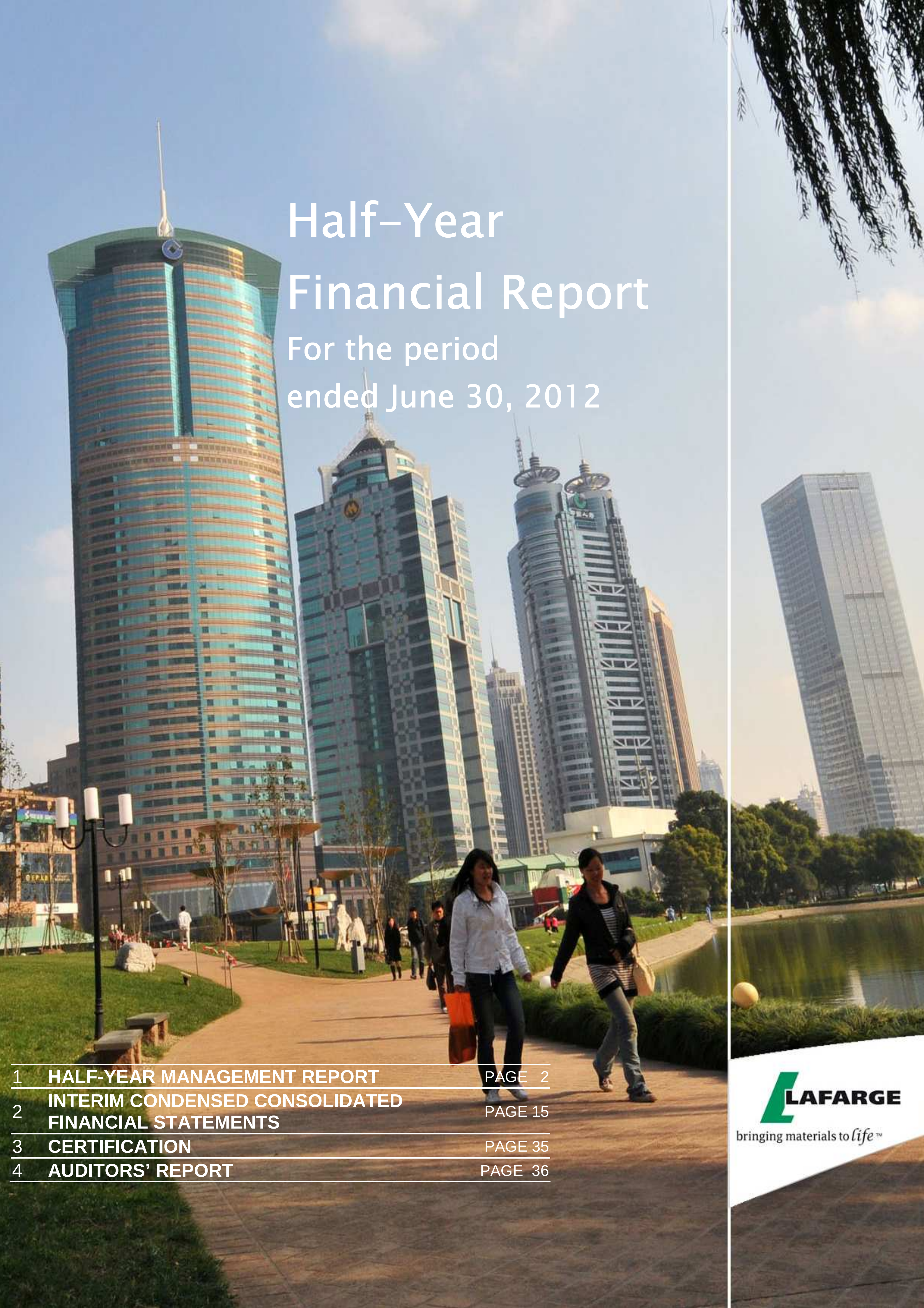

Half-Year Financial Report

For the period ended June 30, 2012

LAFARGE

bringing materials to life™

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 26, 2012 to approve the accounts for the period ended June 30, 2012. Further to their limited review of the interim condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the Half-Year 2012 Financial Report.

This half-year management report should be read in conjunction with the interim condensed consolidated financial statements and the company's Registration Document for the fiscal year 2011 filed with the Autorité des Marchés Financiers on April 10, 2012 under number D.12-0315. 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 2 "Risk factors" of the company's Registration Document. The materialization of these risks could have a material adverse effect on our operations, our financial condition, our results, our prospects or our share price, particularly during the remaining six months of the fiscal year. There may be other risks that have not yet been identified or whose occurrence is not considered likely to have such a material adverse effect as of the date hereof.

Hereinafter, and in our other shareholder and investor communications, "current operating income" (COI) refers to the subtotal "operating income before capital gains, impairment, restructuring and other" on the face of the Group's consolidated statements of income. This measure excludes from our operating results those elements that are by nature unpredictable in their amount and/or in their frequency, such as capital gains, asset impairments and restructuring costs. While these amounts have been incurred in recent years and may recur in the future, historical amounts may not be indicative of the nature or amount of these charges, if any, in future periods. The Group believes that the subtotal "current operating income" is useful to users of the Group's financial statements as it provides them with a measure of our operating results which excludes these elements, enhancing the predictive value of our financial statements and provides information regarding the results of the Group's ongoing trading activities that allows investors to better identify trends in the Group's financial performance.
In addition, current operating income is a major component of the Group's key profitability measure, return on capital employed (which is calculated by dividing the sum of "operating income before capital gains, impairment, restructuring and other" and income from associates by the averaged capital employed). This measure is used by the Group internally to: a) manage and assess the results of its operations and those of its business segments, b) make decisions with respect to investments and allocation of resources, and c) assess the performance of management personnel. However, because this measure has limitations as outlined below, the Group limits the use of this measure to these purposes.
The Group's subtotal within operating income may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of capital gains, impairment, restructuring and other amounts excluded from this measure do ultimately affect our operating results and cash flows. Accordingly, the Group also presents "operating income" within the consolidated statement of income which encompasses all amounts which affect the Group's operating results and cash flows.

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

The Group has implemented its new organization, with the change to a country-based organization, and has consequently adapted its external reporting. Operational results are now primarily analyzed on a country basis versus previously by product line, and the results are presented by region.

Since July 2011, the Group is committed in a disposal project of the main part of the Gypsum Division and disposed of its Gypsum operations in Western Europe, Central and Eastern Europe, Latin America and Asia in the second half of 2011. In accordance with IFRS, until the activities are effectively divested, the contribution of the Gypsum discontinued activities to the Group's consolidated statements of income and statements of cash flows is presented on specific lines for all the periods presented. In the Group's consolidated statement of financial position, Gypsum discontinued assets and liabilities are shown on separate lines for 2012 data and December 2011, with no restatement for prior periods.

1.1 Consolidated key figures

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

Volumes

	6 Months		Variation	Variation	2nd Quarter		Variation	Variation
	2012	2011		like for like	2012	2011		like for like
Cement (MT)	69.7	70.6	-1%	-	38.4	39.5	-3%	-2%
Pure Aggregates (MT)	84.2	86.1	-2%	-3%	51.0	51.4	-1%	-2%
Ready-Mix concrete (Mm3)	15.7	16.8	-7%	-2%	8.6	9.2	-7%	-

Sales

	6 Months		Variation	Variation	2nd Quarter		Variation	Variation
By geographical zone	2012	2011		like for like	2012	2011		like for like
North America	1,395	1,236	13%	16%	905	800	13%	15%
Western Europe	1,624	1,800	-10%	-10%	871	956	-9%	-10%
Central & Eastern Europe	561	561	-	1%	380	382	-1%	-
Middle East and Africa	2,196	2,037	8%	4%	1,152	1,062	8%	3%
Latin America	474	434	9%	12%	233	225	4%	7%
Asia	1,364	1,192	14%	11%	720	629	14%	9%
By business line								
Cement	5,127	4,822	6%	5%	2,819	2,661	6%	3%
Aggregates & Concrete	2,443	2,396	2%	3%	1,418	1,372	3%	4%
Holding and others	44	42			24	21		
TOTAL	7,614	7,260	5%	4%	4,261	4,054	5%	3%

EBITDA

	6 Months		Variation	Variation	2nd Quarter		Variation	Variation
By geographical zone	2012	2011		like for like	2012	2011		like for like
North America	119	58	105%	71%	*165*	*133*	*24%*	*20%*
Western Europe	279[1]	345	-19%[1]	-22%[1]	*185*[1]	*194*	*-5%*[1]	*-9%*[1]
Central & Eastern Europe	86[1]	118	-27%[1]	-22%[1]	*100*[1]	*127*	*-21%*[1]	*-19%*[1]
Middle East and Africa	643	572	12%	10%	*328*	*298*	*10%*	*5%*
Latin America	129	115	12%	12%	*70*	*62*	*13%*	*13%*
Asia	267	205	30%	25%	*159*	*120*	*33%*	*25%*
By business line								
Cement	1,358[1]	1,273	7%[1]	6%[1]	845[1]	804	5%[1]	3%[1]
Aggregates & Concrete	130	144	-10%	-18%	147	143	3%	-2%
Holding and others	35	(4)			15	(13)		
TOTAL	**1,523**[1]	**1,413**	**8%**[1]	**5%**[1]	***1,007***[1]	***934***	***8%***[1]	***4%***[1]

