Financial Report

Fourth Quarter
ended December 31, 2013

LAFARGE
Building better cities™

1	MANAGEMENT REPORT	PAGE 2
2	CONSOLIDATED FINANCIAL STATEMENTS	PAGE 15

1. Management Report

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on February 18, 2014 to approve the accounts for the period ended December 31, 2013. The statutory auditors have completed their audit on the consolidated financial statements. Their report is in the process of being issued.

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 the section "Risk factors" 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. 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.

Amounts are generally expressed in million euros and variations like-for-like are variations at constant scope and exchange rates, unless indicated otherwise.

2012 figures were restated to reflect the impact of the amendments to IAS 19. Additional information is provided in the notes to the 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

Volumes	12 Months 2013	12 Months 2012	Variation	Variation like-for-like [4]	4th Quarter 2013	4th Quarter 2012	Variation	Variation like-for-like [4]
Cement (MT)	136.8	141.1	-3%	-	34.9	34.8	-	3%
Pure Aggregates (MT)	192.8	188.3	2%	-	49.2	47.1	4%	2%
RMX-Concrete (Mm3)	30.7	31.8	-3%	-1%	7.5	7.8	-4%	-2%
Sales	**15,198**	**15,816**	**-4%**	**2%**	**3,714**	**3,809**	**-2%**	**5%**
EBITDA	3,102	3,423	-9%	2%	793	844	-6%	14%
EBITDA Margin	*20.4%*	*21.6%*	*-120bps*	*10bps*	*21.4%*	*22.2%*	*-80bps*	*170bps*
COI	**2,075**	**2,413**	**-14%**	**3%**	**529**	**591**	**-10%**	**20%**
Net income – Group share [1]	601	365	65%		213	83	nm	
Earnings per share (euros) (2)	**2.09**	**1.27**	**65%**		**0.74**	**0.29**	**nm**	
Free Cash Flow [3]	864	884	-2%		504	673	-25%	
Net Debt	10,330	11,317	-9%					

nm: not meaningful
(1) Net income attributable to the owners of the parent of the Group
(2) Based on an average number of shares outstanding of 287.3 million for 2013 and 287.1 million for 2012 ; 287.3 million for the fourth quarter 2013 and 287.1 million for the fourth quarter 2012
(3) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures
(4) Like-for-like variations are calculated at constant scope and exchange rates, and neutralize the impact of carbon credit sales and one-time gains. 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 is included in the scope effect (80 million euros of additional depreciation in 2013).

Sales and EBITDA by geographical zone and by business line

Sales

	12 Months 2013	12 Months 2012	Variation	Scope	Foreign Exchange Effect	Variation at constant scope and exchange rates	4th Quarter 2013	4th Quarter 2012	Variation at constant scope and exchange rates
By geographical zone									
North America	3,137	3,375	-7%	-7%	-5%	5%	767	824	9%
Western Europe	3,256	3,181	2%	5%	-	-3%	802	748	-1%
Central & Eastern Europe	1,145	1,270	-10%	-1%	-1%	-8%	258	281	-1%
Middle East and Africa	4,067	4,283	-5%	-	-7%	2%	1,035	1,017	9%
Latin America	869	961	-10%	-4%	-11%	5%	192	232	6%
Asia	2,724	2,746	-1%	-	-6%	5%	660	707	4%
By business line									
Cement	9,657	10,373	-7%	-3%	-5%	1%	2,346	2,474	6%
Aggregates & Concrete	5,451	5,353	2%	4%	-5%	3%	1,348	1,313	4%
Holding and others	90	90					20	22	
TOTAL	**15,198**	**15,816**	**-3.9%**	**-0.4%**	**-5.1%**	**1.6%**	**3,714**	**3,809**	**5%**

EBITDA

	12 Months 2013	12 Months 2012	Variation	Scope	Foreign Exchange Effect	CO2 and one-time effects	Variation like-for-like [2]	4th Quarter 2013	4th Quarter 2012	Variation like-for-like [2]
By geographical zone										
North America	560	558	-	-10%	-7%	-1%	18%	143	160	26%
Western Europe [1]	354	507	-30%	-4%	-	-10%	-16%	94	106	8%
Central & Eastern Europe [1]	201	256	-21%	-	-	-7%	-14%	50	42	65%
Middle East and Africa	1,153	1,242	-7%	-	-7%	-	-	297	295	10%
Latin America	240	296	-19%	-4%	-9%	-5%	-1%	55	85	2%
Asia	594	564	5%	-	-8%	-	13%	154	156	11%
By business line										
Cement [1]	2,665	2,983	-11%				2%	677	740	10%
Aggregates & Concrete	464	479	-3%				1%	140	143	13%
Holding and others	(27)	(39)						(24)	(39)	
TOTAL [1]	**3,102**	**3,423**	**-9%**	**-2%**	**-6%**	**-3%**	**2%**	**793**	**844**	**14%**

(1) Impacted by 85 million euros lower sales of carbon credits for the year (16 million euros lower proceeds in the fourth quarter):
- Western Europe: 62 million euros lower proceeds (11 million euros sold in 2013 versus 73 million euros sold in 2012) and 6 million euros lower proceeds in the fourth quarter
- Central and Eastern Europe: 23 million euros lower proceeds (3 million euros sold in 2013 versus 26 million euros sold in 2012) and 10 million euros lower proceeds in the fourth quarter

(2) Like-for-like variations are calculated excluding the carbon credit sales and one-time gains, and at constant scope and exchange rates

1.2. Review of operations and financial results

All data regarding sales, sales volume and EBITDA 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 year 2013 and the fourth quarter 2013

