Financial Report

First Quarter ended March 31, 2014

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1. Management Report

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on May 5, 2014 to approve the accounts for the period ended March 31, 2014. Further to their limited review of the first quarter condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the Financial Report for the first quarter ended March 31, 2014.

This first quarter management report should be read in conjunction with the interim condensed consolidated financial statements for the first three months of the year and the company's Registration Document for the fiscal year 2013 filed with the Autorité des Marchés Financiers on April 2, 2014 under number D.14-0275. 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 nine months of the fiscal year. There may be other risks that have not yet been identified or whose occurrence is not considered likely to have such a material adverse effect as of the date hereof.

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

In order to have comparative information, and in accordance with IFRS, 2013 figures have been restated to reflect the application of the new accounting standard on joint arrangements (IFRS 11) applicable as at January 1, 2014.

*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. Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of Lafarge. 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 communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Lafarge.

1.1 Consolidated key figures

Summary of the key figures

Volumes	1st Quarter 2014	1st Quarter 2013	Variation	Variation like-for-like [(4)]
Cement (MT)	25.9	23.9	8%	11%
Pure Aggregates (MT)	26.9	26.4	2%	4%
RMX-Concrete (Mm3)	5.7	5.8	-	-1%
Sales (million euros)	**2,633**	**2,675**	**-2%**	**9%**
EBITDA (million euros)	**343**	**342**	**-**	**21%**
EBITDA Margin	*13.0%*	*12.8%*	*20bps*	*130bps*
COI (million euros)	146	128	14%	69%
Net income – Group share [(1)]	**(135)**	**(117)**	**nm**	
Earnings per share (euros) [(2)]	(0.47)	(0.41)	nm	
Free Cash Flow (million euros) [(3)]	(123)	(265)	54%	
Net Debt (million euros)	9,951	11,204	-11%	

(1) Net income attributable to the owners of the parent of the Group
(2) Based on an average number of shares outstanding of 287.4 million for the first quarter of 2014 and 287.1 million for the first quarter of 2013
(3) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures
(4) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the €20m one-time gain recorded in the first quarter 2013 in North America

Sales and EBITDA by geographical area and activity

Million euros	1st Quarter 2014	1st Quarter 2013	Variation	Scope Effect	Foreign Exchange Effect	Variation like-for-like
By geographical area						
North America	376	435	-14%	-3%	-10%	-1%
Western Europe	503	479	5%	-	-	5%
Central & Eastern Europe	173	148	17%	-6%	-7%	30%
Middle East and Africa	893	838	7%	-	-6%	13%
Latin America	173	218	-21%	-17%	-18%	14%
Asia	515	557	-8%	-	-13%	5%
By activity						
Cement	1,854	1,862	-	-3%	-8%	11%
Aggregates & Concrete	769	802	-4%	-1%	-7%	4%
Holding and others	10	11				
TOTAL	**2,633**	**2,675**	**-1.6%**	**-2.1%**	**-8.1%**	**8.6%**

EBITDA

Million euros By geographical area	1st Quarter 2014	1st Quarter 2013	Variation	Scope Effect	Foreign Exchange Effect	Impact of one-off (1)	Variation like-for-like(1)
North America	(62)	(13)	nm	nm	nm	nm	nm
Western Europe	39	7	nm	nm	nm	-	nm
Central & Eastern Europe	(17)	(35)	nm	nm	nm	-	nm
Middle East and Africa	250	217	15%	-	-6%	-	21%
Latin America	38	51	-25%	-29%	-16%	-	20%
Asia	95	115	-17%	-	-13%	-	-4%
By activity							
Cement	364	369	-1%	-3%	-10%	-3%	15%
Aggregates & Concrete	(19)	(23)	17%	9%	10%	-24%	22%
Holding and others	(2)	(4)					
TOTAL	**343**	**342**	**-**	**-3%**	**-10%**	**-8%**	**21%**

(1) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the €20m one-time gain recorded in the first quarter 2013 in North America
nm: not meaningful

1.2. Review of operations and financial results

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

Group highlights for the period

- Cement volumes improved 11% in the first quarter, with continuing strength in emerging markets and solid growth in most of the European countries. As expected, adverse exchange rates continued to weigh on sales and EBITDA, with a negative impact of respectively -8% and -10% (-195 million euros on sales and -29 million euros on EBITDA).
- Like for like, EBITDA increased 21% and EBITDA margin was up 130 basis points, with a particularly good performance in Middle East Africa. The solid operational trend overall reflects volume growth combined with the impact of our actions to reduce costs and promote innovation. Our prices continued to increase in response to the inflation on costs.
- Cost reduction and innovation measures generated respectively 80 million euros[1] and 45 million euros[1] in the quarter, on track to deliver more than 600 million euros in 2014.
- Net income in the first quarter 2013 was impacted by 45 million euros one-time gains on divestments. Excluding this impact, first quarter 2014 net income is improving by c.30 million euros, underpinned by the improvement in current operating income.
- Net debt at the end of March decreased 1.3 billion euros compared to Q1 last year, reflecting higher cash flows and the deleveraging actions taken by the Group. Free cash flows improved by 54%, reflecting our efforts to reduce costs and optimize our working capital and our capital expenditures.

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[1] *Total EBITDA figures before application of IFRS 11 on joint ventures. After application of IFRS 11, these measures generated € 110 million (€ 70 million for cost savings and € 40million for innovation) at EBITDA level.*

Overview of operations: Sales and EBITDA

The first quarter was marked by a solid increase in volumes in all regions but North America, which was impacted by adverse weather. At constant scope, cement sales volumes increased a strong 11% in the quarter, notably supported by our innovation actions, solid trends in Middle East Africa, improved conditions in most European countries and the start-up of our new plant in Rajasthan (India). Weather conditions were contrasted across the countries where we operate with mild weather conditions in most central and eastern European countries but a particularly harsh winter in North America and in Russia and heavy rains in a few other regions, like the western part of France and South Africa. It is worth noting that in North America, the underlying market trends are solid and some catch up in March in the United States occurred as the weather conditions started to improve. Our like-for-like aggregates and ready-mix volumes were respectively up 4% and down 1% in the quarter, supported by positive trends and the launch of large projects in Poland, Brazil or Algeria combined with a lower comparison base for France for aggregates. However, these product lines have a larger exposure to North America and have consequently been more affected by the prevailing weather conditions in this region.

Consolidated sales, at 2,633 million euros in the first quarter 2014, were down 2% versus last year. Net changes in the scope of consolidation had a negative impact on sales of -2.1% (or -55 million euros), mostly reflecting the divestment of our Honduras and Ukrainian cement operations, the effect of the deconsolidation of our Mexican operations after the formation of a joint-venture with Elementia, and the disposal of some aggregates assets in the United States. Currency impacts were unfavorable (-8.1% on the quarterly sales, or -195 million euros), mainly due to the appreciation of the euro versus the Canadian dollar, the South African rand, the Brazilian real and various currencies in Asia, notably the Indian rupee.

At constant scope and exchange rates, consolidated sales increased 9%, under the combined effect of higher volumes and increased prices across all of our product lines to address cost inflation.

The first quarter 2014 EBITDA was also impacted by exchange rates (-10%, or -29 million euros) and changes in scope (-3% or -10 million euros) and compares to a first quarter 2013 EBITDA that included a one-time gain (20 million euros gain linked to management’s decision to review pension commitments in North America). On a like-for-like basis, EBITDA increased 21%, reflecting the solid volume trends and the result of our cost saving and innovation actions and despite a negative 34 million euros impact of destocking as we continued to optimize our level of inventories. Cement prices were up 2% compared to the first quarter 2013 and increased 1.5% compared to the fourth quarter 2013 levels, in response to cost inflation.

Review of operations by region

North America

Volumes	1st Quarter 2014	2013	Variation	Variation like-for-like
Cement (MT)	1.5	1.5	-	-
Pure Aggregates (MT)	10.3	12.1	-15%	-7%
RMX-Concrete (Mm3)	0.8	1.0	-13%	-12%
Sales (million euros)	376	435	-14%	-1%
EBITDA (million euros)	(62)	(13)	nm	nm
EBITDA Margin	nm	nm		
COI (million euros)	(94)	(51)	nm	nm

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 quarter 2014 was particularly affected by adverse weather in our relevant regions in the United States and in Eastern Canada.

Sales were down 14% versus the first quarter 2013, strongly impacted by the adverse effect of foreign exchange variations. The depreciation of the Canadian dollar and the US dollar against the euro had a negative impact of 10% on sales, while the effect of the divestment of some aggregates assets reduced sales by 3%.

At constant scope and exchange rates, sales were slightly down by 1%, with price gains progressively implemented across all product lines overshadowed by adverse regional mix effects in the first quarter, and lower volumes overall.

