commenced in late June, 2010. In a ruling dated January 20, 2011, the Judge ruled in favor of LNA. These plaintiffs filed a Notice of Appeal, but then withdrew it. Our subsidiary then filed a Motion for Summary Judgment against all the remaining plaintiffs. A Hearing was held by the Court in October 2011 and a decision was handed down on March 2012 granting Summary Judgment in LNA's favour and against all remaining cases filed in the Federal Court. Plaintiffs appealed this decision but recently, voluntarily dismissed their appeal. A new case was filed against LNA on September 16, 2011 by the Parish of Saint Bernard in Louisiana State Court. LNA moved to remove the case to Federal Court before the same Judge who had the main litigation and has won that Motion. LNA then moved for Summary Judgment against the Parish of Saint Bernard and won this motion. Plaintiffs have appealed this ruling on January 3, 2013.

Lafarge North America Inc. vigorously defends itself in this ongoing action. Lafarge North America Inc. believes that the claims against it are without merit.

In connection with acquisitions made in past years, Lafarge or its subsidiaries are or may be faced with various demands or complaints, including those from minority shareholders.

In connection with disposals made in the past years, Lafarge and its subsidiaries provided customary warranties notably related to accounting, tax, employees, product quality, litigation, competition, and environmental matters. Lafarge and its subsidiaries received or may receive in the future notice of claims arising from said warranties. In particular, there is an ongoing arbitration between Lafarge's subsidiaries and the buyer of one of our businesses which is claiming a total of 59 million US dollars on grounds considered unfounded by our subsidiaries and for which no provision has been taken. We expect that the final and binding sentence of the arbitration tribunal will be delivered during the third quarter 2013.
In view of the current analysis, it is globally concluded that no significant provision has to be recognized in this respect

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

Note 9. Commitments and Contingencies

(million euros)	Less than 1 year	1 to 5 years	More than 5 years	At June 30, 2013	At December 31, 2012
COMMITMENTS GIVEN					
Commitments related to operating activities					
Capital expenditures and other purchase obligations	458	787	668	1,913	1,913
Operating leases	201	461	225	887	1,034
Other commitments	266	44	113	423	533
Commitments related to financing					
Securities pledged	6	-	91	97	102
Assets pledged	122	232	56	410	441
Other guarantees	28	236	-	264	193
Scheduled interest payments (1)	868	2,182	1,872	4,922	4,015
Net scheduled obligation on interest rate swaps (2)	9	(11)	-	(2)	(11)
Commitments related to scope of consolidation					
Indemnification commitments	19	408	-	427	449
Put options to purchase shares in joint-ventures	15	-	-	15	15
COMMITMENTS RECEIVED (3)					
Unused confirmed credit lines	25	2,900	-	2,925	3,435
Other available financing facilities	-	-	450	450	450

(1) Scheduled interest payments associated with variable rate are computed on the basis of the rates in effect at June 30. Scheduled interest payments include interest payments on foreign exchange derivative instruments, but do not include interests on commercial papers which are paid in advance.

(2) Scheduled interest payments of the variable leg of the swaps are computed based on the rates in effect at June 30, 2013 and December 31, 2012

(3) see 9.2

9.1 – Commitments given

(a) Commitments related to operating activities

In the ordinary course of business, the Group signed contract for long term supply for raw materials and energy.
The Group is committed as lessee in operating leases for land, building and equipment. The amount in off-balance sheet commitments corresponds to future minimum lease payments.

(b) Commitments related to scope of consolidation

As part of its divestment of assets transactions, the Group has granted indemnification commitments, for which the exposure is considered remote, for a total maximum amount still in force at June 30, 2013 of 427 million euros.

In addition, the European Bank for Reconstruction and Development (EBRD) increased late 2009 by 15% its minority stake in our cement operations in Russia. Starting from December 2015, the Group will have the right to buy back this additional minority stake at fair market value. Assuming that this call option is not exercised, the Group could be induced to sell all or part of its own stake to a third party or to the EBRD.

9.2 – Commitments received

As part of its acquisition of assets transactions, the Group received indemnification commitments for a maximum amount of 107 million euros relating to the acquisition of cement operations in Brazil from Votorantim in 2010. The Group in addition received specific warranties to cover specific assets, properties and agreements related to this transaction.

Note 10. Transactions with related parties

There were no significant related-party transactions during the period neither evolution in the nature of the transactions as described in Note 30 of the consolidated financial statements included in the Group 2012 Registration Document.

Note 11. Subsequent events

Capital increase in Lafarge India Private Limited.

On July, 15, 2013, the Group completed the capital increase of 14 billion Indian Rupees (around 180 million euros) subscribed by Baring Private Equity Asia, and representing a 14% minority stake in its Indian subsidiary, Lafarge India Private Limited.

Certification

We certify that, to our knowledge, the condensed consolidated financial statements for the half year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of Lafarge and its consolidated subsidiaries, and that the half year management report attached provides a true and fair chart of significant events that occurred during the first six months of the year, their effect on the financial statements, the significant transactions with related parties and a description of the main risks and uncertainties for the next six months.

Paris, July 26, 2013

French original signed by	*French original signed by*
Jean-Jacques Gauthier	Bruno Lafont
Chief Financial Officer	Chairman and Chief Executive Officer

Statutory auditors’ review report on first half year financial information for 2013

This is a free translation into English of the statutory auditors' review report on the condensed half-year consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group’s interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (“Code monétaire et financier”), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Lafarge, for the period from January 1 to June 30, 2013, and
- the verification of the information contained in the interim management report.

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.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

Without qualifying our conclusion, we draw your attention to the note 2.2 « New IFRS standards and interpretations » to the interim condensed consolidated financial statements which outlines the effects related to the application of the amendments to IAS19 – Employee benefits from January 1, 2013.

2. Specific verification

We have also verified the information presented in the interim management report commenting the interim condensed consolidated financial statements subject of our review.

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

Neuilly-sur-Seine and Paris-La-Défense, July 26, 2013

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES — ERNST & YOUNG et Autres

Arnaud de Planta — Frédéric Gourd — Alain Perroux — Nicolas Macé