- Volumes continued to improve, supported by ongoing growth in most emerging markets, the recovery in the United States and stabilizing Europe, confirming Q3 trends. Adverse exchange rates continued to weigh on sales and EBITDA (respectively -259 million euros and -63 million euros in the quarter).
- With a total of 670 million euros generated (450 million euros from cost savings and 220 million euros from innovation measures), the Group has reached its 2013 objective (originally targeting 650 million euros, with 200 million euros from innovation and 450 million euros from cost reduction).
- Q4 EBITDA grew 14% on a like for like basis, increasing in all regions, driven by higher volumes, firm prices and the acceleration of cost reductions and innovation measures. The solid performance in North America, Middle East / Africa and Asia in particular supported this growth. EBITDA margin in the quarter improved 170 basis points on a like for like basis.
- Net income Group Share in the quarter, at 213 million euros benefited from gains on divestments.
- Net debt was reduced by 1 billion euros over the year as the Group continued to take targeted actions to deleverage, and stood at 10.3 billion euros on December 31. Since then, we have secured 380 million euros which have already been finalized.
- The Group confirms its objective to deliver its 2012-2015 plan by the end of 2014, with at least 600 million euros of EBITDA coming from cost reduction and innovation measures in 2014 and to reduce net debt below 9 billion euros.

Overview of operations: Sales and EBITDA

After a first semester marked by a low volume environment, the second half of 2013 experienced more positive trends versus last year in most countries, benefitting from continuing recovery in the residential market in the United States, sustained growth in Middle East and Africa and in Asia and stabilizing volumes in Europe. In parallel, the Group pursued its efforts on self-help measures, with a total of 670 million euros of additional EBITDA generated for the year from performance and innovation measures, and a net debt reduced by 1 billion euros through targeted divestments achieved at attractive conditions.

Consolidated sales, at 15,198 million euros in 2013 (3,714 million euros in the fourth quarter), were down 4% versus last year.

Currency impacts were unfavorable (-5.1% or -756 million euros in 2013 and -7.5% and -259 million euros in the fourth quarter), overshadowing the organic growth experienced in many countries. They were mainly due to the depreciation of the Canadian and US dollars, the South African rand, the Egyptian pound, the Brazilian real and the Indian rupee versus the euro. Net changes in the scope of consolidation had a slightly negative impact on sales (-0.4% or -90 million euros on the full year sales). The combined effect of the divestment of two plants located in Missouri and Oklahoma (United States), the deconsolidation of our Mexican cement operations now combined with Elementia assets from August 2013 and the disposal of our Ukrainian and Honduras cement activities (completed end of September 2013 and mid-November 2013, respectively) was partly offset by the net impact of the consolidation of the joint-venture with Tarmac in the United Kingdom.

At constant scope and exchange rates, consolidated sales were up 2% in the year, supported by improved prices across all of our product lines to address cost inflation. The volume progression experienced in the second half of the year offset the impact of the volume decrease in the first semester. Sales were up in all regions but Europe. Sales grew solidly by 5% in the fourth quarter, with an improved volume environment and firm prices.

EBITDA declined in the quarter and in the year, impacted by an adverse impact of foreign currency variations (-6% for the year and -8% in the quarter), a negative effect of the changes in scope (-2% in the year, -4% in the quarter) and the unfavourable evolution of one-time gains[1] and CO2 proceeds[2].

Like for like, EBITDA improved 2% in 2013, thanks to the combined effect of our performance and innovation measures and price increases that more than offset cost inflation and the adverse 56 million euros impact of a reduction of our inventories. In the fourth quarter, EBITDA improved a solid 14%, supported by an acceleration of our cost reduction actions and despite an adverse 20 million euros impact of a further reduction of our inventories in the quarter. The Group continued to actively increase prices although the impact on EBITDA for the year was limited by price adjustments in a few number of countries and adverse mix effects. The Group generated 450 million euros of EBITDA through cost reduction measures and 220 million euros through innovation initiatives in 2013 (160 million euros and 40 million euros in the fourth quarter, respectively), achieving its 2013 objective.

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[1] *One-time gains : 20 million euros in the the first quarter 2013 and 39 million euros in the fourth quarter 2012*

[2] *14 million euros of CO2 sales sold in 2013 (in the fourth quarter) versus 99 million euros in 2012 (of which 30 million euros sold in the fourth quarter 2012).*

Review of operations by region

North America - Visible Operating Leverage in the Second Half of the Year and Strong Cost Reductions

	12 Months		Variation	Variation like-for-like (1)	4th Quarter		Variation	Variation like-for-like (1)
Volumes	2013	2012			2013	2012		
Cement (MT)	11.3	12.8	-12%	-3%	2.9	3.0	-6%	3%
Pure Aggregates (MT)	92.3	97.2	-5%	1%	23.5	24.7	-5%	1%
RMX-Concrete (Mm3)	6.2	6.5	-4%	2%	1.5	1.7	-5%	1%
Sales (million euros)	3,137	3,375	-7%	5%	767	824	-7%	9%
EBITDA (million euros)	560	558	-	18%	143	160	-11%	26%(2)
EBITDA Margin	17.9%	16.5%	140bps	190bps	18.6%	19.4%	-80bps	250bps
COI (million euros)	405	360	13%	32%	105	111	-5%	43%

(1) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the one-time gains recorded for pensions (24million euros in Q4 2012 and 20 million euros in Q1 2013).
(2) EBITDA variation in the fourth quarter: gross variation: -11%; scope impact: -7%; FX impact: -9%; Q4 2012 one-time gains impact: -21%; lfl: +26%

Overall, market trends are solid in the region, on the back of the recovery in the residential sector in the United States and the well-oriented economy in Western Canada. The second half of the year was marked by volume growth across all product lines, after a first semester 2013 affected by adverse weather in our relevant regions in the United States, as well as floods across Canada.

The region was impacted by targeted divestments achieved in line with the Group's strategy of focusing on the most promising geographic areas in the US and by the depreciation of the Canadian dollar. Changes in scope had a negative impact on 2013 sales of -7%, or -227 million euros, reflecting the divestment of two plants located in Missouri and in Oklahoma at the end of November 2012, together with other smaller disposals of aggregates quarries. Foreign exchange variations also lowered sales with the depreciation of the Canadian and US dollar against the euro (negative impact of -5%, or -159 million euros, on 2013 sales).