- **In the United States,** the construction sector was impacted by particularly adverse weather in the North-East region in the first two months of the quarter. Like-for-like aggregates and ready-mix sales volumes decreased 13% and 15%, respectively versus the first quarter 2013, while cement volumes sold were overall stable, thanks to a significant catch-up in March.
- **In Canada,** pricing gains compensated slightly lower volumes across all product lines due to a tough winter.

EBITDA was affected by lower volumes and higher logistics costs due the harsh winter (frozen lakes) and by a 16 million euros adverse impact from destocking. The first quarter 2013 was favorably impacted by a one-time gain of 20 million euros on pensions. Prices were progressively increased in response to cost inflation, although the impact on the EBITDA was limited due to adverse regional mix effects.

Western Europe

	1st Quarter		Variation	Variation
Volumes	2014	2013		like-for-like
Cement (MT)	2.6	2.4	7%	7%
Pure Aggregates (MT)	8.2	7.4	11%	11%
RMX-Concrete (Mm3)	1.8	1.8	5%	5%
Sales (million euros)	503	479	5%	5%
EBITDA (million euros)	39	7	nm	nm
EBITDA Margin	7.8%	1.5%	630bps	
COI (million euros)	(4)	(38)	nm	nm

Overall, the region benefited from improved market trends in most markets and relatively mild weather, driving our volumes up versus last year.

Our sales rose 5%, with a negligible impact of changes in scope and exchange rates.

- **In France,** sales were overall stable. Our cement and RMX volumes were slightly down from a low comparable basis, impacted by heavy flooding in the West. Aggregates volumes grew 11% benefiting from some road projects and a more favorable comparison basis.
- **In Spain,** cement volumes were up 14% in the quarter, recovering from a low first quarter 2013.
- The construction activity **in Greece** continued to show signs of improvement. Our cement domestic volumes and our ready-mix concrete business experienced a strong increase from low levels, supported by several large infrastructures projects recently launched.

EBITDA increased 32 million euros, supported by significant cost-cutting measures and higher volumes.

Central and Eastern Europe

	1st Quarter		Variation	Variation
Volumes	2014	2013		like-for-like
Cement (MT)	1.9	1.6	19%	27%
Pure Aggregates (MT)	3.3	2.4	37%	15%
RMX-Concrete (Mm3)	0.4	0.2	85%	85%
Sales (million euros)	173	148	17%	30%
EBITDA (million euros)	(17)	(35)	nm	nm
EBITDA Margin	nm	nm		
COI (million euros)	(38)	(56)	nm	nm

Overall, the region benefited from improving market trends and mild weather in most countries.

Sales were up 17%, impacted by the depreciation of the Russian rouble and the effect of the divestment of our Ukrainian cement assets completed at the end of the third quarter 2013.

At constant scope and exchange rates, sales were up 30%, with favorable trends in most markets.

- **In Poland,** volumes strongly improved from low levels in all three product lines, as positive weather accelerated the launch of large investment projects. Prices were raised to offset cost inflation.
- **In Romania,** cement volumes increased solidly, supported by several projects started earlier due to favorable weather.
- **In Russia,** the overall market consumption was lower compared to last year, affected by particularly cold weather and lower investments. Cement volumes sold were down 3% versus last year, with pricing gains to offset cost inflation. Our new 2 MT plant located in the south of the Moscow region started production in April and should progressively help us to capture expected market growth.

EBITDA improved by 18 million euros, mostly driven by higher volumes and cost containment, and despite a 5 million euros destocking effect.

Middle East and Africa

	1st Quarter		Variation	Variation
Volumes	2014	2013		like-for-like
Cement (MT)	10.5	9.1	15%	13%[1]
Pure Aggregates (MT)	2.4	1.9	24%	24%
RMX-Concrete (Mm3)	1.3	1.1	12%	8%
Sales (million euros)	893	838	7%	13%
EBITDA (million euros)	250	217	15%	21%
EBITDA Margin	28.0%	25.9%	210bps	180bps
COI (million euros)	186	148	26%	31%

(1) domestic only

Middle East and Africa benefited from solid market trends overall.

Our sales were up 7% despite a negative effect of foreign exchange fluctuations.

At constant scope and exchange rates, our sales were up 13%, with a positive contribution from most countries.

- **Nigeria** benefited from solid trends, and our cement sales volumes grew 12% in the quarter. Prices were raised in the quarter in response to cost inflation. However, as prices were adjusted downwards last year in March, this effect will be more visible starting from the second quarter.
- **In Algeria**, cement volumes increased 24%, under the combined effect of the ramp-up of our new grinder, positive market trends and production limitations last year. Average prices went up, supported by the development of value added products. We also continued to develop our ready-mix activities in the country to expand our customer offer.
- **In Egypt**, our production levels continued to be impacted by energy shortages. Our cement volumes improved from a low level, as measures to limit such impact are progressively implemented, including the development of alternative fuels. Prices rose in response to cost inflation.
- **In Iraq**, our cement volumes were up 13% versus the first quarter 2013, while price levels were lower than last year, reflecting 2013 price adjustments linked to Iranian imports.
- **Kenya** enjoyed strong construction activity, with a 10% cement volume growth, while average prices were lower than last year.
- **In South Africa**, the first quarter was affected by heavy rains in major parts of the country.

Operational results and EBITDA margin significantly improved, despite the adverse foreign exchange impact, under the combined effect of strong volumes and cost reduction and innovation measures.

Latin America

Volumes	1st Quarter 2014	1st Quarter 2013	Variation	Variation like-for-like
Cement (MT)	1.9	2.2	-15%	6%
Pure Aggregates (MT)	0.6	0.5	20%	20%
RMX-Concrete (Mm3)	0.3	0.3	33%	33%
Sales (million euros)	173	218	-21%	14%
EBITDA (million euros)	38	51	-25%	20%
EBITDA Margin	22.0%	23.4%	-140bps	70bps
COI (million euros)	31	41	-24%	22%

Sales and operational earnings were impacted by the depreciation of the Brazilian real and the divestments achieved in 2013 (disposal of our Honduras activity completed end of November 2013 and deconsolidation of our Mexican operations after the formation of a joint-venture with Elementia in July 2013).

At constant scope and exchange rates, sales grew 14%, under the combined effect of higher prices in response to strong inflation and improved volume trends.

- **In Brazil,** cement volumes were up 6% and ready-mix concrete sales experienced a significant development, both benefiting from good weather conditions, two additional business days and work completion ahead of the World Cup. Prices were well-oriented to offset cost inflation. The new grinder located close to Rio was successfully started at the end of the quarter.
- **In Ecuador,** market trends were solid, with higher prices and cement volumes.

EBITDA surged 20% like-for-like, thanks to strong cost reductions and higher sales.

Asia

Volumes	1st Quarter 2014	1st Quarter 2013	Variation	Variation like-for-like
Cement (MT)	7.5	7.1	7%	7%
Pure Aggregates (MT)	2.1	2.1	3%	-1%
RMX-Concrete (Mm3)	1.1	1.4	-24%	-24%
Sales (million euros)	515	557	-8%	5%
EBITDA (million euros)	95	115	-17%	-4%
EBITDA Margin	18.4%	20.6%	-220bps	-190bps
COI (million euros)	65	84	-23%	-9%

The region was strongly impacted by adverse effects of exchange rates, notably the depreciation of the Indian rupee.

At constant scope and exchange rates, sales were up 5%, with higher volumes and pricing gains in response to cost inflation.

- **In India,** market growth was subdued ahead of elections. Our cement volumes increased 24%, supported by our new 2.6 MT plant in Rajasthan which started in the third quarter 2013 and is progressively ramping-up. Prices were slightly lower than last year, but increased from the fourth quarter levels both in the East and in Rajasthan.
- **In Malaysia,** cement sales were up 13%, with price gains to offset higher costs, notably an increase in power. Our ready-mix concrete sales were reduced versus last year after the completion of certain large projects, notably the construction of a new terminal in the international airport of Kuala Lumpur.
- **In the Philippines,** the construction market experienced a slow start with delays in governmental spending, but March returned to more positive trends. Cement sales were up 3% in the quarter.
- **In South Korea,** the construction activity was overall stable versus last year.

EBITDA slightly decreased like-for-like, impacted by cost inflation, notably higher energy costs. Our new plant in India will progressively contribute to result improvement as volumes ramp-up.