(1) Impacted by lower sales of carbon credits:
Western Europe: 32 million euros and 9 million euros lower proceeds for H1 and Q2, respectively
Central and Eastern Europe: 19 million euros lower proceeds for both H1 and Q2
Cement and Total Group: 51 million euros and 28 million euros lower proceeds for H1 and Q2, respectively

Other key figures

	6 Months 2012	6 Months 2011	Variation %
Current Operating Income	1,022	891	15%
Net income – Group share (1)	**13**	**260**	**-95%**
Earnings per share (in euros) (2)	0.05	0.91	-95%
Free Cash Flow (3)	(312)	(133)	nm
Net Debt	12,550	14,260	-12%

	2nd Quarter 2012	2nd Quarter 2011	Variation %
Current Operating Income	755	683	11%
Net income – Group share (1)	**57**	**289**	**-80%**
Earnings per share (in euros) (2)	0.20	1.01	-80%
Free Cash Flow (3)	122	142	-14%

(1) Net income attributable to the owners of the parent of the Group
(2) Based on an average number of shares outstanding of 287.1 million and 286.1 million for the first half 2012 and 2011, respectively, and 287.1 million and 286.2 million for the second quarter 2012 and 2011, respectively
(3) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures

1.2. Review of operations and financial results

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

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

Group highlights for the half-year 2012

- Sales increased for the quarter and year-to-date, driven by successful price actions across all product lines to respond to cost inflation.
- The Group achieved €170 million of cost savings in the first-half, €100 million in the second quarter, and is on track to reach at least €400 million for the year.
- EBITDA and current operating income rose in the quarter and year-to-date, driven by double digit growth in Middle East and Africa, Asia, Latin America, and North America. Margins also improved both in the quarter and the first-half, up 130 basis points when excluding carbon credit sales.
- The Group recorded a non-recurring charge of €200 million in the second quarter for the impairment of Greek assets and recorded €148 million of restructuring charges in the first-half to implement its cost savings initiatives.
- Net income Group share decline impacted by asset impairment and restructuring charges. Excluding these charges, net income group share and earnings per share improved 15% year-to-date.
- Net debt of €12.5 billion reduced by €1.7 billion from June 30, 2011, and strong liquidity further improved through the issuance in July of €675 million mid-term bonds with no financial covenants and interest rates below 6 percent.

Overview of operations: sales, EBITDA and Current Operating Income

The trend of higher sales and operating results observed in the first quarter was confirmed in the second quarter, driven by a combination of higher prices and cost savings.

Cement sales volumes, at 69.7 million tons, were down 3% and 1% versus the second quarter 2011 and year-to-date, respectively, reflecting the impact of divestments and volume declines primarily in Western and Central and Eastern Europe that were partially offset by improvements in North America and Asia. Aggregates sales volumes declined by 1% in the quarter and 2% year-to-date, reflecting lower construction activity in Western Europe. Concrete volumes declined by 7% for both periods mostly due to the sale of US ready-mix assets in the third quarter 2011, creating a higher base comparison. On a like-for-like basis, ready-mix concrete sales volumes were stable.

Consolidated sales at 7,614 million euros for the first half 2012, and 4,261 million euros for the second quarter 2012, moved higher, up 5% for both periods, supported by successful price actions to respond to cost inflation across all of our product lines, higher cement volumes in North America and Asia, and favorable foreign exchange.

Net changes in the scope of consolidation had a negative impact on our sales of 1.1% (-1.3% in the second quarter), reflecting the effect of the divestment of our southeast US assets and of A&C Portugal activities, partially offset by several targeted operations achieved in the aggregates and concrete business lines optimizing our asset portfolio. Currency impacts were favorable (2.1% for the first half 2012, and 3.2% in the second quarter 2012), mainly due to the impact of the appreciation against the euro of the US dollar, the Canadian dollar, the British pound and the Chinese renminbi, partially offset by the effect of the depreciation of the Indian rupee, the South African rand, the Brazilian real and the Polish zloty.

EBITDA improved for the quarter and year-to-date, up 8%. Double digit EBITDA increases in Middle East and Africa, Latin America, Asia, and North America supported the higher growth. Declines occurred in Western and Central & Eastern Europe due to the impact of poor weather conditions in the early part of the year, 51 million euros of lower proceeds from the sale of carbon credits in the first half compared to last year, and a challenging economic environment.

At constant scope and exchange rates, EBITDA rose 4% in the quarter and 5% year-to-date, due to higher pricing and strong cost-cutting measures, with 170 million euros of cost savings achieved year-to-date (100 million euros in the quarter), and despite lower carbon credit proceeds.

Current operating income increased 9% in the first six months and 7% in the quarter, at constant scope and exchange rates and when restating the impact of the stopping of depreciation of the UK assets as of March 1st, 2011 due to their scheduled contribution to the joint-venture with Tarmac UK (10 million euros less depreciation, see note 3 to the interim condensed consolidated financial statements).

Review of operations by region

North America

	6 Months 2012	6 Months 2011	Variation	Variation like for like	2nd Quarter 2012	2nd Quarter 2011	Variation	Variation like for like
Volumes								
Cement (MT)	5.7	5.7	1%	14%	3.7	3.7	2%	13%
Pure Aggregates (MT)	40.6	38.6	5%	6%	26.5	25.8	3%	4%
RMX-Concrete (Mm3)	2.9	3.2	-9%	15%	1.8	2.0	-8%	16%
Sales (million euros)	**1,395**	**1,236**	**13%**	**16%**	***905***	***800***	***13%***	***15%***
EBITDA (million euros)	**119**	**58**	**105%**	**71%**	***165***	***133***	***24%***	***20%***
EBITDA Margin	*8.5%*	*4.7%*			*18.2%*	*16.6%*		
COI (million euros)	20	(63)	nm	165%	*115*	*73*	*58%*	*42%*

Overall, the building materials sector continued to be well oriented, leading to an improvement of volumes in all of our product lines at constant scope both in the quarter and year-to date.

- **In the United States,** cement prices moved higher and like for like sales volumes increased 12% in the second quarter (+14% in the first half). This compensated for lower volumes in ready-mix concrete due to fewer large projects as compared to last year. Aggregates sales volumes were slightly up with prices well oriented.
- **In Canada,** all three product lines showed strong volume growth on the back of good weather and several major projects in West Canada.

Sales were up 13% both year-to-date and in the second quarter. The effect of the divestment of our Southeast US assets in October 2011 reduced sales by 8 percentage points year-to-date, while the impact of the appreciation of the Canadian dollar and the US dollar against the euro was 5 percentage points favorable for sales. At constant scope and exchange rates, sales were up 16% year-to-date and 15% in the second quarter, reflecting higher volumes and improvement in cement prices in the United States.

EBITDA was up 32 million euros in the second quarter (up 61 million euros in the first half), driven by higher sales, lower cost inflation and strong cost-cutting measures; the effect of the divestment of our Southeast US operations was also favorable.

Western Europe

	6 Months 2012	6 Months 2011	Variation	Variation like for like	2nd Quarter 2012	2nd Quarter 2011	Variation	Variation like for like
Volumes								
Cement (MT)	8.3	9.3	-11%	-11%	4.5	5.0	-11%	-11%
Pure Aggregates (MT)	25.9	31.0	-16%	-14%	13.9	16.1	-14%	-12%
RMX-Concrete (Mm3)	5.0	6.4	-21%	-16%	2.6	3.3	-20%	-15%
Sales (million euros)	**1,624**	**1,800**	**-10%**	**-10%**	***871***	***956***	***-9%***	***-10%***
EBITDA (million euros)	**279**(1)	**345**	**-19%**(1)	**-22%**(1)	***185***(1)	***194***	***-5%***(1)	***-9%***(1)
EBITDA Margin	*17.2%*	*19.2%*			*21.2%*	*20.3%*		
COI (million euros)	186(1)	235	-21%(1)	-29%(1)	*138*(1)	*147*	*-6%*(1)	*-10%*(1)

(1) Impacted by the effect of the lower carbon credit proceeds in 2012 versus 2011: 32 million euros and 9 million euros for H1 and Q2, respectively

Western Europe building activity was particularly low in the first half 2012 versus last year, impacted by a challenging economic environment and a difficult base comparison due to particularly favorable weather conditions in the first quarter 2011.

As a result, sales volumes at constant scope experienced decreases across all business lines, while prices were stable overall.

- **In France**, lower construction activity was also impacted by adverse weather resulting in lower volumes for all three product lines. Year-to-date, our cement, pure aggregates and ready-mix concrete domestic sales volumes were down 7%, 11% and 7%, respectively.
- **In the United Kingdom**, after a relatively stable first quarter, cement domestic sales volumes decreased due to wet weather and slowing construction activity in advance of the Olympics, resulting in a drop in sales volumes by 6% year-to-date. Our pure aggregates and ready-mix concrete sales volumes were down 14% and 16% year-to-date, respectively, reflecting the completion of road projects, notably the A46 and M25 projects.
- **In Spain and Greece**, our cement domestic sales volumes decreased 28% and 39% year-to-date, respectively, under a challenging economic environment, with relatively similar trends between the first quarter and the second quarter.