At constant scope and exchange rates, sales were up 5% compared to last year and a healthy 9% in the fourth quarter, with solid price gains across all product lines and volumes back to positive territory in the second half of the year.

- **In the United States**, housing starts continued to improve, exceeding 900,000 units in 2013, while constrained public spending continued to weigh on civil engineering. In this context, volumes grew solidly in the second half of the year, supported by the recovery in the residential segment and partly catching up after a first semester impacted by adverse weather in the Northeast region. Like-for-like annual cement and ready-mix sales volumes decreased 3% and 2%, respectively, while yearly aggregates sales volumes were slightly up 1%. Prices remained firmly up in all product lines, driving sales up both in the quarter and for the year.
- **In Canada,** sales increased both in the quarter and in the year, under the combined effect of price gains and solid growth in Western Canada more than offsetting a soft market in Quebec. Like-for-like annual cement sales volumes decreased 2%, while 2013 aggregates and ready-mix sales volumes improved 2% and 3%, respectively, supported by several projects in Western Canada.

EBITDA increased 18% versus last year like-for-like[3] (26% in the fourth quarter), benefiting from operating leverage as volumes recovered as well as solid pricing and a continuous focus on cost-saving and innovation measures, and despite a negative impact of stock movements (26 million euros in 2013, 13 million euros in the fourth quarter).

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[3] *at constant scope and exchange rates, and excluding the one-time gains recorded for pensions (24 million euros in Q4 2012 and 20 million euros in Q1 2013).*

Western Europe - Cost-Cutting in a Challenging Environment; Improving Situation in the Fourth Quarter

	12 Months		Variation	Variation like-for-like [2]	4th Quarter		Variation	Variation like-for-like [2]
Volumes	2013	2012			2013	2012		
Cement (MT)	14.0	16.4	-14%	-3%	3.4	3.9	-12%	-1%
Pure Aggregates (MT)	59.4	50.9	17%	-3%	14.9	12.2	22%	1%
RMX-Concrete (Mm3)	9.1	9.8	-7%	-5%	2.3	2.3	-3%	-1%
Sales (million euros)	3,256	3,181	2%	-3%	802	748	7%	-1%
EBITDA (million euros) [1]	354	507	-30%	-16%	94	106	-11%	8%
EBITDA Margin [1]	10.9%	15.9%	-500bps	-170bps	11.7%	14.2%	-250bps	100bps
COI (million euros) [1] [3]	87	316	-72%	-34%	20	57	-65%	41%

(1) Impacted by lower carbon credit sales: 62 million euros versus the year 2012, and 6 million euros versus the fourth quarter 2012
(2) Variations like-for-like are calculated excluding the carbon credit sales, and at constant scope and exchange rates
(3) The COI was impacted by the restarting of the depreciation of the assets in the UK: 80 million euros of additional depreciation in 2013 versus 2012, included in the scope impacts.

In Western Europe, the market trends continued to ease in the fourth quarter, stabilizing at a low level.

Changes in the scope of consolidation had a net positive impact on sales, reflecting the impact 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 3% versus last year (down 1% in the fourth quarter), mainly driven by volume trends.

- **In France**, the construction market was quite resilient, supported by several infrastructure projects and investments ahead of local elections expected in 2014. The level of activity for the residential sector remains quite low, with housing starts at 332,000 units in 2013, down 4% versus last year. Annual cement, aggregates and ready-mix volumes were down 3%, 3% and 4% versus last year, respectively, showing a stabilization from the second quarter.
- **In the UK**, the construction market was down in the first quarter of the year, but progressively improved from the second quarter, supported by the housing segment. The joint venture Lafarge Tarmac started in January 2013. Overall, our sales went up in the quarter and in the year, 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** remained affected by the economic environment. In Spain, both the residential and the infrastructure sectors continued to be hampered by severe cuts in spending made to address the public deficit, but our cement sales volumes were flat, helped by lower margin sales of clinker. In Greece, cement volumes were down 8% versus last year; in the second half of the year though, our volumes benefited from an upswing, with GDP contraction beginning to slow down and construction activity slightly increasing from low levels. In a challenging environment, mitigating actions, such as cost-saving, adapting our industrial network and focusing on innovation and the development of exports continue to be deployed in these two countries.

EBITDA was affected by lower carbon credit sales versus 2012 (impact of 62 million euros for the full year, 6 million euros in the fourth quarter) and by the scope impact on the UK (negative impact of 42 and 10 million euros on 2013 and the fourth quarter, respectively). Excluding these impacts, and at constant foreign exchange rates, EBITDA was down 16% versus last year, but up 8% in the fourth quarter, with an acceleration of the cost-cutting initiatives.

Central and Eastern Europe - Limited Infrastructure Spending Weighed on Volumes in the First Half of the Year

Volumes	12 Months 2013	12 Months 2012	Variation	Variation like-for-like (2)	4th Quarter 2013	4th Quarter 2012	Variation	Variation like-for-like (2)
Cement (MT)	12.5	13.2	-6%	-5%	2.7	2.8	-5%	-1%
Pure Aggregates (MT)	20.7	22.3	-7%	-8%	5.6	5.7	-3%	-3%
RMX-Concrete (Mm3)	1.6	1.5	6%	6%	0.4	0.3	24%	24%
Sales (million euros)	1,145	1,270	-10%	-8%	258	281	-8%	-1%
EBITDA (million euros) (1)	201	256	-21%	-14%	50	42	19%	65%
EBITDA Margin (1)	17.6%	20.2%	-260bps	-120bps	19.4%	14.9%	450bps	730bps
COI (million euros) (1)	112	175	-36%	-27%	27	21	29%	nm

(1) Impacted by lower carbon credit sales: 23 million euros versus the year 2012, and 10 million euros versus the fourth quarter 2012
(2) Variations like-for-like are calculated excluding carbon credit sales, and at constant scope and exchange rates

The region has been impacted by limited infrastructure spending as a result of lower EU funds available in Poland and Romania.