Other income statement items

The table below shows our operating income and net income for the periods ended March 31, 2014 and 2013:

(million euros)	1st Quarter		Variation
	2014	2013	%
EBITDA	**343**	**342**	**-**
Depreciation	(197)	(214)	-8%
Current Operating Income	**146**	**128**	**14%**
Net gains on disposals	26	45	
Other operating income (expenses)	(30)	(41)	
Operating Income	**142**	**132**	**8%**
Net financial (costs) income	(232)	(243)	-5%
Of which Financial expenses	*(263)*	*(288)*	*-9%*
Financial income	*31*	*45*	*-31%*
Share of net income (loss) of joint ventures and associates	(11)	(25)	nm
Income before Income Tax	**(101)**	**(136)**	**nm**
Income tax	(4)	32	nm
Net Income from continuing operations	**(105)**	**(104)**	**nm**
Net income from discontinued operations	-	9	nm
Net income	**(105)**	**(95)**	**nm**
of which part attributable to:			
- Owners of the parent Company	**(135)**	**(117)**	**nm**
- Non-controlling interests	30	22	36%

Depreciation decreased to 197 million euros in 2014 from 214 million euros in the first quarter 2013, reflecting the variations in foreign currency rates and the impact of divestments achieved in 2013 and early 2014.

Net gains on disposals were 26 million euros in the first quarter 2014 versus 45 million euros in 2013, and mainly comprise the gain (33 million euros) on the disposal of some aggregates assets in Maryland (United States).

Other operating expenses primarily reflect the impact of impairments, restructuring and legal actions. They amounted to 30 million euros in the first quarter 2014 versus 41 million euros in 2013. In 2014, the Group recorded 11 million euros of restructuring charges as part of executing its cost-cutting program (17 million euros in the first quarter 2013), and 6 million euros for impairment (12 million euros in the first quarter 2013).

Operating income rose 8% to 142 million euros, supported by the effect of higher volumes and cost-savings and innovation measures.

Net finance costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, were reduced, at 232 million euros versus 243 million euros in the first quarter 2013.

The financial expenses on net debt, at 190 million euros, were stable versus the first quarter 2013. The average net debt decreased as deleveraging actions continued to be achieved, notably through divestments recently cashed-in. Our level of gross debt, at 12.9 billion euros, is expected to decrease in May as we will use the cash available to repay the 1 billion euros bond maturing on May 27, 2014, and the financial expenses on net debt should progressively been reduced accordingly. The average interest rate on our gross debt was 6.6% in the first quarter 2014, compared with a slightly lower rate last year, as the cash proceeds from the divestments limited the normal recourse to cheaper short-term borrowing to finance the seasonality of our cash flows.

Foreign exchange resulted in a loss of 2 million euros in the first quarter 2014 compared with a loss of 15 million euros in 2013.

Other financial costs, at 40 million euros in 2014, were stable. They mainly comprise bank commissions, the amortization of debt issuance costs and the net interest costs related to pensions.

The contribution from our joint-ventures and associates represented a net loss of 11 million euros in the first quarter 2014, versus a net loss of 25 million euros in 2013, primarily reflecting the improvement of the contribution of our associates and joint-ventures in Western Europe.

Despite a loss before tax of 101 million euros, **income tax** was a charge of 4 million euros in the first quarter 2014 due to a 38 million euros one-time non-cash impact linked to the divestment of our Maryland aggregates assets.

Net income Group share[2] was a loss of 135 million euros in the first quarter 2014 versus a loss of 117 million euros in the first quarter 2013, reflecting the seasonality of our business and the effect of the variations of the net-of-tax gains and losses on divestments.

Non-controlling interests rose to 30 million euros versus 22 million euros in the first quarter 2013, mainly reflecting the effect of higher volumes is several countries in Middle East and Africa.

Basic earnings per share was (0.47) euro in 2014, compared to (0.41) euro in the first quarter 2013, reflecting the decrease in net income attributable to the owners of the parent company, while the average number of shares was relatively stable.

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

Cash flow statement

Net operating cash used by continuing operations was 69 million euros in the first quarter 2014, versus €218 million in 2013.

Net operating cash used by continuing operations improved 149 million euros under the combined effect of an increase in cash flow from operations and an improvement in working capital evolution. Our actions to optimize the strict working capital[3] indeed limited the normal increase of working capital during the quarter due to the seasonality of our activity and resulted in a positive evolution of the variation of the change in working capital. When expressed as a number of days of sales, our strict working capital requirement was reduced by 9 days compared to the end of the first quarter 2013, mostly reflecting a reduction of the inventory levels.

Cash generated by in investing activities from continuing operations was 68 million euros, compared with 175 million euros of net cash used in the first quarter 2013.

Sustaining capital expenditures were almost stable at 54 million euros in the first quarter 2014.

Capital expenditures for productivity projects and for the building of new capacity were contained to 184 million euros, as part of our strict capex management. They mostly comprise investments to finalize our plant in Kaluga (Russia) which produced its first cement in April and investments on our projects in North America (Exshaw – Canada and Ravena – United States) as well as range of debottlenecking projects.

Net of net debt disposed of, the divestment operations have reduced the Group's financial net debt by 348 million euros in the quarter. They were mainly related to the divestment of some aggregates quarries in Maryland (United States) and the sales of the remaining 20% stake in Siniat (Gypsum activities in Europe and Latin America).

Consolidated statement of financial position

At March 31, 2014, total equity stood at €15,987 million (€16,285 million at the end of December 2013) **and net debt at €9,951 million** (€9,846 million at the end of December 2013).

Total equity slightly decreased, notably under the adverse non-cash impact of translating our foreign subsidiaries assets into euros, given the appreciation of the euro versus various currencies in countries where we operate between December 31, 2013 and March 31, 2014 (0.1 billion euros).

The net debt was maintained below 10 billion euros thanks to the optimization of the working capital and through the divestments achieved over the period, which strongly mitigated the impact of the usual seasonality on our cash flows and the capital expenditures invested in the first quarter.

Outlook

Overall the Group continues to see cement demand increasing for the full year and estimates market growth of between 2 to 5 percent in 2014 versus 2013. Emerging markets continue to be the main driver of demand and Lafarge will benefit from its well-balanced geographic spread of high quality assets.

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

As announced in 2013, the Group targets to reduce net debt to below €9 billion in 2014[4].

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[3] *Strict working capital: trade receivables plus inventories less trade payables.*
[4] *This objective, announced in 2013, was based on figures as reported, i.e. before the impact of the application of IFRS 11 on joint-ventures.*

2. Interim condensed consolidated financial statements

Consolidated statement of income

	3 months		December 31,
(million euros, except per share data)	2014	2013*	2013*
Revenue	**2,633**	**2,675**	**13,091**
Cost of sales	(2,208)	(2,244)	(9,944)
Selling and administrative expenses	(279)	(303)	(1,210)
Operating income before capital gains, impairment, restructuring and other	**146**	**128**	**1,937**
Net gains (losses) on disposals	26	45	291
Other operating income (expenses)	(30)	(41)	(295)
Operating income	**142**	**132**	**1,933**
Financial expenses	(263)	(288)	(1,122)
Financial income	31	45	138
Share of net income (loss) of joint-ventures and associates	(11)	(25)	-
Income before income tax	**(101)**	**(136)**	**949**
Income tax	(4)	32	(242)
Net income from continuing operations	**(105)**	**(104)**	**707**
Net income from discontinued operations	-	9	46
Net income	**(105)**	**(95)**	**753**
Of which attributable to:			
- Owners of the parent company	**(135)**	**(117)**	**601**
- Non-controlling interests (minority interests)	30	22	152
Earnings per share (euros)			
Attributable to the owners of the parent company			
Basic earnings per share	(0.47)	(0.41)	2.09
Diluted earnings per share	(0.47)	(0.41)	2.08
From continuing operations			
Basic earnings per share	(0.47)	(0.44)	1.93
Diluted earnings per share	(0.47)	(0.44)	1.92
Basic average number of shares outstanding (in thousands)	**287,359**	**287,125**	**287,268**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

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

Consolidated statement of comprehensive income

(million euros)	3 months 2014	3 months 2013*	December 31, 2013*
Net income	**(105)**	**(95)**	**753**
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / (losses)	(109)	8	119
Income tax on items that will not be reclassified to profit or loss	28	(7)	(74)
Total items that will not be reclassified to profit or loss	**(81)**	**1**	**45**
Items that may be reclassified subsequently to profit or loss			
Available-for-sale investments	-	-	(14)
Cash-flow hedging instruments	(3)	3	8
Foreign currency translation adjustments	(75)	207	(1,698)
Income tax on items that may be reclassified to profit or loss	-	-	(1)
Total items that may be reclassified to profit or loss	**(78)**	**210**	**(1,705)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**(159)**	**211**	**(1,660)**
TOTAL COMPREHENSIVE INCOME	**(264)**	**116**	**(907)**
Of which attributable to :			
- Owners of the parent company	***(288)***	***81***	***(928)***
- Non-controlling interests (minority interests)	*24*	*35*	21

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*
The accompanying notes are an integral part of these consolidated financial statements.