Sales were down 9% in the quarter and 10% year-to-date, in a challenging economic environment.

Net changes in the scope of consolidation had a negative impact on sales of 1 percentage point year-to-date, corresponding to the effect of the divestment of our A&C activities in Portugal, while the appreciation of the British pound against the euro was slightly positive by 1 percentage point. At constant scope and exchange rates, sales were down 10%, both in the quarter and year-to-date.

Strong cost-cutting measures and lower cost inflation helped mitigate the impact of lower volumes and lower carbon credit proceeds. The sales of carbon credit were 45 million euros year-to-date versus 77 million euros in the first half 2011 (23 million euros versus 32 million euros in the second quarter 2011).

Central and Eastern Europe

	6 Months 2012	2011	Variation	Variation like for like	**2nd Quarter** 2012	2011	Variation	Variation like for like
Volumes								
Cement (MT)	5.9	6.2	-5%	-7%	4.1	4.3	-5%	-7%
Pure Aggregates (MT)	9.1	8.3	9%	-6%	6.0	5.3	14%	-4%
RMX-Concrete (Mm3)	0.7	0.8	-13%	5%	0.5	0.6	-6%	13%
Sales (million euros)	**561**	**561**	**-**	**1%**	***380***	***382***	***-1%***	***-***
EBITDA (million euros)	**86**(1)	**118**	**-27%**(1)	**-22%**(1)	***100***(1)	***127***	***-21%***(1)	***-19%***(1)
EBITDA Margin	*15.3%*	*21.0%*			*26.3%*	*33.2%*		
COI (million euros)	47(1)	83	-43%(1)	-33%(1)	*81*(1)	*109*	*-26%*(1)	*-22%*(1)

(1) Impacted by the effect of the lower carbon credit proceeds in 2012 versus 2011: impact of 19 million euros for both H1 and Q2

In Central and Eastern Europe, market conditions were contrasted, resulting in sales being stable in the first half 2012, and slightly down by 1% in the second quarter.

Year-to-date, scope effects were positive (+3 percentage point on sales), as the Group strengthened its positions within this region last year through various operations, including the successful start-up of clinker production at our new cement plant in Hungary, and the strengthening of our aggregates activities in Russia. Foreign exchange had a negative impact on sales of 4 percentage points, mostly due to the depreciation of the Polish zloty against the euro.

At constant scope and exchange rates, sales were up 1% year-to-date and stable in the second quarter, helped by positive pricing but with sales volumes down for cement and aggregates. Contrasted trends were experienced within the region:

- **Poland** benefited from higher pricing but was strongly impacted by unfavorable weather early in the year and less project work in the first half of the year as construction work was completed in advance of the European Cup games in June. Our cement domestic sales volumes were down 18% year-to-date, after the strong increase of 39% observed last year for the same period. Our pure aggregates sales volumes were also down, with some destocking effect at our customers' premises and a high comparison base last year.
- **In Russia,** market trends were positive, and cement domestic sales rose significantly due to substantial price increases. Our domestic cement sales volumes increased 15% in the first quarter, but decreased in the second quarter due to some production limitations at our plant close to Moscow.
- **Romania** experienced positive volumes across all activities, with cement domestic sales volumes up 6% year-to-date.

EBITDA in the region decreased 27% and 21% year-to-date and in the second quarter respectively, strongly impacted by lower carbon credit proceeds. The sales of carbon credit were 1 million euros versus 20 million euros in the first half 2011, impacted by the temporary closure of the national Romanian register for carbon credits.
At constant scope and exchange rates, and restating the sales of carbon credits, EBITDA was down 5% in the second quarter and 7% year-to-date, with higher prices partially offsetting the combined effect of higher costs and lower volumes.

Middle East and Africa

	6 Months 2012	6 Months 2011	Variation	Variation like for like	2nd Quarter 2012	2nd Quarter 2011	Variation	Variation like for like
Volumes								
Cement (MT)	23.4	24.4	-4%	-2%(1)	12.2	13.0	-6%	-5%(1)
Pure Aggregates (MT)	4.4	4.4	-2%	-4%	2.4	2.3	3%	1%
RMX-Concrete (Mm3)	3.5	2.8	25%	11%	1.8	1.5	22%	10%
Sales (million euros)	**2,196**	**2,037**	**8%**	**4%**	***1,152***	***1,062***	***8%***	***3%***
EBITDA (million euros)	**643**	**572**	**12%**	**10%**	***328***	***298***	***10%***	***5%***
EBITDA Margin	*29.3%*	*28.1%*			*28.5%*	*28.1%*		
COI (million euros)	480	419	15%	12%	*246*	*222*	*11%*	*5%*

(1) domestic only

Market trends remained strong, particularly in Sub-Sahara Africa, supported by increasing demand for housing and infrastructure needs.

Overall, sales were up 8% both year-to-date and in the second quarter. Year-to-date, scope effects were positive, mostly reflecting our developing operations in Iraq, while the impact of foreign currency fluctuations also benefited sales (+2% on sales).

At constant scope and exchange rates, sales were up 3% in the quarter and 4% year-to-date, with positive prices and mixed sales volumes trends:

- **In Algeria,** domestic sales were up 6% in the first half 2012, with strong underlying market trends partially restrained due to lower production levels at the national level.
- **In Egypt**, domestic volumes were down 11% year-to-date, impacted by lower production due to gas supply limitations across the country in the second quarter and a challenging base comparison. Prices continued to progressively recover from low levels seen in the second half of 2011, but were still lower than the first half 2011 average levels.
- **Iraq** domestic sales are supported by strong needs for housing, and we have strengthened our presence with the Kerbala plant located in the South together with the development of our ready-mix activities. Cement domestic sales volumes were up 4% year-to-date, with average prices slightly below the first half 2011 levels.
- **In Kenya**, our cement domestic sales increased a strong 21% year-to-date, bolstered by a strong market.
- **In Morocco**, after a strong market growth in 2011 and in the first quarter 2012, construction trends slowed in the second quarter 2012, impacting our domestic sales, down 3% year-to-date.
- **In Nigeria**, the ramp-up of our 2.2 MT new line started in the third quarter 2011 allowed us to further capture market growth, which, combined with higher average selling prices, drove a 49% increase in our cement domestic sales in the first half 2012.
- **In South Africa**, all three product lines showed volume growth and price gains.

At constant scope and exchange rates, EBITDA rose 5% in the quarter and 10% year-to-date, driven by higher sales and cost reduction.

Latin America

	6 Months 2012	6 Months 2011	Variation	Variation like for like	2nd Quarter 2012	2nd Quarter 2011	Variation	Variation like for like
Volumes								
Cement (MT)	4.5	4.2	5%	5%	2.2	2.2	-	-
Pure Aggregates (MT)	1.3	1.1	22%	22%	0.7	0.6	14%	14%
RMX-Concrete (Mm3)	0.5	0.3	29%	29%	0.3	0.1	27%	27%
Sales (million euros)	**474**	**434**	**9%**	**12%**	***233***	***225***	***4%***	***7%***
EBITDA (million euros)	**129**	**115**	**12%**	**12%**	***70***	***62***	***13%***	***13%***
EBITDA Margin	*27.2%*	*26.5%*			*30.0%*	*27.6%*		
COI (million euros)	108	94	15%	15%	*60*	*52*	*15%*	*15%*

The construction markets remained strong within the region, and as a result, sales were up 7% in the second quarter and 12% year-to-date at constant scope and exchange rates. Foreign exchange fluctuations negatively impacted the sales by 3 percentage points.

- **In Brazil**, our cement domestic sales were up 11%, with improved production levels and good market conditions, while our aggregates and concrete activities benefited from various infrastructure projects in the region of Rio.
- **In Honduras**, our cement domestic sales increased 6%, while in **Ecuador**, they rose 12%.

At constant scope and exchange rates, EBITDA rose 13% in the quarter and 12% year-to-date, driven by higher prices in response to cost inflation.

Asia

	6 Months 2012	2011	Variation	Variation like for like	**2nd Quarter** 2012	2011	Variation	Variation like for like
Volumes								
Cement (MT)	21.9	20.8	5%	5%	11.7	11.3	3%	3%
Pure Aggregates (MT)	2.9	2.7	8%	-2%	1.5	1.3	16%	2%
RMX-Concrete (Mm3)	3.1	3.3	-6%	-4%	1.6	1.7	-6%	-2%
Sales (million euros)	**1,364**	**1,192**	**14%**	**11%**	***720***	***629***	***14%***	***9%***
EBITDA (million euros)	**267**	**205**	**30%**	**25%**	***159***	***120***	***33%***	***25%***
EBITDA Margin	*19.6%*	*17.2%*			*22.1%*	*19.1%*		
COI (million euros)	181	123	47%	43%	*115*	*80*	*44%*	*38%*

In Asia, market trends were positive in most markets where we operate, and our sales grew 9% and 11% like for like in the second quarter and year-to-date, respectively, when restating the positive effect of foreign exchange fluctuations on sales. Scope impact was negligible.