In this context, sales were down 10% versus last year, with an easing decline in the third quarter and a stabilization in the fourth quarter, thanks to normalized comparables and improved market trends in Poland. The foreign exchange variations had a slightly negative effect on sales (-1% in the year, and -3% in the fourth quarter), while the divestment of our cement Ukrainian operations negatively impacted our sales by 1% versus 2012 (-4% for the fourth quarter).

At constant scope and exchange rates, sales were down 8% versus 2012 (-1% in the fourth quarter).

- **In Poland,** building activity showed some softness in the first part of the year, after having been bolstered by the European Cup Games of June 2012 and EU funding. Cement sales volumes decreased 5% in 2013, but were up 10% in the fourth quarter, under the combined effect of a normalized comparison base and the increasing contribution from our innovation actions. Aggregates sales also experienced an improvement quarter after quarter, being finally up 1% versus the fourth quarter 2012. Average cement prices were lower than the 2012 levels, mostly due to price erosion during the second half of 2012.
- **In Romania,** cement sales were down 16% versus last year, impacted by lower infrastructure spending and a competitive environment.
- **In Russia,** market trends were positive, although our sales were affected by the competitive environment and by production limitations. Cement sales volumes were down 6% in the year and 1% in the fourth quarter.

In 2013, EBITDA decreased, hampered by a volume decline in the cement and aggregates product lines, lower average prices in Poland, 23 million euros lower carbon credit sales versus last year and a negative impact of stock movements (6 million euros) which more than offset the cost reduction achievements. By contrast, EBITDA improved 8 million euros in the fourth quarter, under the combined effect of improving market trends in Poland, stringent cost-saving measures, innovation initiatives and a positive impact of stock movements in cement (6 million euros).

Middle East and Africa - Robust Performance with Higher Pricing and Self-Help Measures

	12 Months		Variation	Variation like-for-like (1)	4th Quarter		Variation	Variation like-for-like (1)
Volumes	2013	2012			2013	2012		
Cement (MT)	44.4	45.2	-2%	-4%(2)	11.8	11.0	8%	3%(2)
Pure Aggregates (MT)	8.9	8.6	4%	6%	2.2	2.0	12%	14%
RMX-Concrete (Mm3)	6.9	7.0	-1%	-1%	1.7	1.8	-1%	-1%
Sales (million euros)	4,067	4,283	-5%	2%	1,035	1,017	2%	9%
EBITDA (million euros)	1,153	1,242	-7%	-	297	295	1%	10%
EBITDA Margin	28.4%	29.0%	-60bps	-50bps	28.7%	29.0%	-30bps	20bps
COI (million euros)	847	913	-7%	-	222	213	4%	14%

(1) at constant scope and exchange rates
(2) domestic only

The region benefitted from well-oriented markets in most countries, supported by significant needs for housing and infrastructure.
Overall, cement volumes trends improved quarter after quarter, as actions to limit the effect of gas shortages in Egypt progressively showed their impacts, and volumes were back in positive territory for this region in the second half of the year.

Sales were impacted by a significant adverse impact of foreign exchange rate variations (-7%, or -309 million euros, reduction of 2013 sales, -9%, or -88 million euros, on the fourth quarter sales).

At constant scope and exchange rates, sales were up 2% versus 2012 and 9% in the fourth quarter, benefiting from volumes and price hikes in response to significant cost inflation.

- **Nigeria** benefited from strong market trends. Cement sales increased 10% year-to-date (25% in the fourth quarter), with a double-digit volume growth largely offsetting the price adjustment implemented in the first quarter.
- **Algeria's** underlying market demand was strong all along the year, and our cement sales increased 9% both in the fourth quarter and versus the year 2012, supported by the development of the sales of new cement products. Volumes were up 1% compared with 2012, impacted by a 10-day work stoppage in the first quarter. A new grinder, started recently, will allow us to further capture market growth.
- **In Egypt,** our cement sales volumes were affected by gas shortages. This impact has eased throughout the year as we progressively replaced gas by other fuels; after a first semester experiencing volumes down 30%, volumes contracted 19% in the third quarter and only 7% in the fourth quarter. Prices were raised in response to high cost inflation.
- **In Morocco,** cement volumes were down 6% compared to 2012, but stabilized from the second quarter with an easing comparison base. Sales improved, supported by an increasing proportion of value-added products and with the development of a strong distribution network through franchises.
- **In Iraq,** where cement demand remains strong, our sales were impacted by Iranian imports.
- **South Africa** benefited from positive market trends. Cement and aggregates sales volumes grew 1% and 7% compared with 2012, respectively, while ready-mix concrete sales volumes soared 14% compared to 2012, supported by road projects and renewable energy projects.
- **In Kenya**, construction market growth was dampened as elections were held in March 2013. Kenya experienced a 5% cement volume decline over last year, after a 12% cement volume growth in 2012 over 2011.
- **Syria** continued to be impacted by the current environment.

At constant scope and exchange rates, EBITDA was stable compared with last year and experienced double-digit growth both in the third and fourth quarters, with a positive contribution from the vast majority of the countries. The EBITDA improvement was achieved through higher volumes, significant cost-saving and innovation measures, and pricing gains in many countries in response to cost inflation, and despite an adverse destocking effect (18 million euros for the year and 9 million euros in the fourth quarter).