Actuarial gains or losses

The evolution of the Group’s net position on pension obligations resulted in an actuarial loss of 109 million euros in equity during the first three months 2014 (81 million euros net of tax effect), which essentially arises from the defined benefit pension plans in the United-Kingdom, in the United-States and in Canada. The actuarial losses on these plans result mainly from the decrease of discount rates partly offset by actuarial gains on plan assets.

Foreign currency translation adjustments

Change in exchange differences on translating foreign operations from January 1, 2014 to March 31, 2014 (closing rate) comprises -99 million euros due to the depreciation of the Canadian dollar, the Algerian dinar and the Zambian Kwacha compared with the euro currency, partially offset by +53 million euros mainly due to the appreciation of the Indian Rupee and Brazilian real compared to the euro currency.

Consolidated statement of financial position

(million euros)	At March 31,		At December 31,	At January 1st,
	2014	2013*	2013*	2013*
ASSETS				
NON CURRENT ASSETS	**28,248**	**30,888**	**28,447**	**29,301**
Goodwill	10,984	12,015	11,027	11,953
Intangible assets	361	416	370	426
Property, plant and equipment	11,864	13,384	12,049	13,441
Investments in joint-ventures and associates	3,021	3,072	3,174	1,550
Other financial assets	761	710	667	727
Derivative instruments	21	9	12	27
Deferred tax assets	1,217	1,246	1,125	1,141
Other receivables	19	36	23	36
CURRENT ASSETS	**6,649**	**7,124**	**6,786**	**8,695**
Inventories	1,458	1,672	1,425	1,526
Trade receivables	1,518	1,534	1,546	1,539
Other receivables	661	803	680	690
Derivative instruments	39	69	24	68
Cash and cash equivalents	2,973	2,591	3,111	2,606
Assets held for sale	-	455	-	2,266
TOTAL ASSETS	**34,897**	**38,012**	**35,233**	**37,996**
EQUITY & LIABILITIES				
Common stock	1,150	1,149	1,149	1,149
Additional paid-in capital	9,713	9,699	9,712	9,695
Treasury shares	(5)	(1)	(1)	(11)
Retained earnings	6,712	6,357	6,868	6,477
Other reserves	(969)	(920)	(885)	(925)
Foreign currency translation adjustments	(2,357)	(526)	(2,288)	(719)
Equity attributable to owners of the parent company	**14,244**	**15,758**	**14,555**	**15,666**
Non-controlling interests (minority interests)	1,743	1,815	1,730	1,868
EQUITY	**15,987**	**17,573**	**16,285**	**17,534**
NON CURRENT LIABILITIES	**13,258**	**14,863**	**13,156**	**14,121**
Deferred tax liabilities	757	882	785	897
Pension & other employee benefits	1,331	1,442	1,218	1,476
Provisions	520	642	504	638
Financial debt	10,580	11,814	10,580	11,028
Derivative instruments	1	3	1	3
Other payables	69	80	68	79
CURRENT LIABILITIES	**5,652**	**5,576**	**5,792**	**6,341**
Pension & other employee benefits	120	114	123	102
Provisions	87	134	104	123
Trade payables	1,778	1,706	1,830	1,725
Other payables	1,168	1,381	1,211	1,427
Current tax liabilities	96	147	112	213
Financial debt (including current portion of long-term debt)	2,385	1,984	2,398	2,328
Derivative instruments	18	72	14	52
Liabilities associated with assets held for sale	-	38	-	371
TOTAL EQUITY AND LIABILITIES	**34,897**	**38,012**	**35,233**	**37,996**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

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

Consolidated statements of cash flows

(million euros)	3 months		December 31,
	2014	**2013***	**2013***
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net income	**(105)**	**(95)**	**753**
Net income from discontinued operations	**-**	**9**	**46**
Net income from continuing operations	**(105)**	**(104)**	**707**
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	197	214	857
Impairment losses	6	12	110
Share of net (income) loss of joint-ventures and associates	11	25	-
Net (gains) losses on disposals, net	(26)	(45)	(291)
Financial (income) / expenses	232	243	984
Income tax	4	(32)	242
Others, net (including dividends received from equity-accounted investments)	(16)	(54)	(137)
Change in working capital items, excluding financial expenses and income tax (see analysis below)	(154)	(248)	(56)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**149**	**11**	**2,416**
Interest (paid) received	(142)	(131)	(835)
Cash payments for income tax	(76)	(98)	(476)
Net operating cash generated by (used in) continuing operations	**(69)**	**(218)**	**1,105**
Net operating cash generated by (used in) discontinued activities	**-**	**1**	**1**
Net cash generated by (used in) operating activities	**(69)**	**(217)**	**1,106**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Capital expenditures	(192)	(266)	(950)
Investment in subsidiaries (1)	(23)	(7)	(18)
Investment in joint-ventures and associates	-	-	(10)
Acquisition of available-for-sale financial assets	(2)	-	(1)
Disposals (2)	348	105	1,069
Net (increase) decrease in long-term receivables	(63)	(7)	15
Net cash provided by (used in) investing activities from continuing operations	**68**	**(175)**	**105**
Net cash provided by (used in) investing activities from discontinued operations	**-**	**(1)**	**(2)**
Net cash provided by (used in) investing activities	**68**	**(176)**	**103**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Capital increase (decrease) - owners of the parent company	1	-	3
Capital increase (decrease) - non-controlling interests (minority interests)	-	-	-
Acquisitions of ownership interests with no gain of control	-	-	(2)
Disposal of ownership interests with no loss in control	-	10	188
(Increase) / Decrease in treasury shares	(14)	-	-
Dividends paid	-	-	(289)
Dividends paid by subsidiaries to non-controlling interests (minority interests)	(11)	(72)	(197)
Proceeds from issuance of long-term debt	28	800	1,288
Repayment of long-term debt	(44)	(477)	(1,459)
Increase (decrease) in short-term debt	(44)	126	8
Net cash provided by (used in) financing activities from continuing operations	**(84)**	**387**	**(460)**
Net cash provided by (used in) financing activities from discontinued operations	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**(84)**	**387**	**(460)**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

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

(million euros)	3 months		December 31,
	2014	2013*	2013*
Increase / (decrease) in cash and cash equivalents from continuing operations	**(85)**	**(6)**	**750**
Increase (decrease) in cash and cash equivalents from discontinued operations	-	-	(1)
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(53)	(9)	(244)
Cash and cash equivalents at the beginning of the year/period	3,111	2,606	2,606
Cash and cash equivalents at end of the year/period	**2,973**	**2,591**	**3,111**
(1) Net of cash and cash equivalents of companies acquired	*2*	*-*	*2*
(2) Net of cash and cash equivalents of companies disposed of	*-*	*(56)*	*(126)*
		-	-
Analysis of changes in working capital items	**(154)**	**(248)**	**(56)**
(Increase) / decrease in inventories	(47)	(140)	(51)
(Increase) / decrease in trade receivables	18	20	(133)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(27)	(21)	(38)
Increase / (decrease) in trade payables	(42)	(59)	229
Increase / (decrease) in other payables – excluding financial and income tax payables	(56)	(48)	(63)

Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.

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

Consolidated statements of changes in equity

	Outstanding shares	*of which: Treasury shares*	*Common stock*	Additional paid-in capital	Treasury shares	Retained earnings*	Other reserves*	Foreign currency translation	Equity attributable to owners of the parent company	Non-controlling interests (minority interests) *	Equity *
	(number of shares)						*(million euros)*				
Balance at January 1, 2013	***287,255,502***	***157,283***	**1,149**	**9,695**	**(11)**	**6,477**	**(925)**	**(719)**	**15,666**	**1,868**	**17,534**
Net income						(117)			(117)	22	(95)
Other comprehensive income, net of income tax							5	193	198	13	211
Total comprehensive income						**(117)**	**5**	**193**	**81**	**35**	**116**
Dividends									**-**	(90)	**(90)**
Issuance of common stock	*16,557*			1					**1**	-	**1**
Share based payments				3					**3**	-	**3**
Treasury shares		*(138,448)*			10	(10)			**-**	-	**-**
Changes in ownership with no gain/loss of control						6			**6**	3	**9**
Other movements						1			**1**	(1)	**-**
Balance at March 31, 2013	***287,272,059***	***18,835***	**1,149**	**9,699**	**(1)**	**6,357**	**(920)**	**(526)**	**15,758**	**1,815**	**17,573**
Balance at January 1, 2014	***287,365,397***	***17,935***	**1,149**	**9,712**	**(1)**	**6,868**	**(885)**	**(2,288)**	**14,555**	**1,730**	**16,285**
Net income						(135)			(135)	30	(105)
Other comprehensive income, net of income tax							(84)	(69)	(153)	(6)	(159)
Total comprehensive income						**(135)**	**(84)**	**(69)**	**(288)**	**24**	**(264)**
Dividends									**-**	(21)	**(21)**
Issuance of common stock	*42,815*		1						**1**	-	**1**
Share based payments				1					**1**	-	**1**
Treasury shares		*63,250*			(4)	(10)			**(14)**	-	**(14)**
Changes in ownership with no gain/loss of control						(9)			**(9)**	8	**(1)**
Other movements						(2)			**(2)**	2	-
Balance at March 31, 2014	***287,408,212***	***81,185***	**1,150**	**9,713**	**(5)**	**6,712**	**(969)**	**(2,357)**	**14,244**	**1,743**	**15,987**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

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, BP 40, 75782 Paris Cedex 16, 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 CAC All-Tradable (ex 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 May 5, 2014.