- **In India,** while activity slowed in the second quarter, cement domestic sales rose 24% year-to-date as price actions were implemented to respond to strong cost inflation, especially in freight costs. Ready-mix sales were slightly up 2%, helped by higher prices.
- **In Indonesia**, our cement domestic sales rose 11% in the first half 2012, with price gains and higher volumes in the second quarter.
- **In Malaysia**, the construction market was dynamic, especially for the infrastructure segment, resulting in positive volume trends for all our product lines. Our domestic cement sales were up 5% for the first half year.
- **In Philippines**, the recovery of governmental spending experienced from the second half of 2011 continued in 2012 and our cement domestic sales grew 12% in the first half 2012.
- **In China**, cement sales were impacted by slower construction growth. Our domestic cement sales volumes were stable year-to-date, while average prices were down.
- **In South Korea**, market conditions improved and prices are progressively recovering from low levels, resulting in domestic cement sales being up 30% year-to-date.

EBITDA grew 25% both in the quarter and year-to-date with higher prices and cost-cutting measures more than offsetting cost inflation.

Other income statement items

The table below shows our operating income and net income for the period ended June 30, 2012 and 2011:

	6 Months		Variation
	2012	2011	%
EBITDA	**1,523**	**1,413**	**8%**
Depreciation	(501)	(522)	4%
Current Operating Income	**1,022**	**891**	**15%**
Gains on disposals, net	44	25	76%
Other operating income (expenses)	(383)	(73)	nm
Operating Income	**683**	**843**	**-19%**
Net financial (costs) income	(508)	(403)	-26%
Of which Financial expenses	*(591)*	*(529)*	
Financial income	*83*	*126*	
Share of net income (loss) of associates	10	(4)	nm
Income before Income Tax	**185**	**436**	**-58%**
Income tax	(82)	(104)	21%
Net Income from continuing operations	**103**	**332**	**-69%**
Net income from discontinued operations	(3)	20	nm
Net income	**100**	**352**	**-72%**
of which part attributable to:			
- Owners of the parent Company	**13**	**260**	**-95%**
- Non-controlling interests	87	92	-5%

Depreciation was reduced to 501 million euros versus 522 million euros in 2011, under the combined effect of the stopping of the depreciation of our UK assets and the outsourcing of certain quarry mobile equipment to increase operating flexibility and allow focus on our core business activities.

Gains on disposals, net, were 44 million euros in the first half of 2012, versus 25 million euros in the first half 2011, and mainly comprise the gain on the divestment of most of our minority position in Lafarge Aso Cement in Japan to our partner Aso Corporation.

Other operating expenses primarily reflect the impact of impairments, restructuring, and legal actions. They were 383 million euros in the first half 2012 versus 73 million euros in 2011. In 2012, the Group recorded 148 million euros (54 million euros in the second quarter) of restructuring charges as part of executing its cost-cutting program. Additionally, given the sustained downturn in economic conditions in Greece, an impairment of goodwill and other assets were recorded for a total amount of 200 million euros in the second quarter 2012. In 2011, other operating expenses mainly comprised restructuring expenses and accelerated depreciation of some assets in Western Europe.

Operating income decreased 19% to 683 million euros versus 843 million euros in the first half 2011, reflecting the impact of the one-time items described above.

Net Finance costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, were 508 million euros versus 403 million euros in 2011.

The financial expenses on net debt slightly increased to 437 million euros from 415 million euros, the impact of higher interest rates offsetting the effect of a lower average debt of 1.7 billion euros. The decision of Standard & Poor's and Moody's to downgrade our credit rating on March 17th, 2011 and August 8th, 2011, respectively, triggered step-up clauses on certain of our bonds, increasing the rate of interest to be paid. The average interest rate on our gross debt was 6.3% in the first half 2012, compared to 5.6% in 2011.

Foreign exchange resulted in a loss of 25 million euros in the first half 2012 compared with a gain of 42 million euros in 2011, mostly relating to loans and debts denominated in currencies for which no hedging market is available.

Other financial costs rose from 30 million euros to 46 million euros, and mainly comprise bank commissions and the amortization of debt issuance costs.

The contribution from our associates represented in the first half 2012 a net gain of 10 million euros, versus a net loss of 4 million euros in the first six months 2011.

Income tax was 82 million euros in the first half 2012 versus 104 million euros in 2011. The effective tax rate was 46.9% versus a projected tax rate before non-recurring items of 28%, impacted by a non-deductible impairment charge on goodwill.

Net income from continuing operations was 103 million euros in the first half 2012 versus 332 million euros in 2011, under the combined effect of improved current operating income and higher non-recurring charges.

Net income from discontinued operations was a loss of 3 million euros in the first half 2012 reflecting the results of our Gypsum operations in North America. In the first half 2011, net income from discontinued operations included the results of all our Gypsum operations (except for Middle East and Africa operations) and was 20 million euros.

Net income Group Share[1] was 13 million euros in the first half 2012 versus 260 million euros in 2011 (57 million euros in the second quarter 2012 versus 289 million euros in 2011), impacted by a 200 million euros non-cash charge in the second quarter for the impairment of Greek assets, and by 148 million euros of restructuring charges in the first half to implement the Group's cost savings initiatives.

Non controlling interests were 87 million euros in 2012, compared to 92 million euros in 2011, with higher results in Nigeria offset by lower earnings in Jordan and Egypt.

Basic earnings per share was 0.05 euro in the first half 2012, compared to 0.91 euro in 2011, reflecting the decrease in net income attributable to the owners of the parent company, while the average number of shares was relatively stable.

Cash flow statement

Net operating cash used by continuing operations was €202 million in the first half 2012 (€11 million at the end of June 2011).

Net operating cash provided by continuing operations decreased 191 million euros, primarily reflecting the evolution of the change in non-strict working capital[1] and the impact of the payment of non-recurring restructuring charges in the context of the implementation of our cost-saving program while our actions to optimize the strict working capital[2] limited the normal increase of strict working capital during the semester due to the seasonality of our activity. The strict working capital, when expressed as a number of days sales, decreased 1 day versus the first half 2011.

Net cash used in investing activities from continuing operations was €190 million (€417 million in the first half of 2011).

Sustaining capital expenditures were contained at 110 million euros (122 million euros in the first half 2011).

Capital expenditures for the building of new capacity were strongly reduced to 201 million euros versus 357 million euros in the first half of 2011, as part of our strict capex management.

Including the acquisitions of ownership interests with no gain of control[3], and the debt acquired, acquisitions has reduced the net debt by 13 million euros, as they include proceeds of 60 million euros received for a settlement agreement (see note 9.2 to the financial statements).

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[1] *Net income/loss attributable to the owners of the parent company*
[2] *Strict working capital: trade receivables plus inventories less trade payables. Non strict working capital relates to the other receivables and payables (e.g. VAT, short-term employees benefits)*
[3] *The acquisitions of ownership interests with no gain of control represented €34m in H1 2012 and €51m in H1 2011, excluding puts, already recorded as debt, exercised in the period (€51m put exercised in the first quarter 2011, and €28m put exercised in the second quarter 2012).*

Disposals of 72 million euros (102 million euros in the first half of 2011) were mainly related to the divestment of most of our minority position in Lafarge Aso Cement in Japan to our partner Aso Corporation.

Consolidated statement of financial position

At June 30, 2012 total equity stood at €18,332 million (€18,201 million at the end of December 2011) **and net debt at €12,550 million** (€11,974 million at the end of December 2011).

The increase of the total equity by 0.1 billion euros mostly reflects the non cash impact of translating our foreign subsidiaries assets into euros, given the appreciation of various currencies in countries where we operate against the euro between December 31, 2011 and June 30, 2012 (positive impact of 0.4 billion euros on total equity) partially offset by dividends (negative impact of 0.3 billion euros).

The increase of 0.6 billion euros of the net consolidated debt mainly results from the impact of the usual seasonality on our cash flows, the contained capital spending (0.3 billion euros) and the dividends paid over the period (0.1 billion euros), partly offset by the divestments received (0.1 billion euros).

Outlook for 2012

Overall the Group continues to see cement demand moving higher and maintains its estimated market growth of between 1 to 4 percent in 2012 versus 2011. Emerging markets continue to be the main driver of demand and Lafarge benefits from its well balanced geographic spread of high quality assets.

We expect higher pricing for the year and that cost inflation will increase at a lower rate than in 2011.