Latin America – Moderate Market Growth in a Strong Inflation Environment

	12 Months		Variation	Variation like-for-like (1)	4th Quarter		Variation	Variation like-for-like (1)
Volumes	2013	2012			2013	2012		
Cement (MT)	8.8	9.2	-4%	1%	2.0	2.3	-14%	-
Pure Aggregates (MT)	2.8	2.7	2%	2%	0.8	0.6	27%	27%
RMX-Concrete (Mm3)	1.2	1.1	10%	10%	0.3	0.3	18%	18%
Sales (million euros)	869	961	-10%	5%	192	232	-17%	6%
EBITDA (million euros)	240	296	-19%	-1%	55	85	-35%	2%
EBITDA Margin	27.6%	30.8%	-320bps	-170bps	28.6%	36.6%	-800bps	-130bps
COI (million euros)	202	256	-21%	-3%	46	76	-39%	-3%

(1) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the 15 million euros one-time gain recorded in Q4 2012.

In Latin America, market trends were positive overall. Sales were affected by a significant adverse impact of currency fluctuations (-11% year-to-date, or -94 million euros), primarily due to the depreciation of the Brazilian real versus the euro. Additionally, the deconsolidation of our Mexican cement operations now combined with Elementia assets from August 2013 and the divestment of our Honduras cement activities completed mid-November 2013 reduced annual sales by 4% (-10% in the fourth quarter).

At constant scope and exchange rates, sales grew 5% like-for-like in the year and 6% in the fourth quarter, with higher prices and volumes.

- **In Brazil,** the construction market experienced subdued growth. The impact of the development of infrastructures ahead of the sports events coming in 2014 and 2016 was mitigated by the economic backdrop characterized by cost inflation and significant exchange rate fluctuations. Year-to-date domestic cement sales were up 3% (2% in the quarter), with some pricing gains in response to significant cost inflation, while volumes were somewhat hindered by some production limitations in the last quarter.
- **In Ecuador,** construction market trends were solid all along the year, supported by higher demand in the infrastructure segment. Cement sales were up 12% versus 2012, with higher prices and volumes.

At constant scope and exchange rates, and excluding the one-time gain of 15 million euros recorded in the fourth quarter 2012, EBITDA was down 1% year-to-date, reflecting the inflationary environment and some production limitations in Brazil. EBITDA was up 2% in the fourth quarter, as additional price hikes were implemented to mitigate the impact of the cost inflation.

Asia – Positive Market Trends; Earnings Growth in 2013 despite Negative Impact of the Currency Fluctuations

	12 Months		Variation	Variation like-for-like (1)	4th Quarter		Variation	Variation like-for-like (1)
Volumes	2013	2012			2013	2012		
Cement (MT)	45.8	44.3	3%	3%	12.1	11.8	3%	3%
Pure Aggregates (MT)	8.7	6.6	32%	30%	2.2	1.9	19%	16%
RMX-Concrete (Mm3)	5.7	5.9	-4%	-1%	1.3	1.4	-15%	-15%
Sales (million euros)	2,724	2,746	-1%	5%	660	707	-7%	4%
EBITDA (million euros)	594	564	5%	13%	154	156	-1%	11%
EBITDA Margin	21.8%	20.5%	130bps	140 bps	23.3%	22.1%	120bps	150bps
COI (million euros)	422	393	7%	16%	109	113	-4%	9%

(1) at constant scope and exchange rates

In Asia, market trends were positive in most countries in which we operate, but our sales were impacted by the effect of foreign exchange fluctuations that lowered sales by 6% or 161 million euros year-to-date (-10% in the fourth quarter).

At constant scope and exchange rates, sales grew 5% year-to-date and 4% in the quarter, with higher volumes and pricing gains in response to cost inflation.

- **The Philippines** benefited from buoyant market trends and the start-up of a new grinding facility in the second quarter, bolstering cement volumes, up 9% year-to-date, while prices rose solidly to offset cost inflation. However, the construction market was temporarily hit by the Yolanda typhoon in the fourth quarter, driving cement volumes down 2%.
- **In Malaysia**, cement sales volumes stabilized. Average cement prices were lower than the price levels of last year, mostly reflecting price erosion during the second half of 2012, but improved in the second semester of 2013. Sales were up 1% in the year, and increased 9% in the fourth quarter notably reflecting price gains, in response to cost inflation.
- **In India**, our regions were resilient despite a slowdown in the economy ahead of the 2014 elections, impacting the construction sector. Our cement sales volumes increased 2% year-to-date (contracted by 2% in the fourth quarter) while prices improved to mitigate the impact of cost inflation. Our ready-mix sales volumes were down 11% versus 2012, but we were able to raise prices in response to cost inflation. Our new 2.6MT cement plant located in Rajasthan successfully started in the fourth quarter 2013 and should help us to continue to benefit from market growth in the coming years.
- **In China,** cement sales volumes were up 3% over the year and up 4% in the quarter. Average price levels were slightly below last year's levels, with contrasting trends by region. Prices sequentially moved up 1% between the third and the fourth quarter, helped by price increases in Chongqing and Sichuan.
- **In South Korea,** improved market trends supported an acceleration of the pace of the volume growth quarter after quarter. Domestic cement volumes were up 5% versus last year and 11% in the fourth quarter.

The devaluation of several currencies of the region against the euro reduced EBITDA by 8% over the year and by 11% in the fourth quarter. At constant scope and exchange rates, EBITDA increased 13% versus 2012 and 11% in the quarter, supported by volume growth, pricing gains to face overall cost inflation, the visible impact of cost cutting and innovation measures 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 periods ended December 31, 2013 and 2012:

(million euros)	12 Months		Variation
	2013	2012	%
EBITDA	**3,102**	**3,423**	**-9%**
Depreciation	(1,027)	(1,010)	2%
Current Operating Income	**2,075**	**2,413**	**-14%**
Net gains on disposals	295	53	
Other operating income (expenses)	(350)	(546)	
Operating Income	**2,020**	**1,920**	**5%**
Net financial costs	(1,041)	(1,095)	-5%
Of which Financial expenses	*(1,177)*	*(1,255)*	*-6%*
Financial income	*136*	*160*	*-15%*
Share of net income (loss) of associates	19	5	
Income before Income Tax	**998**	**830**	**20%**
Income tax	(262)	(292)	-10%
Net Income from continuing operations	**736**	**538**	**37%**
Net income from discontinued operations	46	16	
Net income	**782**	**554**	**41%**
of which part attributable to:			
- Owners of the parent Company	**601**	**365**	**65%**
- Non-controlling interests	181	189	-4%

Depreciation was 1,027 million euros in 2013 versus 1,010 million euros in 2012, with the restarting of the depreciation in the United Kingdom (80 million euros of additional depreciation in 2013 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 295 million euros in 2013 versus 53 million euros in 2012, and mainly comprise the gain of the divestment of our Honduras operations and the positive effect of the creation of a joint-venture with Elementia in Mexico.