Note 2. Summary of significant accounting policies

2.1 – Interim condensed consolidated financial statements

The Group's interim condensed consolidated financial statements at March 31, 2014 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, 2013.

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 March 31, 2014 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, 2013 and described in the Note 2 of the Group consolidated financial statements of the 2013 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 March 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.

In addition, the Group performed as of March 31, 2014 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, 2013. This review did not indicate an impairment situation as of March 31, 2014.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1, 2014

The new IFRS and interpretations published as of December 31, 2013 and effective from January 1, 2014, 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 2013 Registration Document (page F23), had no impact on the Group interim condensed consolidated financial statements at March 31, 2014, except IFRS 11 that have been applied retrospectively as at January 1st, 2013, and IFRS 12 that will impact disclosures to provide about interests in other entities.

The Group has conducted a review of all the joint arrangements which are joint ventures. As a result, these joint ventures previously consolidated using proportionate consolidation method, are now accounted for using equity method (see Note 35 – List of significant subsidiaries, joint ventures and investments in associates - to the notes of the Group consolidated financial statements of the 2013 Registration Document, page F71).

The following tables present the impact of this change of method on the statement of financial position, the statement of income, the statement of comprehensive income, the statement of cash flows and the changes in equity:

Consolidated statement of income	March 31, 2013			December 31, 2013		
(million euros, except per share data)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
Revenue	**3,136**	**(461)**	**2,675**	**15,198**	**(2,107)**	**13,091**
Cost of sales	(2,667)	423	(2,244)	(11,740)	1,796	(9,944)
Selling and administrative expenses	(345)	42	(303)	(1,383)	173	(1,210)
Operating income before capital gains, impairment, restructuring and other*	**124**	**4**	**128**	**2,075**	**(138)**	**1,937**
Net gains (losses) on disposals	45	-	45	295	(4)	291
Other operating income (expenses)	(48)	7	(41)	(350)	55	(295)
Operating income	**121**	**11**	**132**	**2,020**	**(87)**	**1,933**
Financial expenses	(298)	10	(288)	(1,177)	55	(1,122)
Financial income	44	1	45	136	2	138
Share of net income (loss) of joint-ventures and associates	(4)	(21)	(25)	19	(19)	-
Income before income tax	**(137)**	**1**	**(136)**	**998**	**(49)**	**949**
Income tax	39	(7)	32	(262)	20	(242)
Net income from continuing operations	**(98)**	**(6)**	**(104)**	**736**	**(29)**	**707**
Net income from discontinued operations	9	-	9	46	-	46
Net income	**(89)**	**(6)**	**(95)**	**782**	**(29)**	**753**
** Of which:*						
- EBITDA	380	(38)	342	3,102	(308)	2,794
- Depreciation and amortization	(256)	42	(214)	(1,027)	170	(857)
Of which attributable to:						
- Owners of the parent company	**(117)**	**-**	**(117)**	**601**	**-**	**601**
- Non-controlling interests(minority interests)	28	(6)	22	181	(29)	152
Earnings per share (euros)						
Attributable to the owners of the parent company						
Basic earnings per share	(0.41)	-	(0.41)	2.09	-	2.09
Diluted earnings per share	(0.41)	-	(0.41)	2.08	-	2.08
From continuing operations		-			-	
Basic earnings per share	(0.44)	-	(0.44)	1.93	-	1.93
Diluted earnings per share	(0.44)	-	(0.44)	1.92	-	1.92

Statement of comprehensive income	March 31, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
Net income	**(89)**	**(6)**	**(95)**	**782**	**(29)**	**753**
Items that will not be reclassified subsequently to profit or loss						
Actuarial gains / (losses)	8	-	8	119	-	119
Income tax on items that will not be reclassified to profit or loss	(6)	(1)	(7)	(74)	-	(74)
Total items that will not be reclassified to profit or loss	**2**	**(1)**	**1**	**45**	**-**	**45**
Total items that may be reclassified to profit or loss	**213**	**(3)**	**210**	**(1,706)**	**1**	**(1,705)**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**215**	**(4)**	**211**	**(1,661)**	**1**	**(1,660)**
TOTAL COMPREHENSIVE INCOME	**126**	**(10)**	**116**	**(879)**	**(28)**	**(907)**
Of which attributable to :						
- Owners of the parent company	***81***	**-**	***81***	***(928)***	**-**	***(928)***
- Non-controlling interests(minority interests)	*45*	*(10)*	*35*	*49*	*(28)*	*21*

Consolidated statement of financial position	At January 1st, 2013			At March 31, 2013			At December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
ASSETS									
NON CURRENT ASSETS	**30,180**	**(879)**	**29,301**	**31,939**	**(1,051)**	**30,888**	**29,358**	**(911)**	**28,447**
Goodwill	12,184	(231)	11,953	12,596	(581)	12,015	11,612	(585)	11,027
Intangible assets	620	(194)	426	635	(219)	416	574	(204)	370
Property, plant and equipment	14,992	(1,551)	13,441	16,201	(2,817)	13,384	14,752	(2,703)	12,049
Investments in joint-ventures and associates	470	1,080	1,550	468	2,604	3,072	643	2,531	3,174
Other financial assets	698	29	727	732	(22)	710	656	11	667
Derivative instruments	27	-	27	9	-	9	12	-	12
Deferred tax assets	1,149	(8)	1,141	1,258	(12)	1,246	1,082	43	1,125
Other receivables	40	(4)	36	40	(4)	36	27	(4)	23
CURRENT ASSETS	**9,284**	**(589)**	**8,695**	**8,052**	**(928)**	**7,124**	**7,717**	**(931)**	**6,786**
Inventories	1,662	(136)	1,526	1,876	(204)	1,672	1,621	(196)	1,425
Trade receivables	1,762	(223)	1,539	1,945	(411)	1,534	1,929	(383)	1,546
Other receivables	779	(89)	690	977	(174)	803	797	(117)	680
Derivative instruments	68	-	68	70	(1)	69	24	-	24
Cash and cash equivalents	2,733	(127)	2,606	2,729	(138)	2,591	3,346	(235)	3,111
Assets held for sale	2,280	(14)	2,266	455	-	455	-	-	-
TOTAL ASSETS	**39,464**	**(1,468)**	**37,996**	**39,991**	**(1,979)**	**38,012**	**37,075**	**(1,842)**	**35,233**
EQUITY & LIABILITIES									
Equity attributable to owners of the parent company	**15,666**	**-**	**15,666**	**15,758**	**-**	**15,758**	**14,555**	**-**	**14,555**
Non-controlling interests	2,082	(214)	1,868	2,039	(224)	1,815	1,951	(221)	1,730
EQUITY	**17,748**	**(214)**	**17,534**	**17,797**	**(224)**	**17,573**	**16,506**	**(221)**	**16,285**
NON CURRENT LIABILITIES	**14,451**	**(330)**	**14,121**	**15,412**	**(549)**	**14,863**	**13,620**	**(464)**	**13,156**
Deferred tax liabilities	973	(76)	897	1,093	(211)	882	915	(130)	785
Pension & other employee benefits	1,492	(16)	1,476	1,458	(16)	1,442	1,234	(16)	1,218
Provisions	637	1	638	703	(61)	642	591	(87)	504
Financial debt	11,261	(233)	11,028	12,070	(256)	11,814	10,805	(225)	10,580
Derivative instruments	8	(5)	3	6	(3)	3	1	-	1
Other payables	80	(1)	79	82	(2)	80	74	(6)	68
CURRENT LIABILITIES	**7,265**	**(924)**	**6,341**	**6,782**	**(1,206)**	**5,576**	**6,949**	**(1,157)**	**5,792**
Pension & other employee benefits	102	-	102	115	(1)	114	123	-	123
Provisions	127	(4)	123	152	(18)	134	124	(20)	104
Trade payables	1,985	(260)	1,725	2,104	(398)	1,706	2,224	(394)	1,830
Other payables	1,567	(140)	1,427	1,633	(252)	1,381	1,447	(236)	1,211
Current tax liabilities	220	(7)	213	196	(49)	147	125	(13)	112
Financial debt (including current portion of long-term debt)	2,823	(495)	2,328	2,472	(488)	1,984	2,891	(493)	2,398
Derivative instruments	53	(1)	52	72	-	72	15	(1)	14
Liabilities associated with assets held for sale	388	(17)	371	38	-	38	-	-	-
TOTAL EQUITY AND LIABILITIES	**39,464**	**(1,468)**	**37,996**	**39,991**	**(1,979)**	**38,012**	**37,075**	**(1,842)**	**35,233**