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

2. Interim condensed consolidated financial statements

Consolidated statement of income

(million euros, except per share data)	6 months 2012	6 months 2011*	2nd quarter 2012	2nd quarter 2011*	December 31, 2011
Revenue	**7,614**	**7,260**	**4,261**	**4,054**	**15,284**
Cost of sales	(5,867)	(5,603)	(3,136)	(2,982)	(11,627)
Selling and administrative expenses	(725)	(766)	(370)	(389)	(1,478)
Operating income before capital gains, impairment, restructuring and other	**1,022**	**891**	**755**	**683**	**2,179**
Net gains (losses) on disposals	44	25	7	20	45
Other operating income (expenses)	(383)	(73)	(273)	(41)	(541)
Operating income	**683**	**843**	**489**	**662**	**1,683**
Financial expenses	(591)	(529)	(289)	(266)	(1,142)
Financial income	83	126	19	47	143
Share of net income (loss) of associates	10	(4)	6	-	(8)
Income before income tax	**185**	**436**	**225**	**443**	**676**
Income tax	(82)	(104)	(107)	(107)	(432)
Net income from continuing operations	**103**	**332**	**118**	**336**	**244**
Net income from discontinued operations	(3)	20	(6)	10	492
Net income	**100**	**352**	**112**	**346**	**736**
Of which attributable to:					
- Owners of the parent company	**13**	**260**	**57**	**289**	**593**
- Non-controlling interests	87	92	55	57	143
Earnings per share (euros)					
Attributable to the owners of the parent company					
Basic earnings per share	0.05	0.91	0.20	1.01	2.07
Diluted earnings per share	0.05	0.91	0.20	1.01	2.06
From continuing operations					
Basic earnings per share	0.06	0.85	0.22	0.98	0.36
Diluted earnings per share	0.06	0.85	0.22	0.98	0.35
Basic average number of shares outstanding (in thousands)	**287,063**	**286,132**	**287,094**	**286,162**	**286,514**

**Figures have been adjusted as mentioned in Note 3.11 "Disposal of Gypsum Division operations" to the Group consolidated financial statements of the 2011 Registration Document following the disposal operations of Gypsum activities and are therefore not comparable with those presented in the half-year financial report as of June 30, 2011*

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

Consolidated statement of comprehensive income

	6 months		2nd quarter		December 31,
(million euros)	2012	2011	2012	2011	2011
Net income	**100**	**352**	**112**	**346**	**736**
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains / (losses)	(142)	1	(118)	(29)	(345)
Income tax on items that will not be reclassified to profit or loss	38	(6)	36	9	145
Total items that will not be reclassified to profit or loss	**(104)**	**(5)**	**(82)**	**(20)**	**(200)**
Items that may be reclassified subsequently to profit or loss					
Available for sale investments	-	-	-	-	-
Cash-flow hedge instruments	1	-	(2)	(8)	1
Currency translation adjustments	439	(1,249)	643	(288)	(400)
Income tax on items that may be reclassified to profit or loss	(1)	-	-	3	2
Total items that may be reclassified to profit or loss	**439**	**(1,249)**	**641**	**(293)**	**(397)**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**335**	**(1,254)**	**559**	**(313)**	**(597)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**435**	**(902)**	**671**	**33**	**139**
Of which attributable to :					
- Owners of the parent company	***309***	***(860)***	***544***	***6***	***(6)***
- Non-controlling interests	*126*	*(42)*	*127*	*27*	*145*

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 142 million euros in equity during the first six months 2012 (loss of 104 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 a decrease of inflation rates in the United-Kingdom.

Currency translation adjustments

Change in cumulative exchange differences on translating foreign operations from January 1, 2012 to June 30, 2012 (closing rate) comprises 321 million euros due to the appreciation of the US dollar, Egyptian pound and Algerian dinar compared with the euro currency.

Consolidated statement of financial position

(million euros)	At June 30, 2012	At June 30, 2011	At December 31, 2011
ASSETS			
NON CURRENT ASSETS	**31,215**	**31,633**	**31,172**
Goodwill	12,765	13,027	12,701
Intangible assets	636	611	652
Property, plant and equipment	15,544	16,161	15,542
Investments in associates	485	406	604
Other financial assets	733	743	755
Derivative instruments	34	61	80
Deferred tax assets	977	573	804
Other receivables	41	51	34
CURRENT ASSETS	**10,056**	**8,529**	**9,547**
Inventories	1,750	1,665	1,531
Trade receivables	2,259	2,324	1,765
Other receivables	960	860	824
Derivative instruments	107	56	61
Cash and cash equivalents	2,619	1,960	3,171
Assets held for sale	2,361	1,664	2,195
TOTAL ASSETS	**41,271**	**40,162**	**40,719**
EQUITY & LIABILITIES			
Common stock	1,149	1,146	1,149
Additional paid-in capital	9,689	9,651	9,684
Treasury shares	(12)	(17)	(17)
Retained earnings	6,116	5,771	6,219
Other reserves	(855)	(560)	(751)
Foreign currency translation	120	(992)	(280)
Equity attributable to owners of the parent company	**16,207**	**14,999**	**16,004**
Non-controlling interests	2,125	1,828	2,197
EQUITY	**18,332**	**16,827**	**18,201**
NON CURRENT LIABILITIES	**15,098**	**16,208**	**15,260**
Deferred tax liabilities	957	866	933
Pension & other employee benefits	1,409	1,035	1,295
Provisions	677	582	637
Financial debt	11,968	13,601	12,266
Derivative instruments	17	46	46
Other payables	70	78	83
CURRENT LIABILITIES	**7,841**	**7,127**	**7,258**
Pension & other employee benefits	169	132	167
Provisions	103	96	125
Trade payables	2,041	1,964	1,964
Other payables	1,714	1,779	1,499
Current tax liabilities	117	162	165
Financial debt (including current portion of long-term debt)	3,257	2,610	2,940
Derivative instruments	68	80	34
Liabilities associated with assets held for sale	372	304	364
TOTAL EQUITY AND LIABILITIES	**41,271**	**40,162**	**40,719**

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

Consolidated statements of cash flows

	6 months		2nd quarter		December 31,
(million euros)	2012	2011*	2012	2011*	2011
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**100**	**352**	**112**	**346**	**736**
Net income from discontinued operations	**(3)**	**20**	**(6)**	**10**	**492**
Net income from continuing operations	**103**	**332**	**118**	**336**	**244**
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	501	522	252	251	1,038
Impairment losses	170	25	166	13	388
Share of net (income) loss of associates	(10)	4	(6)	-	8
Net (gains) losses on disposals, net	(44)	(25)	(7)	(20)	(45)
Financial (income) / expenses	508	403	270	219	999
Income tax	82	104	107	107	432
Others, net (including dividends received from equity-accounted investments)	20	(4)	18	10	(59)
Change in working capital items, excluding financial expenses and income tax (see analysis below)	(802)	(627)	(231)	(200)	20
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**528**	**734**	**687**	**716**	**3,025**
Cash payments for financial expenses	(477)	(488)	(339)	(339)	(944)
Cash payments for income tax	(253)	(257)	(167)	(163)	(484)
Net operating cash generated by continuing operations	**(202)**	**(11)**	**181**	**214**	**1,597**
Net operating cash generated by (used in) discontinued activities	**(6)**	**(22)**	**5**	**22**	**22**
Net cash generated by (used in) operating activities	**(208)**	**(33)**	**186**	**236**	**1,619**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(313)	(486)	(133)	(244)	(1,071)
Investment in subsidiaries and joint ventures (1)	48	(8)	52	(9)	(47)
Investment in associates	(2)	(5)	-	(5)	(4)
Acquisition of available-for-sale financial assets	(2)	(2)	(2)	1	(3)
Disposals (2)	63	106	1	95	2,084
(Increase) decrease in long-term receivables	16	(22)	(3)	5	(68)
Net cash provided by (used in) investing activities from continuing operations	**(190)**	**(417)**	**(85)**	**(157)**	**891**
Net cash provided by (used in) investing activities from discountinued operations	**(1)**	**(21)**	**(1)**	**(12)**	**(48)**
Net cash provided by (used in) investing activities	**(191)**	**(438)**	**(86)**	**(169)**	**843**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Capital increase (decrease) - owners of the parent company	9	4	-	2	18
Capital increase (decrease) - non-controlling interests	9	-	-	-	-
Acquisitions of ownership interests with no gain of control	(62)	(102)	(60)	(12)	(211)
Disposal of ownership interests with no loss in control	-	(4)	-	(4)	87
Dividends paid	-	-	-	-	(288)
Dividends paid by subsidiaries to non-controlling interests	(95)	(141)	(81)	(115)	(199)
Proceeds from issuance of long-term debt	289	155	58	109	622
Repayment of long-term debt	(337)	(967)	(127)	(544)	(2,442)
Increase (decrease) in short-term debt	(11)	273	88	212	(42)
Net cash provided by (used in) financing activities from continuing operations	**(198)**	**(782)**	**(122)**	**(352)**	**(2,455)**
Net cash provided by (used in) financing activities from discontinued operations	**-**	**14**	**-**	**4**	**(74)**
Net cash provided by (used in) financing activities	**(198)**	**(768)**	**(122)**	**(348)**	**(2,529)**

**Figures have been adjusted as mentioned in Note 3.11"Disposal of Gypsum Division operations" to the Group consolidated financial statements of the 2011 Registration Document following the disposal operations of Gypsum activities and are therefore not comparable with those presented in the half-year financial report as of June 30, 2011*