Other operating expenses primarily reflect the impact of impairments and restructuring. They amounted to 350 million euros in 2013 (156 million euros in the fourth quarter) versus 546 million euros in 2012 (118 million euros in the fourth quarter). In 2013, the Group recorded 157 million euros of restructuring charges as part of executing its cost-cutting program, and 125 million euros of impairment on various assets, mostly located in Europe. In 2012, the Group recorded 204 million euros of restructuring costs 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 economic conditions in Greece.

Operating income improved 5% to 2,020 million euros, as the lower restructuring and impairment charges recorded over 2013 and higher gains on disposals versus last year more than offset the impact of the lower current operating income.

Net financial costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, at 1,041 million euros in 2013 versus 1,095 million euros in 2012, decreased 5%.

The financial expenses on net debt decreased to 834 million euros from 889 million euros, reflecting the effect of a lower average net debt as we successfully implemented our deleveraging action plan. The average interest rate on our gross debt, at 6.2%, was stable versus 2012 and benefitted from the temporary drawing of short term debt during the year, as proceeds from divestments were mostly received in the second half of the year. It is worth noticing that the spot average rate on gross debt at December 31, 2013 stands at 6.5%.

Foreign exchange resulted in a loss of 52 million euros in 2013 compared with a loss of 23 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 155 million euros in 2013 versus 183 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 19 million euros in 2013, versus 5 million euros in 2012, thanks to a strong improvement of results generated by Unicem in Nigeria, while the contribution of the 20% ownership in Siniat (Gypsum operations in Europe and Latin America) was impacted by a non-recurring depreciation charge recorded in the first quarter 2013.

Income tax was 262 million euros in 2013, corresponding to an effective tax rate of 27% notably benefitting from the one-time effect of the divestment of our Honduras activities. In 2012, the effective tax rate was 35%, impacted by a non-deductible impairment charge on goodwill.

Net income from continuing operations increased by 37%, from 538 million euros to 736 million euros, as the lower impairment and restructuring charges and higher gains on disposals more than compensated the decrease in EBITDA.

Net income from discontinued operations was a gain of 46 million euros in 2013, versus a gain of 16 million euros last year, notably reflecting the net gain achieved on the divestment of our Gypsum operations in North America completed at the end of August 2013.

Net income Group share[4] was 601 million euros in 2013 compared to 365 million euros in 2012, benefitting from the net gain on the divestment of our operations in Honduras (172 million euros after tax booked in the fourth quarter), and considering the 200 million euros impairment charge on Greek assets recorded in 2012.

Non-controlling interests slightly decreased to 181 million euros versus 189 million euros in 2012, mostly reflecting the effect of lower volumes in Egypt.

Basic earnings per share was 2.09 euros in 2013 (0.74 euro in the fourth quarter), compared to 1.27 euro in 2012 (0.29 euro in the fourth quarter 2012), reflecting the strong improvement in net income attributable to the owners of the parent company over the year, while the average number of shares was relatively stable.

Cash flow statement

Net operating cash generated by continuing operations was €1,255 million in 2013, versus €1,276 million in 2012.

Net operating cash generated by continuing operations was almost stable, as the solid improvement of our working capital performance offset the decrease in EBITDA. Compared to the end of December 2012, we have reduced the strict working capital[5] when expressed as a number of days of sales by 3 days, notably thanks to a reduction in inventories.

Net cash provided by investing activities from continuing operations was €39 million, compared with €323 million of net cash used in 2012.

Sustaining capital expenditures were maintained stable versus 2012, representing a total of 391 million euros spent in 2013.

Capital expenditures for productivity projects and for the building of new capacity amounted to 655 million euros, reflecting our strict discipline in capital allocation. 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 1,283 million euros in 2013. They mainly comprise 0.5 billion euros of proceeds received from the sale of our US Gypsum assets, a 0.2 billion euros capital

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

[5] Strict working capital: trade receivables plus inventories less trade payables.

injection of our new partner in India, the divestment of a few aggregates quarries in the United States, the sale of cement operations in Ukraine and Honduras and the proceeds related to the disposal of some UK assets.

Consolidated statement of financial position

At December 31, 2013, total equity stood at €16,506 million (€17,748 million at the end of December 2012) **and net debt at €10,330 million** (€11,317 million at the end of December 2012).

Total equity decreased 1.2 billion euros, mostly 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 December 31, 2013 (1.7 billion euros). The evolution of the equity over the period also reflects the net income generated over the period (0.8 billion euros) and the capital injection of our new partner in India (0.2 billion euros), partly offset by the dividends of the period (0.5 billion euros).

The net consolidated debt was reduced by a further 1 billion euros reflecting the forceful deleveraging actions taken throughout the year. Net debt stood at 10,330 million euros at year-end. Adjusted for the 380 million euros (total enterprise value) of secured divestments announced around the year end and closed mid February 2014 (disposal of the 20% remaining stake in gypsum operations in Europe and Latin America for 145 million euros announced in December 2013 and sale of some aggregates assets in Maryland for an enterprise value of 320 million dollars announced in January 2014), the year-end Group net debt would stand below 10 billion euros.