Consolidated statement of cash flows	March 31, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Net income	**(89)**	**(6)**	**(95)**	**782**	**(29)**	**753**
Net income from discontinued operations	**9**	**-**	**9**	**46**	**-**	**46**
Net income from continuing operations	**(98)**	**(6)**	**(104)**	**736**	**(29)**	**707**
Adjustments for income and expenses which are non cash or not related to operating activities, financial income or expenses or income tax:						
Depreciation and amortization of assets	256	(42)	214	1,027	(170)	857
Impairment losses	17	(5)	12	125	(15)	110
Share of net income (loss) of joint ventures and associates	4	21	25	(19)	19	-
Net (gains) losses on disposals, net	(45)	-	(45)	(295)	4	(291)
Financial (income) / expenses	254	(11)	243	1,041	(57)	984
Income tax	(39)	7	(32)	262	(20)	242
Others, net (including dividends received from equity-accounted investments)	(54)	-	(54)	(168)	31	(137)
Change in working capital items, excluding financial expenses and income tax (see analysis below)	(292)	44	(248)	(36)	(20)	(56)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**3**	**8**	**11**	**2,673**	**(257)**	**2,416**
Cash payments for financial expenses	(142)	11	(131)	(893)	58	(835)
Cash payments for income tax	(105)	7	(98)	(525)	49	(476)
Net operating cash generated by continuing operations	**(244)**	**26**	**(218)**	**1,255**	**(150)**	**1,105**
Net operating cash generated by (used in) discontinued activities	**1**	**-**	**1**	**1**	**-**	**1**
Net cash generated by (used in) operating activities	**(243)**	**26**	**(217)**	**1,256**	**(150)**	**1,106**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES						
Capital expenditures	(289)	23	(266)	(1,051)	101	(950)
Investment in subsidiaries [1]	(7)	-	(7)	(15)	(3)	(18)
Investment in joint ventures and associates	-	-	-	-	(10)	(10)
Acquisition of available-for-sale financial assets	-	-	-	(1)	-	(1)
Disposals [2]	122	(17)	105	1,105	(36)	1,069
(Increase) decrease in long-term receivables	(3)	(4)	(7)	1	14	15
Net cash provided by (used in) investing activities from continuing operations	**(177)**	**2**	**(175)**	**39**	**66**	**105**
Net cash provided by (used in) investing activities from discountinued operations	**(1)**	**-**	**(1)**	**(2)**	**-**	**(2)**
Net cash provided by (used in) investing activities	**(178)**	**2**	**(176)**	**37**	**66**	**103**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES						
Capital increase (decrease) - owners of the parent company	-	-	-	3	-	3
Capital increase (decrease) - non-controlling interests	-	-	-	-	-	-
Acquisitions of ownership interests with no gain of control	-	-	-	(2)	-	(2)
Disposal of ownership interests with no loss in control	10	-	10	188	-	188
Dividends paid	-	-	-	(289)	-	(289)
Dividends paid by subsidiaries to non-controlling interests	(73)	1	(72)	(218)	21	(197)
Proceeds from issuance of long-term debt	806	(6)	800	1,410	(122)	1,288
Repayment of long-term debt	(489)	12	(477)	(1,561)	102	(1,459)
Increase (decrease) in short-term debt	123	3	126	9	(1)	8
Net cash provided by (used in) financing activities from continuing operations	**377**	**10**	**387**	**(460)**	**-**	**(460)**
Net cash provided by (used in) financing activities from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**377**	**10**	**387**	**(460)**	**-**	**(460)**

Consolidated statement of cash flows	March 31, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
Increase / (decrease) in cash and cash equivalents from continuing operations	**(44)**	**38**	**(6)**	**834**	**(84)**	**750**
Increase (decrease) in cash and cash equivalents from discontinued operations	-	-	-	(1)	-	(1)
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	40	(49)	(9)	(220)	(24)	(244)
Cash and cash equivalents at beginning of the year/period	2,733	(127)	2,606	2,733	(127)	2,606
Cash and cash equivalents at end of the year/period	**2,729**	**(138)**	**2,591**	**3,346**	**(235)**	**3,111**
(1) Net of cash and cash equivalents of companies acquired	*-*	*-*	*-*	*5*	*(3)*	*2*
(2) Net of cash and cash equivalents of companies disposed of	*(41)*	*(15)*	*(56)*	*(100)*	*(26)*	*(126)*
SUPPLEMENTAL DISCLOSURES						
Analysis of changes in working capital items	**(292)**	**44**	**(248)**	**(36)**	**(20)**	**(56)**
(Increase) / decrease in inventories	(136)	(4)	(140)	(46)	(5)	(51)
(Increase) / decrease in trade receivables	(34)	54	20	(172)	39	(133)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(33)	12	(21)	(10)	(28)	(38)
Increase / (decrease) in trade payables	(59)	-	(59)	233	(4)	229
Increase / (decrease) in other payables – excluding financial and income tax payables	(30)	(18)	(48)	(41)	(22)	(63)

The application of IFRS 11 had no impact on equity Group's share but had the following impact on equity attributable to non-controlling interests (minority interests):

Changes in equity attributable to non-controlling interests (minority interests)	March 31, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
Balance at January 1, 2013 attributable to non-controlling interests	**2,082**	**(214)**	**1,868**	**2,082**	**(214)**	**1,868**
Net income	28	(6)	22	181	(29)	152
Other comprehensive income, net of income tax	17	(4)	13	(132)	1	(131)
Total comprehensive income for the period	***45***	*(10)*	***35***	***49***	*(28)*	***21***
Dividends	(90)	-	(90)	(216)	19	(197)
Changes in ownership with no gain/loss of control	3	-	3	102	(5)	97
Other movements	(1)	-	(1)	(66)	7	(59)
Closing Balance attributable to non-controlling interests	**2,039**	**(224)**	**1,815**	**1,951**	**(221)**	**1,730**

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2014.

2.3 – Seasonality

Market demand for the cement, aggregates and concrete activities is seasonal; weather conditions directly affect the level of activity in the construction sector. Thus, the consumption of the Group's products decreases during the winter months in temperate countries or heavy rainfall in tropical countries. The Group usually experiences a decline in sales in the first and fourth quarters on the European and North American markets reflecting the effects of winter, while summer season contributes to the increase of activity in the second and third quarters.

Note 3. Significant events of the period

3.1 Sale of minority stake in European and South American Gypsum operations

On February 12, 2014, the Group completed the sale of the 20% minority stake in European and South American gypsum operations to Etex. The net impact of this disposal is 145 million euros, net of cash disposed of in the consolidated cash flows on the line "Disposals" and -5 million euros for the loss on disposals before tax in the consolidated statement of income on the line “Net gains (losses) on disposals”.

3.2 Sale of aggregates assets in Maryland (USA)

On February 12, 2014, the Group completed the sale of five aggregates quarries and related assets, located in the State of Maryland (United States), to Bluegrass Materials. The net impact of this disposal is 207 million euros, net of transactions costs and cash disposed of in the consolidated cash flows on the line "Disposals" and 33 million euros for the gain on disposals before tax in the consolidated statement of income on the “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

March 31, 2014 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	529	375	175	913	173	537	
Less: intersegment	(26)	1	(2)	(20)	-	(22)	
EXTERNAL REVENUE	**503**	**376**	**173**	**893**	**173**	**515**	**2,633**
EBITDA	**39**	**(62)**	**(17)**	**250**	**38**	**95**	**343**
Depreciation and amortization	(43)	(32)	(21)	(64)	(7)	(30)	**(197)**
Operating income before capital gains, impairment, restructuring and other	**(4)**	**(94)**	**(38)**	**186**	**31**	**65**	**146**
Net gains (losses) on disposals	-	33	(2)	-	(5)	-	**26**
Other operating income (expenses)	(10)	(2)	(6)	(7)	(2)	(3)	**(30)**
Including impairment on assets and goodwill	*(1)*	*-*	*(3)*	*-*	*-*	*(2)*	***(6)***
OPERATING INCOME	**(14)**	**(63)**	**(46)**	**179**	**24**	**62**	**142**
OTHER INFORMATION							
Capital expenditures	31	42	41	29	18	31	**192**
Capital employed	5,366	4,377	2,640	10,198	1,234	2,961	**26,775**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,602	4,793	2,823	11,236	1,427	3,766	**30,647**
Of which investments in joint-ventures and associates	*1551* [(a)]	*24*	*43*	*828*	*202*	*373*	***3,021***
Assets held for sale	-	-	-	-	-	-	**-**
Unallocated assets [(b)]							**4,250**
TOTAL ASSETS							**34,897**
Segment liabilities	1,980	1,194	230	1,010	192	563	**5,169**
Liabilities associated with assets held for sale	-	-	-	-	-	-	**-**
Unallocated liabilities and equity [(c)]							**29,728**
TOTAL EQUITY AND LIABILITIES							**34,897**