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

	6 months		2nd quarter		December 31,
(million euros)	2012	2011*	2012	2011	2011
Increase / (decrease) in cash and cash equivalents from continuing operations	**(590)**	**(1,210)**	**(26)**	**(295)**	**33**
Increase (decrease) in cash and cash equivalents from discontinued operations	(7)	(29)	**4**	**14**	(100)
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	38	(95)	55	(22)	(56)
Cash and cash equivalents at beginning of the year/period	3,171	3,294	2,590	2,263	3,294
Reclassification of cash and cash equivalents as held for sale	7	-	(4)	-	-
Cash and cash equivalents at end of the year/period	**2,619**	**1,960**	**2,619**	**1,960**	**3,171**
(1) Net of cash and cash equivalents of companies acquired	*-*	*2*	*-*	*-*	*3*
(2) Net of cash and cash equivalents of companies disposed of	*1*	*8*	*(1)*	*2*	*117*
SUPPLEMENTAL DISCLOSURES					
Analysis of changes in working capital items	**(802)**	**(627)**	**(231)**	**(200)**	**20**
(Increase) / decrease in inventories	(195)	(143)	(70)	(34)	(89)
(Increase) / decrease in trade receivables	(572)	(705)	(385)	(405)	(193)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(81)	(13)	(44)	(14)	(33)
Increase / (decrease) in trade payables	58	225	182	216	302
Increase / (decrease) in other payables – excluding financial and income tax payables	(12)	9	86	37	33

**Figures have been adjusted as mentioned in Note 3.11 "Disposal of Gypsum Division operations" to the Group consolidated financial statements of the 2011 Registration Document following the disposal operations of Gypsum activities and are therefore not comparable with those presented in the half-year financial report as of June 30, 2011.*

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

Consolidated statements of changes in equity

	Outstanding shares	*of which: Treasury shares*	Common stock	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Foreign currency translation	Equity attributable to owners of the parent company	Non-controlling interests	Equity
		(number of shares)		*(million euros)*							
Balance at January 1, 2011	***286,453,779***	***363,558***	**1,146**	**9,640**	**(26)**	**5,816**	**(555)**	**123**	**16,144**	**2,080**	**18,224**
Net income						260			**260**	92	**352**
Other comprehensive income, net of income tax							(5)	(1,115)	**(1,120)**	(134)	**(1,254)**
Total comprehensive income for the period						*260*	*(5)*	*(1,115)*	***(860)***	*(42)*	***(902)***
Dividends						(288)			**(288)**	(164)	**(452)**
Share based payments				11					**11**	-	**11**
Treasury shares		*(130,110)*			9	(9)			-	-	-
Changes in ownership with no gain/loss of control						(8)			**(8)**	(53)	**(61)**
Other movements – non-controlling interests									-	7	**7**
Balance at June 30, 2011	***286,453,779***	***233,448***	**1,146**	**9,651**	**(17)**	**5,771**	**(560)**	**(992)**	**14,999**	**1,828**	**16,827**
Balance at January 1, 2012	***287,247,518***	***233,448***	**1,149**	**9,684**	**(17)**	**6,219**	**(751)**	**(280)**	**16,004**	**2,197**	**18,201**
Net income						13			**13**	87	**100**
Other comprehensive income, net of income tax							(104)	400	**296**	39	**335**
Total comprehensive income for the period						*13*	*(104)*	*400*	***309***	*126*	***435***
Dividends						(145)			**(145)**	(129)	**(274)**
Issuance of common stock				-					-	**9**	**9**
Issuance of common stock (stock options exercise)	*7,984*			-					-		-
Share based payments				5	-				**5**	-	**5**
Treasury shares		*(75,530)*			5	(5)			-		-
Changes in ownership with no gain/loss of control						32			**32**	(76)	**(44)**
Other movements						2			**2**	(2)	-
Balance at June 30, 2012	***287,255,502***	***157,918***	**1,149**	**9,689**	**(12)**	**6,116**	**(855)**	**120**	**16,207**	**2,125**	**18,332**

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

Notes to the interim condensed consolidated financial statements

Note 1. Business description

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

The Group has a country-based organization (See Notes 3.1 and 4).

The Group's shares have been traded on the Paris stock exchange since 1923 and have been a component of the French CAC-40 market index since its creation, and also included in the SBF 250 index.

As used herein, the terms "Lafarge S.A." or the "parent company" refer to Lafarge, a société anonyme organized under French law, without its consolidated subsidiaries. The terms the "Group" or "Lafarge" refer to Lafarge S.A. together with the companies included in the scope of consolidation.

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

The Board of Directors approved these interim condensed consolidated financial statements on July 26, 2012.

Note 2. Summary of significant accounting policies

2.1 – Interim condensed consolidated financial statements

The Group's interim condensed consolidated financial statements at June 30, 2012 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, 2011.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the International Financial Reporting Standards ("IFRS") as endorsed by the European Union as of June 30, 2012 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, 2011 and described in the Note 2 of the Group consolidated financial statements of the 2011 Registration Document except for the points presented in paragraph 2.2 New IFRS standards and interpretations.

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

- Interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result (excluding share of net income of associates) of the interim period excluding unusual material items. The income tax charge related to any unusual item of the period is accrued using its specific applicable taxation (i.e. specific taxation for gains on disposals).

- Compensation costs recorded for stock options and employee benefits are included on a prorata basis of the estimated costs for the year. For the countries where the Group's pension and other post-retirement benefit obligations and related plan assets are the most significant – i.e. the United States of America, Canada and the United Kingdom – actuarial valuations are updated at the end of June and the related amounts of pensions and other employee benefits recognized in the interim statement of financial position are adjusted accordingly. For the other countries, actuarial valuations are performed annually and amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year.

In addition, the Group performed as of June 30, 2012, 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, 2011, notably for CGUs in Greece and Spain.
For the CGU Cement Greece, considering the further deterioration of the economic environment leading to an additional drop in demand, the Group performed an impairment test as of June 30, 2012. The increased risks related to the Greek market were included in the business plan and the Group maintained the discount rate and the perpetual growth rate at respectively 11% and 2% used at the end of 2011 in the estimation of the value in use of the CGU. On this basis, the Group recorded a total impairment loss of 200 million euros on Greece (including 160 million euros relating to the goodwill, the remaining balance relating to trade receivables). Sensitivity of the recoverable amount to an unfavourable change of +1 point of the discount rate and -1 point of the perpetual growth rate remain similar to that presented as of December 31, 2011 (see Note 10 to the notes of the consolidated financial statements of the 2011 Registration Document).
As done previously, the assumptions reflect the normal continuation of the Euro-Zone.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1, 2012

The new IFRS and interpretations published as of December 31, 2011 and effective from January 1, 2012, 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 2011 Registration Document (page F 22), had no material impact on the Group interim condensed consolidated financial statements at June 30, 2012.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1, 2012.

2.3 – Seasonality

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

Note 3. Significant events of the period

3.1 New country-based organization

In November 2011, the Group announced a new organization project following the disposal of most of its gypsum activities and refocusing on Cement, Aggregates and Concrete. Its aim is to increase the differentiation through the development of higher value-added products and solutions for construction.

This new organization project has been implemented during the first quarter 2012. It includes:

- the implementation of an organization based on countries or group of countries, with CEO responsibilities extended to cover all cement, aggregates and concrete activities, using common support functions;
- the removal of one hierarchical layer, with the aim of cutting out the regional level;
- the resulting transformation of the structure and responsibilities of the Executive Committee, including the creation of a Performance function and an Innovation function.

Consequently, the internal reporting as well as the segment information have been reviewed (See Note 4) and the Middle East and Africa goodwill (1,130 million euros) has been reallocated to the countries / group of countries of this region as at January 1, 2012. This new allocation has no effect on the results of impairment tests made as of December 31, 2011.

3.2 Discontinued operations and Assets held for sale

3.2.1 Disposal of Gypsum Division operations

Since July 2011, the Group has been committed to a disposal project of the main part of the Gypsum Division which was a specific business segment of the Group. During the second half 2011, the Group disposed of its Gypsum operations in Western Europe, Central and Eastern Europe, Latin America and Asia. Accordingly, its Gypsum operations (activities in Middle East and Africa excluded) were presented as Discontinued operations as described in the Note 3.1.1 to the Group consolidated financial statements of the 2011 Registration Document.

Interests that continue to be consolidated are presented in separate lines in the consolidated financial statements. As of June 30, 2012, the consolidated statement of financial position includes 455 million euros in the line "Assets held for sale" mainly comprised of goodwill and property, plant and equipment and 31 million euros in the line "Liabilities associated with assets held for sale" mainly comprised of trade payables.

The following table provides the net income attributable to the discontinued operations:

STATEMENTS OF INCOME FROM DISCONTINUED OPERATIONS	6 months		2nd quarter		December 31,
(million euros, except per share data)	2012	2011	2012	2011	2011
Revenue	**110**	**713**	**54**	**362**	**1,236**
Cost of sales	(91)	(584)	(41)	(296)	(1,028)
Selling and administrative expenses	(12)	(94)	(10)	(47)	(133)
Operating income before capital gains, impairment, restructuring and other	**7**	**35**	**3**	**19**	**75**
Other operating income (expenses) (including gains (losses) on disposals)	(11)	(2)	(10)	(2)	466
Operating income	**(4)**	**33**	**(7)**	**17**	**541**
Financial income (loss)	-	(7)	-	(6)	(6)
Share of net income (loss) of associates	-	3	-	2	(15)
Income before income tax	**(4)**	**29**	**(7)**	**13**	**520**
Income tax	1	(9)	1	(3)	(28)
Net income / (loss) from discontinued operations	**(3)**	**20**	**(6)**	**10**	**492**
Of which, attributable to:					
Owners of the parent company	**(3)**	**20**	**(6)**	**10**	**490**
Non-controlling interests	-	-	-	-	2
Earnings per share from discontinued operations (euros)					
- basic earnings per share	(0.01)	0.06	(0.02)	0.03	1.71
- diluted earnings per share	(0.01)	0.06	(0.02)	0.03	1.71

The depreciation charge on depreciable assets ceased (10 million euros impact as of June 30, 2012).