Outlook

Overall, Lafarge sees cement growth in its markets of between 2 to 5 percent in 2014 versus 2013. Markets shall increasingly benefit from the recovery in the United States and the continuing growth in emerging markets as Europe overall stabilizes.

Cost inflation should continue at a similar pace as in 2013, which should result in higher prices overall.

The Group targets to deliver additional EBITDA of above 600 million euros in 2014 through its cost reduction and innovation measures (above 400 million euros from cost savings and more than 200 million euros from innovation). Beyond 2014, in 2015-2016, it plans to generate at least 1.1 billion euros of additional EBITDA from its actions of which 600 million euros from cost reductions and 500 million euros from innovation. This represents a minimum objective of 550 million euros per annum.

The Group is also aiming to reduce net debt below 9 billion euros in 2014.

2. Consolidated financial statements

Consolidated statement of income

	YEARS ENDED DECEMBER 31,	
(million euros, unless otherwise stated)	**2013**	**2012***
REVENUE	**15,198**	**15,816**
Cost of sales	(11,740)	(11,934)
Selling and administrative expenses	(1,383)	(1,469)
OPERATING INCOME BEFORE CAPITAL GAINS, IMPAIRMENT, RESTRUCTURING AND OTHER	**2,075**	**2,413**
Net gains (losses) on disposals	295	53
Other operating income (expenses)	(350)	(546)
OPERATING INCOME	**2,020**	**1,920**
Financial expenses	(1,177)	(1,255)
Financial income	136	160
Share of net income (loss) of associates	19	5
INCOME BEFORE INCOME TAX	**998**	**830**
Income tax	(262)	(292)
NET INCOME FROM CONTINUING OPERATIONS	**736**	**538**
Net income (loss) from discontinued operations	46	16
NET INCOME	**782**	**554**
Of which attributable to:		
Owners of the parent Company	**601**	**365**
Non-controlling interests (minority interests)	181	189
EARNINGS PER SHARE *(euros)*		
ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY		
Basic earnings per share	2.09	1.27
Diluted earnings per share	2.08	1.27
FROM CONTINUING OPERATIONS		
Basic earnings per share	1.93	1.21
Diluted earnings per share	1.92	1.21
BASIC AVERAGE NUMBER OF SHARES OUTSTANDING *(in thousands)*	**287,268**	**287,079**

**2012 figures have been restated following the application of IAS 19 amended.*

Consolidated statement of comprehensive income

	YEARS ENDED DECEMBER 31,	
(million euros)	**2013**	**2012***
NET INCOME	**782**	**554**
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains / (losses)	119	(240)
Income tax on items that will not be reclassified to profit or loss	(74)	64
Total items that will not be reclassified to profit or loss	**45**	**(176)**
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets	(14)	-
Cash-flow hedging instruments	8	4
Foreign currency translation adjustments	(1,699)	(492)
Income tax on items that may be reclassified to profit or loss	(1)	(2)
Total items that may be reclassified to profit or loss	**(1,706)**	**(490)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**(1,661)**	**(666)**
TOTAL COMPREHENSIVE INCOME	**(879)**	**(112)**
Of which attributable to :		
Owners of the parent Company	**(928)**	**(248)**
Non-controlling interests (minority interests)	49	136

**2012 figures have been restated following the application of IAS 19 amended.*

Consolidated statement of financial position

	AT DECEMBER 31,	
(million euros)	**2013**	**2012***
ASSETS		
NON CURRENT ASSETS	**29,358**	**30,180**
Goodw ill	11,612	12,184
Intangible assets	574	620
Property, plant and equipment	14,752	14,992
Investments in associates	643	470
Other financial assets	656	698
Derivative instruments	12	27
Deferred tax assets	1,082	1,149
Other receivables	27	40
CURRENT ASSETS	**7,717**	**9,284**
Inventories	1,621	1,662
Trade receivables	1,929	1,762
Other receivables	797	779
Derivative instruments	24	68
Cash and cash equivalents	3,346	2,733
Assets held for sale	-	2,280
TOTAL ASSETS	**37,075**	**39,464**
EQUITY AND LIABILITIES		
Common stock	1,149	1,149
Additional paid-in capital	9,712	9,695
Treasury shares	(1)	(11)
Retained earnings	6,868	6,477
Other reserves	(885)	(925)
Foreign currency translation	(2,288)	(719)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**14,555**	**15,666**
Non-controlling interests (minority interests)	1,951	2,082
EQUITY	**16,506**	**17,748**
NON CURRENT LIABILITIES	**13,620**	**14,451**
Deferred tax liabilities	915	973
Pension & other employee benefits	1,234	1,492
Provisions	591	637
Financial debt	10,805	11,261
Derivative instruments	1	8
Other payables	74	80
CURRENT LIABILITIES	**6,949**	**7,265**
Pension & other employee benefits	123	102
Provisions	124	127
Trade payables	2,224	1,985
Other payables	1,447	1,567
Current tax payables	125	220
Financial debt (including current portion of long-term debt)	2,891	2,823
Derivative instruments	15	53
Liabilities associated w ith assets held for sale	-	388
TOTAL EQUITY AND LIABILITIES	**37,075**	**39,464**