[(a)] *Including goodwill resulting from the creation of the Lafarge Tarmac joint venture in the United Kingdom as of January 7, 2013 completed for an amount of 545 million euros*

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

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

March 31, 2013 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	510	435	148	873	218	570	
Less: intersegment	(31)	-	-	(35)	-	(13)	
EXTERNAL REVENUE	**479**	**435**	**148**	**838**	**218**	**557**	**2,675**
EBITDA	**7**	**(13)**	**(35)**	**217**	**51**	**115**	**342**
Depreciation and amortization	(45)	(38)	(21)	(69)	(10)	(31)	(214)
Operating income before capital gains, impairment, restructuring and other	**(38)**	**(51)**	**(56)**	**148**	**41**	**84**	**128**
Net gains (losses) on disposals	42	3	-	-	-	-	45
Other operating income (expenses)	(26)	-	(2)	(9)	(3)	(1)	(41)
Including impairment on assets and goodwill	*(11)*	-	*(1)*	-	-	-	*(12)*
OPERATING INCOME	**(22)**	**(48)**	**(58)**	**139**	**38**	**83**	**132**
OTHER INFORMATION							
Capital expenditures	34	18	114	21	10	69	**266**
Capital employed	5,705	5,094	2,829	11,209	1,386	3,396	**29,618**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,852	5,582	3,054	12,264	1,632	4,258	**33,642**
Of which investments in joint-ventures and associates	*1,668*	*31*	*43*	*844*	*45*	*440*	***3,072***
Assets held for sale	-	455	-	-	-	-	**455**
Unallocated assets [(a)]							**3,915**
TOTAL ASSETS							**38,012**
Segment liabilities	2,005	1,510	261	998	247	625	**5,646**
Liabilities associated with assets held for sale	-	38	-	-	-	-	**38**
Unallocated liabilities and equity [(b)]							**32,328**
TOTAL EQUITY AND LIABILITIES							**38,012**

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

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

December 31, 2013 (million euros)	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	2,325	3,065	1,154	3,750	869	2,252	
Less: intersegment	(117)	-	(10)	(118)	-	(79)	
EXTERNAL REVENUE	**2,208**	**3,065**	**1,144**	**3,632**	**869**	**2,173**	**13,091**
EBITDA	**264**	**552**	**201**	**1,032**	**240**	**505**	**2,794**
Depreciation and amortization	(183)	(153)	(89)	(270)	(39)	(123)	(857)
Operating income before capital gains, impairment, restructuring and other	**81**	**399**	**112**	**762**	**201**	**382**	**1,937**
Net gains (losses) on disposals	45	(1)	(21)	(5)	269	4	291
Other operating income (expenses)	(186)	(23)	(49)	(35)	8	(10)	(295)
Including impairment on assets and goodwill	*(66)*	*(5)*	*(36)*	-	-	*(3)*	*(110)*
OPERATING INCOME	**(60)**	**375**	**42**	**722**	**478**	**376**	**1,933**
OTHER INFORMATION							
Capital expenditures	149	117	286	134	60	204	**950**
Capital employed	5,507	4,543	2,660	10,243	1,180	2,940	**27,073**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,679	5,040	2,863	11,278	1,361	3,740	**30,961**
Of which investments in joint-ventures and associates	*1,698*	*26*	*42*	*815*	*198*	*395*	***3,174***
Assets held for sale	-	-	-	-	-	-	**-**
Unallocated assets [(a)]							**4,272**
TOTAL ASSETS							**35,233**
Segment liabilities	1,925	1,257	250	998	180	560	**5,170**
Liabilities associated with assets held for sale	-	-	-	-	-	-	**-**
Unallocated liabilities and equity [(b)]							**30,063**
TOTAL EQUITY AND LIABILITIES							**35,233**

[(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			Gross revenue		
	March 31, 2014	March 31, 2013	December 31, 2013	March 31, 2014	March 31, 2013	December 31, 2013
Cement	1,854	1,862	8,645	1,983	1,986	9,256
Aggregates & Concrete	769	802	4,397	772	805	4,412
Other products	10	11	49	10	11	49
Eliminations				(132)	(127)	(626)
Total	**2,633**	**2,675**	**13,091**	**2,633**	**2,675**	**13,091**

(c) Information by country

(million euros)	March 31, 2014		March 31, 2013		December 31, 2013	
	External revenue	Non-current segment assets *	External revenue	Non-current segment assets *	External revenue	Non-current segment assets *
Western Europe	**503**	**5,523**	**479**	**5,700**	**2,208**	**5,617**
Of which:						
France	*404*	*2,223*	*402*	*2,323*	*1,764*	*2,318*
North America	**376**	**4,004**	**435**	**4,667**	**3,065**	**4,190**
Of which:						
*United States ***	*131*	*1,047*	*159*	*1,319*	*1,077*	*1,149*
*Canada ***	*245*	*778*	*276*	*879*	*1,988*	*795*
Central and Eastern Europe	**173**	**2,493**	**148**	**2,660**	**1,144**	**2,547**
Middle East and Africa	**893**	**10,086**	**838**	**11,125**	**3,632**	**10,170**
Of which:						
Egypt	*109*	*2,115*	*93*	*2,370*	*368*	*2,137*
Algeria	*164*	*2,968*	*128*	*3,170*	*615*	*3,006*
Nigeria	*161*	*1,274*	*148*	*1,354*	*598*	*1,272*
Latin America	**173**	**1,204**	**218**	**1,366**	**869**	**1,188**
Of which:						
Brazil	*140*	*815*	*146*	*948*	*608*	*772*
Asia	**515**	**2,920**	**557**	**3,369**	**2,173**	**2,908**
Total	**2,633**	**26,230**	**2,675**	**28,887**	**13,091**	**26,620**

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

*** Non-current segment assets excluding goodwill*

Note 5. Earnings per share

The computation and reconciliation of basic and diluted earnings per share for the periods ended March 31, 2014, March 31, 2013 and December 31, 2013 are as follows:

	3 months		December 31,
	2014	2013	2013
Numerator (in million euros)			
Net income attributable to owners of the parent company	(135)	(117)	601
Of which net income from continuing operations	*(135)*	*(126)*	*555*
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	287,359	287,125	287,268
Total potential dilutive shares	2,095	2,052	1,964
Weighted average number of shares outstanding — fully diluted	289,454	289,177	289,232
Basic earnings per share (euros)	**(0.47)**	**(0.41)**	**2.09**
Diluted earnings per share (euros)	**(0.47)**	**(0.41)**	**2.08**
Basic earnings per share from continuing operations (euros)	**(0.47)**	**(0.44)**	**1.93**
Diluted earnings per share from continuing operations (euros)	**(0.47)**	**(0.44)**	**1.92**

Note 6. Debt

The debt split is as follows:

	At March 31,		At December 31,
(million euros)	2014	2013	2013
Long-term debt excluding put options on shares of subsidiaries	10,557	11,765	10,557
Put options on shares of subsidiaries, long-term	23	49	23
Long-term debt	**10,580**	**11,814**	**10,580**
Short-term debt and current portion of long-term debt excluding put options on	2,374	1,984	2,387
Put options on shares of subsidiaries, short-term	11	-	11
Short-term debt and current portion of long-term debt	**2,385**	**1,984**	**2,398**
Total debt excluding put options on shares of subsidiaries	12,931	13,749	12,944
Total put options on shares of subsidiaries	34	49	34
Total debt	**12,965**	**13,798**	**12,978**

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” (no amount as at March 31, 2014, 710 million euros as at March 31, 2013 and 7 million euros as at December 31, 2013). At March 31, 2014, the net variation of this debt is a decrease of 7 million euros (compared to an increase of 710 million euros as at March 31, 2013 and an increase of 7 million euros as at December 31, 2013) and is presented in the statement of cash flows in “Repayment in long-term debt” (in “Proceeds from issuance of long-term debt” as at March 31, 2013 and December 31, 2013).

Interest rate

The average spot interest rate of the gross debt after swaps, as at March 31, 2014, is 6.6% (6.1% as at March 31, 2013 and 6.6 % as at December 31, 2013).

The average interest rate of the gross debt after swaps is 6.6% for the first 3 months 2014 compared to 6.1% for the first 3 months 2013 and 6.2% for the full year 2013.

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 2013 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 284 million euros as at March 31, 2014 (308 million euros as at March 31, 2013 and 358 million euros as at December 31, 2013).