3.2.2 Agreement between Lafarge and Anglo American

Assets and liabilities of Lafarge Cement UK and Lafarge Aggregates and Concrete UK that will be contributed to the joint venture with Tarmac Quarry Materials, have been presented since February 18, 2011 as Assets held for sale (as described in Note 3.1.2 to the Group consolidated financial statements of the 2011 Registration Document). As of May 1, 2012, the Competition Commission approved the proposed joint venture between Lafarge UK and Tarmac subject to a number of disposals which both Lafarge and Anglo American are confident can be achieved.

The depreciation charge on depreciable assets ceased (30 million euros impact as of June 30, 2012). As of June 30, 2012, the assets held for sale of Lafarge UK amount to 1,906 million euros and essentially comprise goodwill and property, plant and equipment. The liabilities directly associated with assets held for sale of Lafarge UK amount to 341 million euros and notably comprise trade payables.

3.3 Other events

During the first half-year, the Group recorded 148 million euros in restructuring charges as part of the execution of its cost-cutting program.

Note 4. Operating segment information

As of January 1, 2012, the organization by division has been replaced by a country-based organization (see Note 3.1), countries or group of countries becoming 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

2011 comparative figures have been restated accordingly.

The information presented hereafter by reportable segment is in line with that reported to the Chief Executive Officer[4] 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.

[4] the Chief Operating Decision Maker

(a) Segment information

June 30, 2012 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,660	1,395	572	2,262	474	1,414	
Less: intersegment	(36)	-	(11)	(66)	-	(50)	
EXTERNAL REVENUE	**1,624**	**1,395**	**561**	**2,196**	**474**	**1,364**	**7,614**
EBITDA	**279**	**119**	**86**	**643**	**129**	**267**	**1,523**
Depreciation and amortization	(93)	(99)	(39)	(163)	(21)	(86)	(501)
Operating income before capital gains, impairment, restructuring and other	**186**	**20**	**47**	**480**	**108**	**181**	**1,022**
Net gains (losses) on disposals	-	2	-	-	-	42	44
Other operating income (expenses)	(297)	(45)	(9)	(21)	(2)	(9)	(383)
Including impairment on assets and goodwill	*(163)*	*(3)*	*(3)*	*(1)*	-	-	*(170)*
OPERATING INCOME	**(111)**	**(23)**	**38**	**459**	**106**	**214**	**683**
OTHER INFORMATION							
Capital expenditures	65	33	60	59	23	73	**313**
Capital employed	4,152	5,909	2,677	12,299	1,351	4,110	**30,498**
STATEMENT OF FINANCIAL POSITION							
Segment assets	5,490	6,498	2,944	13,515	1,580	5,146	**35,173**
Of which investments in associates	*155*	*19*	*42*	*224*	*37*	*8*	***485***
Assets held for sale	1,906	455	-	-	-	-	**2,361**
Unallocated assets [(a)]							**3,737**
TOTAL ASSETS							**41,271**
Segment liabilities	2,027	1,767	295	1,197	234	780	**6,300**
Liabilities associated with assets held for sale	341	31	-	-	-	-	**372**
Unallocated liabilities and equity [(b)]							**34,599**
TOTAL EQUITY AND LIABILITIES							**41,271**

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

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

June 30, 2011 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,838	1,236	577	2,093	434	1,244	
Less: intersegment	(38)	-	(16)	(56)	-	(52)	
EXTERNAL REVENUE	**1,800**	**1,236**	**561**	**2,037**	**434**	**1,192**	**7,260**
EBITDA	**345**	**58**	**118**	**572**	**115**	**205**	**1,413**
Depreciation and amortization	(110)	(121)	(35)	(153)	(21)	(82)	(522)
Operating income before capital gains, impairment, restructuring and other	**235**	**(63)**	**83**	**419**	**94**	**123**	**891**
Net gains (losses) on disposals	21	-	-	1	-	3	25
Other operating income (expenses)	(45)	(2)	(7)	(11)	(1)	(7)	(73)
Including impairment on assets and goodwill	*(23)*	-	*(2)*	-	-	-	*(25)*
OPERATING INCOME	**211**	**(65)**	**76**	**409**	**93**	**119**	**843**
OTHER INFORMATION							
Capital expenditures	96	43	71	161	21	94	**486**
Capital employed	4,820	6,428	2,443	11,927	1,502	4,002	**31,122**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,756	6,783	2,708	13,121	1,719	4,761	**35,848**
Of which investments in associates	*142*	*16*	*50*	*117*	*19*	*62*	***406***
Assets held for sale	1,664	-	-	-	-	-	**1,664**
Unallocated assets [(a)]							**2,650**
TOTAL ASSETS							**40,162**
Segment liabilities	2,412	1,228	288	991	242	667	**5,828**
Liabilities associated with assets held for sale	304	-	-	-	-	-	**304**
Unallocated liabilities and equity [(b)]							**34,030**
TOTAL EQUITY AND LIABILITIES							**40,162**

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

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

December 31, 2011 *(million euros)*	**Western Europe**	**North America**	**Central and Eastern Europe**	**Middle East and Africa**	**Latin America**	**Asia**	**Total**
STATEMENT OF INCOME							
Gross revenue	3,547	3,110	1,323	4,200	905	2,510	
Less: intersegment	(70)	-	(30)	(108)	-	(103)	
EXTERNAL REVENUE	**3,477**	**3,110**	**1,293**	**4,092**	**905**	**2,407**	**15,284**
EBITDA	**669**	**431**	**329**	**1,131**	**246**	**411**	**3,217**
Depreciation and amortization	(213)	(235)	(73)	(311)	(42)	(164)	(1,038)
Operating income before capital gains, impairment, restructuring and other	**456**	**196**	**256**	**820**	**204**	**247**	**2,179**
Net gains (losses) on disposals	21	27	-	-	(1)	(2)	45
Other operating income (expenses)	(314)	(18)	(15)	(173)	(9)	(12)	(541)
Including impairment on assets and goodwill	*(253)*	*(7)*	*(10)*	*(115)*	-	*(3)*	*(388)*
OPERATING INCOME	**163**	**205**	**241**	**647**	**194**	**233**	**1,683**
OTHER INFORMATION							
Capital expenditures	218	93	158	307	56	239	**1,071**
Capital employed	4,432	5,518	2,524	12,037	1,377	4,054	**29,942**
STATEMENT OF FINANCIAL POSITION							
Segment assets	5,610	6,072	2,789	13,421	1,653	4,863	**34,408**
Of which investments in associates	*148*	*18*	*41*	*288*	*37*	*72*	***604***
Assets held for sale	1,762	433	-	-	-	-	**2,195**
Unallocated assets [(a)]							**4,116**
TOTAL ASSETS							**40,719**
Segment liabilities	1,883	1,685	249	1,125	257	736	**5,935**
Liabilities associated with assets held for sale	337	27	-	-	-	-	**364**
Unallocated liabilities and equity [(b)]							**34,420**
TOTAL EQUITY AND LIABILITIES							**40,719**

[(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		
	June 30, 2012	June 30, 2011	December 30, 2011	June 30, 2012	June 30, 2011	December 30, 2011
Cement	5,127	4,822	9,975	5,470	5,134	10,622
Aggregates & Concrete	2,443	2,396	5,227	2,450	2,401	5,238
Other products	44	42	82	44	42	82
Eliminations				(350)	(317)	(658)
Total	**7,614**	**7,260**	**15,284**	**7,614**	**7,260**	**15,284**

(c) Information by country

(million euros)	June 30, 2012		June 30, 2011		December 31, 2011	
	External revenue	Non-current segment assets	External revenue	Non-current segment assets	External revenue	Non-current segment assets
Western Europe	**1 624**	**4 220**	**1 800**	**5 106**	**3 477**	**4 422**
Of which:						
France	959	2 334	1 026	2 488	1 949	2 349
United Kingdom	414	-	422	59	847	-
North America	**1 395**	**5 207**	**1 236**	**5 619**	**3 110**	**5 145**
Of which:						
*United States **	588	1 672	572	2 163	1 347	1 676
*Canada **	807	908	664	919	1 763	914
Central and Eastern Europe	**561**	**2 481**	**561**	**2 292**	**1 293**	**2 465**
Middle East and Africa	**2 196**	**12 173**	**2 037**	**11 849**	**4 092**	**12 070**
Of which:						
Egypt	241	2 782	271	2 478	481	2 729
Algeria	287	3 189	265	3 039	518	2 954
Latin America	**474**	**1 353**	**434**	**1 449**	**905**	**1 403**
Of which:						
Brazil	329	933	306	1 048	638	993
Asia	**1 364**	**3 996**	**1 192**	**3 890**	**2 407**	**3 994**
Total	**7 614**	**29 430**	**7 260**	**30 205**	**15 284**	**29 499**