**2012 figures have been restated following the application of IAS 19 amended.*

Consolidated statement of cash flows

	YEARS ENDED DECEMBER 31,	
(million euros)	**2013**	**2012***
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
NET INCOME	**782**	**554**
NET INCOME FROM DISCONTINUED OPERATIONS	**46**	**16**
NET INCOME FROM CONTINUING OPERATIONS	**736**	**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	1,027	1,010
Impairment losses	125	212
Share of net (income) loss of associates	(19)	(5)
Net (gains) losses on disposals	(295)	(53)
Financial (income) expenses	1,041	1,095
Income tax	262	292
Others, net (including dividends received from equity-accounted investments)	(168)	(68)
Change in working capital items, excluding financial expenses and income tax (see analysis below)	(36)	(304)
NET OPERATING CASH GENERATED BY CONTINUING OPERATIONS BEFORE IMPACTS OF FINANCIAL EXPENSES AND INCOME TAX	**2,673**	**2,717**
Interests received (paid)	(893)	(954)
Cash payments for income tax	(525)	(487)
NET OPERATING CASH GENERATED BY CONTINUING OPERATIONS	**1,255**	**1,276**
NET OPERATING CASH GENERATED BY DISCONTINUED OPERATIONS	**1**	**22**
NET CASH GENERATED BY OPERATING ACTIVITIES	**1,256**	**1,298**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Capital expenditures	(1,051)	(775)
Investment in subsidiaries and joint ventures [1]	(15)	21
Investment in associates	-	(3)
Acquisition of available-for-sale financial assets	(1)	(1)
Disposals [2]	1,105	413
Net (increase) decrease in long-term receivables	1	22
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	**39**	**(323)**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES FROM DISCONTINUED OPERATIONS	**(2)**	**(4)**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**37**	**(327)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Capital increase (decrease) - owners of the parent company	3	9
Capital increase (decrease) - non controlling interests (minority interests)	-	2
Acquisitions of ownership interests with no gain of control	(2)	(147)
Disposals of ownership interests with no loss of control	188	21
Dividends paid	(289)	(145)
Dividends paid by subsidiaries to non controlling interests (minority interests)	(218)	(154)
Proceeds from issuance of long-term debt	1,410	1,069
Repayment of long-term debt	(1,561)	(1,928)
Increase (decrease) in short-term debt	9	(75)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	**(460)**	**(1,348)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES FROM DISCONTINUED OPERATIONS	**-**	**-**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	**(460)**	**(1,348)**

**2012 figures have been restated following the application of IAS 19 amended.*

	YEARS ENDED DECEMBER 31,	
(million euros)	**2013**	**2012***
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS	**834**	**(395)**
Increase (decrease) in cash and cash equivalents from discontinued operations	(1)	18
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(220)	(61)
Cash and cash equivalents at beginning of the year	2,733	3,171
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**3,346**	**2,733**
(1) Net of cash and cash equivalents of companies acquired	*5*	*-*
(2) Net of cash and cash equivalents of companies disposed of	*(100)*	*1*
ANALYSIS OF CHANGES IN OPERATING WORKING CAPITAL ITEMS	***(36)***	***(304)***
(Increase)/decrease in inventories	*(46)*	*(183)*
(Increase)/decrease in trade receivables	*(172)*	*(107)*
(Increase)/decrease in other receivables – excluding financial and income tax receivables	*(10)*	*(44)*
Increase/(decrease) in trade payables	*233*	*24*
Increase/(decrease) in other payables – excluding financial and income tax payables	*(41)*	*6*

**2012 figures have been restated following the application of IAS 19 amended.*

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 adjustments	Equity attribuable to the owner of the parent company	Non controlling 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						*365*			***365***	*189*	***554***
Other comprehensive income, net of income tax							*(174)*	*(439)*	***(613)***	*(53)*	***(666)***
Total comprehensive income						365	(174)	(439)	**(248)**	**136**	**(112)**
Dividends						(145)			**(145)**	(170)	**(315)**
Issuance of common stock	*7,984*								**-**	1	**1**
Share based payments				11					**11**	-	**11**
Treasury shares		*(76,165)*			6	(6)			**-**	-	
Changes in ownership with no gain / loss of control						46			**46**	(93)	**(47)**
Other movements									**-**	11	**11**
BALANCE AT DECEMBER 31, 2012	***287,255,502***	***157,283***	**1,149**	**9,695**	**(11)**	**6,477**	**(925)**	**(719)**	**15,666**	**2,082**	**17,748**
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						*601*			***601***	*181*	***782***
Other comprehensive income, net of income tax							40	(1,569)	**(1,529)**	(132)	**(1,661)**
Total comprehensive income						601	40	(1,569)	**(928)**	**49**	**(879)**
Dividends						(289)			**(289)**	(216)	**(505)**
Issuance of common stock	*109,895*			3					**3**	-	**3**
Share based payments				14					**14**	-	**14**
Treasury shares		*(139,348)*			10	(10)			**-**	-	**-**
Changes in ownership with no gain / loss of control						84			**84**	102	**186**
Other movements						5			**5**	(66)	**(61)**
BALANCE AT DECEMBER 31, 2013	***287,365,397***	***17,935***	**1,149**	**9,712**	**(1)**	**6,868**	**(885)**	**(2,288)**	**14,555**	**1,951**	**16,506**

**2012 figures have been restated following the application of IAS 19 amended.*

Supplemental information

Accounting pronouncements at the closing date not yet effective, with an impact on consolidated financial statements from 2014

IFRS 11 – Joint arrangements, issued by the IASB in May 2011 and applicable for annual periods beginning on or after January 1, 2014: main impacts will arise from the application of the equity method of accounting for interests in joint ventures, currently consolidated under the proportionate consolidation method. Based on the existing joint ventures as at January, 1, 2013, had the Group applied IFRS 11 for the period from January 1, 2013 to December 31, 2013, the impacts would have been as follows:

- decrease by 2,107 million euros of revenue;
- decrease by 308 million euros of Ebitda;
- decrease by 138 million euros of “Operating incomes before capital gains, impairment, restructuring and other”;
- decrease by 484 million euros of net debt.

A presentation of the pro-forma 2013 historical information reviewed in accordance with this new accounting standard and covering the full year 2013 will be shortly available on our website at www.lafarge.com, under the section “Regulated Information”, as a complement to the presentation released on December 10, 2013 for the first three quarters 2013. This pro-forma 2013 historical information will be used as a comparison basis for 2014 quarterly earnings.