The current portion of debt financing received from these programs includes 210 million euros as at March 31, 2014 (249 million euros as at March 31, 2013 and 282 million euros as at December 31, 2013).

The European securitization agreements are guaranteed by subordinated deposits and units totaling 74 million euros as at March 31, 2014 (59 million euros as at March 31, 2013 and 76 million euros as at December 31, 2013).

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share proposed for the year 2013 to Annual General Meeting of shareholders called on May 7, 2014 as well as the dividend amount per share approved in 2013 for the year 2012 (paid in July 2013).

(euros, except otherwise indicated)	2013	2012
Total dividend (million euros)	289[3]	289
Base dividend per share	1.00[1]	1.00
Increased dividend per share[2]	1.10[1]	1.10

[1] Proposed dividend. As this dividend is subject to approval by the shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of March 31, 2014.

[2] See section 6.2.5 (c) (Articles of Association (Statuts) - Rights, preferences and restrictions attached to shares) of the 2013 Registration document for an explanation of our "Loyalty dividend".

[3] Based on an estimate of the number of shares eligible for dividends of 287,347,462 shares.

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

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

	At December 31, 2013	Gains/(losses) arising during the period	Recycling to income statement	At March 31, 2014
Available-for-sale financial assets	7	-	-	7
Gross value	*17*	-	-	*17*
Deferred taxes	*(10)*	-	-	*(10)*
Cash flow hedge instruments	(20)	(2)	(1)	(23)
Gross value	*(29)*	*(2)*	*(1)*	*(32)*
Deferred taxes	*9*	-	-	*9*
Actuarial gains/(losses)	(872)	(81)	-	(953)
Gross value	*(1,189)*	*(109)*	-	*(1,298)*
Deferred taxes	*317*	*28*	-	*345*
Total Other reserves	***(885)***	***(83)***	***(1)***	***(969)***
Total Foreign currency translation	***(2,288)***	***(74)***	***5***	***(2,357)***
Total Other comprehensive income/(loss), net of income tax	***(3,173)***	***(157)***	***4***	***(3,326)***

Note 8. Legal and arbitration proceedings

In the ordinary course of its business, Lafarge is involved in 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: On April 14, 2003, the German competition authority (the Bundeskartellamt), announced that it was imposing fines on the major German cement companies, including our subsidiary Lafarge Zement, for anti-competitive practices in Germany. Further to the different steps of procedures and decisions from this date, and following a final judgment by the Federal Supreme Court on April 9, 2013, the final net payment borne by our subsidiary pursuant to this procedure amounted to 18.4 million euros.
In parallel to the above closed case, starting in 2006, a civil action was brought before the Dusseldorf District Court ("Landgericht") by third parties claiming for damages resulting from such anti-competitive practices in Germany. Procedures took place and, on December 17, 2013, the "Landgericht" of Düsseldorf rejected the damage claim and also upheld its position that the claims are time-barred. Claimants lodged an appeal to the Court of Appeal ("Oberlandesgericht") against the verdict. The hearing is expected to take place during the fourth quarter of 2014.

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 (58 million euros[6]), out of a total amount of penalty of 60 billion rupees (727 million euros[2]). Lafarge India PVT Limited vigorously challenges the merits of this order and, on August 31, 2012, lodged an appeal with the Competition Appeal Tribunal (the "CAT") as well as a request for a stay of the collection of the penalty until final Judgment of the CAT. On May 17, 2013, further to different initial procedural steps, the CAT 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 million euros) on June 24, 2013, while requesting the Tribunal to rectify and reduce this amount due to a calculation error. The application to rectify the amount of deposit will be heard along with the main appeal. Hearings on the merits of the case are ongoing and a final Order by the CAT may be expected in the course of 2014. No provision has been recorded

United States – Canada – 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 in the United States of America. 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.
Then, in September 2013, two class actions were filed, respectively in the jurisdictions of Quebec and Ontario (the latest on behalf of potential claimants in Canada) against the members of the wallboard industry, including our subsidiaries Lafarge Canada Inc. and Lafarge North America Inc.. The Plaintiffs allege generally that the industry colluded to raise prices between September 2011 and the date of the claim. Based on the information available at this stage on these recently served actions, our subsidiaries believe they are without merit and intend 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

[6] *Translated using the closing exchange rate.*

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 European Economic Area, market sharing, and coordination of prices on the cement and related markets (concrete, aggregates). In the case of Lafarge, seven countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. Lafarge answered to the Commission's various requests for information. 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 Commission conducted this market investigation in relation to the supply of those products. On May 21, 2013, the Commission published its provisional findings report (the "Preliminary 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 ("LT") responded to the Preliminary Report, strongly contesting the provisional findings and possible remedies. Then, on October 8,2013, the Commission published its provisional decision on remedies, requiring LT to divest one cement plant together with certain ready-mixed plants (if required by a prospective purchaser) and two slag granulators ("Divestiture Package") and imposing some behavioural remedies notably related to the publication of cement market data and price announcement letters. LT responded to this provisional decision on remedies in November 2013. On January 14, 2014, the Commission's final report (the "Final Report") was published, confirming the Divestiture Package (except that there is no need for LT to divest the two slag granulators) and the behavioural remedies. In March 2014, LT disputed the conclusions of the Commission and lodged an appeal before the Competition Appeal Tribunal ("CAT"). The decision from the CAT is expected during the fourth quarter of 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 with claims filed in Federal Court. 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 afterward, 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 appealed this ruling on January 3, 2013 and in a Decision dated December 19, 2013, a three judge panel of the Court of Appeals reversed and remanded the case back to the Trial Court for a Jury Trial.
Lafarge North America Inc. vigorously defends itself in this ongoing action. Lafarge North America Inc. believes that the claims against it are without merit. No provision has been recorded.

Greece – Heracles: In 1999, the European Commission (EC) ruled that part of a state aid granted in 1986 to Heracles, our listed subsidiary in Greece since 2001 was illegal and ordered the Greek state to recover from Heracles the amount of 7.3 million euros plus interest. By virtue of a subsequent letter in 1999, the EC indicated an amount computed based on 18% compound interest. In 2000, Heracles paid the overall amount (74 million euros, including compound interest), and filed a complaint before the First Instance Administrative Court of Athens ("CFI").
In 2001, the CFI ruled that in the absence of compound interest in the EC ruling, the Greek authorities could not execute an amount with such compound interest, and restricted the amount to be recovered to 25.6 million euros (corresponding to an amount calculated with simple interest). In 2005, the Greek authorities repaid to Heracles 44 million euros. The parties appealed. Several years later, after the CFI judgment was confirmed on appeal, the Supreme Administrative Court, in 2012, ordered the case to be sent back for a new appellate judgment to be issued on the merits of the 44 million euros amount paid back to Heracles. Further to a hearing which took place on February 13, 2014, Heracles became recently aware that a new appellate judgment was issued. This judgment quashed the CFI judgment of 2001, on the basis of which the Greek Authorities had repaid to Heracles 44 million euros. This new appellate judgment has not been officially served to Heracles yet. Heracles disputes the appellate judgment and will defend vigorously against it with the Supreme Administrative Court and will review other actions to challenge the possible execution of this judgment. No provision is recorded in the books of the Group.

In connection with acquisitions made in past years, Lafarge or its subsidiaries are or may be faced with various demands or complaints.
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 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. 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 2013 Registration Document.

Note 10. Subsequent events and other information

On April 7, 2014, Lafarge and Holcim announced the project to combine the two companies through a merger of equals to create LafargeHolcim, the most advanced group in the building materials industry. The Boards of Directors of both companies have approved the project.

LafargeHolcim would be listed on Euronext Paris and SIX in Zurich and would be domiciled in Switzerland. The proposed combination would be structured as a public offer filed by Holcim for the shares of Lafarge. Additional information is available on the website http://lafargeholcim.projet-fusion.com/en).

The proposed combination is conditional upon, among other things, execution of definitive documentation, approval of the shareholders of Holcim and obtaining required regulatory and other customary authorizations.

Statutory auditors' review report on the interim condensed consolidated financial statements

(Free translation of a French language original)

To the Chairman and Chief Executive Officer,

In our capacity as statutory auditors of Lafarge and in accordance with your request, we have performed a review of the accompanying interim condensed consolidated financial statements of Lafarge for the period from January 1 to March 31, 2014.

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

We conducted our review in accordance with professional standards applicable in France. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently 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 modifying the conclusion expressed above, we draw your attention to note 2.2 « New IFRS standards and interpretations » to the interim condensed consolidated financial statements which outlines the effects related to the application of IFRS 11 – Joint Arrangements from January 1, 2014.

Neuilly-sur-Seine and Paris-La Défense, May 5, 2014

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG et Autres

Arnaud de Planta   Frédéric Gourd   Alain Perroux   Nicolas Macé