**Non-current assets excluding goodwill*

Note 5. Earnings per share

The computation and reconciliation of basic and diluted earnings per share from continuing operations for the periods ended June 30, 2012, June 30, 2011 and December 31, 2011 are as follows:

	6 months		December 31,
	2012	2011	2011
Numerator (in million euros)			
Net income attributable to owners of the parent company	13	260	593
Of which net income from continuing operations	*16*	*240*	*103*
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	287,063	286,132	286,514
Total potential dilutive shares	1,091	937	801
Weighted average number of shares outstanding — fully diluted	288,154	287,069	287,315
Basic earnings per share (euros)	**0.05**	**0.91**	**2.07**
Diluted earnings per share (euros)	**0.05**	**0.91**	**2.06**
Basic earnings per share from continuing operations (euros)	**0.06**	**0.85**	**0.36**
Diluted earnings per share from continuing operations (euros)	**0.06**	**0.85**	**0.35**

Note 6. Debt

The debt split is as follows:

	At June 30,		At December 31,
(million euros)	2012	2011	2011
Long-term debt excluding put options on shares of subsidiaries	11,919	13,539	12,216
Put options on shares of subsidiaries, long-term	49	62	50
Long-term debt	**11,968**	**13,601**	**12,266**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	3,200	2,433	2,842
Put options on shares of subsidiaries, short-term	57	177	98
Short-term debt and current portion of long-term debt	**3,257**	**2,610**	**2,940**
Total debt excluding put options on shares of subsidiaries	15,119	15,972	15,058
Total put options on shares of subsidiaries	106	239	148
Total debt	**15,225**	**16,211**	**15,206**

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

	At June 30,		At December 31,
(million euros)	2012	2011	2011
Repayable in more than five years	3,703	6,081	4,869
Repayable between one and five years	8,216	7,458	7,347
Long-term debt	**11,919**	**13,539**	**12,216**
Repayable between six months and one year	707	653	1,627
Repayable in less than six months	2,493	1,780	1,215
Short-term debt and current portion of long-term debt	**3,200**	**2,433**	**2,842**
Total debt	**15,119**	**15,972**	**15,058**

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” (29 million euros at June 30, 2012 and 57 million euros at December 31, 2011). The net variation of this short-term debt is shown in the statement of cash flows in “Proceeds from issuance of long-term debt” when it is positive, and in “Repayment of long-term debt” when it is negative. At June 30, 2012, the net variation of this debt amounted to an decrease of 28 million euros (compared to a decrease of 67 million euros at June 30, 2011 and a decrease of 667 million euros at December 31, 2011).

The syndicated credit facility signed in 2004 for a 5-year term and an initial amount of 1,850 million euros, has been amended several times successfully. Through the last amendment of March 19, 2012, the amount was reduced to 1,235 million euros and the maturity extended to July 28, 2015 for 1,200 million euros. This syndicated credit facility contains an optional exit mechanism, on an individual basis, if the consolidated net debt to EBITDA ratio is higher than 4.75. Such an event would not be considered an event of default and would have no impact on the status of the Group’s other financing arrangements.

Interest rate

The average spot interest rate of the gross debt after swaps, as at June 30, 2012, is 6.2 % (5.8% as of June 30, 2011 and 6.2% as of December 31, 2011).

The average interest rate of the net debt after swaps (gross debt minus cash and cash equivalents) is 7.1 % for the first half-year 2012 compared to 6.2% in the first half-year 2011 and 6.3% for the year 2011.

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 2011 Registration Document.

Under these programs, some of the French, North American, British and Spanish subsidiaries agree to sell trade receivables. These trade receivables sold remain on the statement of financial position and totaled 520 million euros as of June 30, 2012 (855 million euros as of June 30, 2011 and 537 million euros as of December 31, 2011).

The current portion of debt financing received from these programs includes 383 million euros as of June 30, 2012 (692 million euros as of June 30, 2011 and 404 million euros as of December 31, 2011).

The European securitization agreements are guaranteed by subordinated deposits and units totaling 137 million euros as of June 30, 2012 (163 million euros as of June 30, 2011 and 133 million euros as of December 31, 2011).

Put options on shares of subsidiaries

As part of the acquisition process of certain entities, the Group has granted third party shareholders the option to require the Group to purchase their shares at predetermined conditions. These shareholders are either international institutions, such as the European Bank for Reconstruction and Development, or private investors, which are essentially financial or industrial investors or former shareholders of the acquired entities. Assuming that all of these options were exercised, the purchase price to be paid by the Group, including debt and cash acquired, would amount to 121 million euros as of June 30, 2012 (162 million euros as of December 31, 2011).

Out of the outstanding put options as of June 30, 2012, 72 million euros can be currently exercised. A portion of the remaining 49 million euros can be exercised starting in 2014 and the remaining starting in 2015.

Put options granted to non controlling interests of subsidiaries are classified as debt of the Group. Out of the total options granted by the Group, the options granted to non controlling interests amounted to 106 million euros and 148 million euros as of June 30, 2012 and December 31, 2011, respectively, the remaining options were granted on shares of joint ventures.

The goodwill resulting from put options granted to non controlling interests before January 1, 2010, amounts to 48 million euros and 71 million euros as of June 30, 2012 and December 31, 2011, respectively.

Note 7. Equity

(a) Dividends

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

(euros, except otherwise indicated)	2011	2010
Total dividend (million euros)	145	288
Base dividend per share	0.50	1.00
Increased dividend per share	0.55	1.10

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

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

	December 31, 2011	Gains/(losses) arising during the period	Recycling to income statement	June 30, 2012
Available-for-sale financial assets	21	-	-	21
Gross value	*31*	-	-	*31*
Deferred taxes	*(10)*	-	-	*(10)*
Cash flow hedge instruments	(29)	(1)	1	(29)
Gross value	*(41)*	*(1)*	*2*	*(40)*
Deferred taxes	*12*	-	*(1)*	*11*
Actuarial gains/(losses)	(743)	(104)	-	(847)
Gross value	*(1,070)*	*(142)*	-	*(1,212)*
Deferred taxes	*327*	*38*	-	*365*
Total Other reserves	***(751)***	***(105)***	***1***	***(855)***
Total Foreign currency translation	***(280)***	***409***	***(9)***	***120***
Total Other comprehensive income/(loss), net of income tax	***(1,031)***	***304***	***(8)***	***(735)***

Note 8. Legal and arbitration proceedings

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

The amount of provisions made is based on Lafarge’s assessment of the level of risk on a case-by-case basis and depends on its assessment of the basis for the claims, the stage of the proceedings and the arguments in its defense, it being specified that the occurrence of events during proceedings may lead to a reappraisal of the risk at any moment.

Competition

Germany – Cement: Following investigations on the German cement market, the German competition authority, the Bundeskartellamt, announced on April 14, 2003, that it was imposing fines on the major German cement companies, including one in the amount of 86 million euros on Lafarge Zement, our German cement subsidiary for anti-competitive practices in Germany. Considering that the amount of the fine was disproportionate in light of the actual facts, Lafarge Zement has brought the case before the Higher Regional Court, the Oberlandesgericht, in Düsseldorf. Moreover, on August 15, 2007, Lafarge Zement partially withdrew its appeal. Consequently Lafarge Zement paid an amount of 16 million euros on November 2, 2007 and reduced the related provision of the same amount. Finally, the Court's decision related to the remaining part of the appeal has been given on June 26, 2009, exempting Lafarge Zement partly and reducing the remaining fine very significantly to 24 million euros. Lafarge Zement has appealed to the Supreme Court on the basis of legal grounds. The decision of the Supreme Court should be given in 2012.

A civil action has been brought in parallel by third parties that consider themselves to have been damaged by such anti-competitive practices in Germany. Further to the hearings which took place before the Düsseldorf Regional Court, a decision on this civil action should be announced during the third quarter 2012.

The global provision in connection with these cases amounts to 24 million euros as of June 30, 2012.

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 Ltd. The Commission has also imposed a penalty on the Cement Manufacturers Association. The penalty imposed on Lafarge India PVT Ltd amounts to 4.8 billion rupees (67 million euros), out of a total amount of penalty of sixty billion rupees (830 million euros). Lafarge India PVT Ltd vigorously challenges the merits of this order and will lodge an appeal to the Competition Appeal Tribunal as well as a request for a stay of the penalty until final Judgment. No provision has been recorded.

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

Europe – Cement: In November 2008, the major European cement players, including Lafarge, were investigated by the European Commission for alleged anti-competitive practices. By a letter dated December 6, 2010, the Commission notified the parties of the opening of an official investigation (which do not however constitute a statement of objection), while reminding them that at that stage, it did not have conclusive evidence of anti-competitive practices. The alleged offences, which will be the subject of the detailed investigation, involve any possible restrictions of commercial trade in or upon entry to the EEA, market sharing, and coordination of prices on the cement and related markets (concrete, aggregates). In the case of Lafarge, seven (7) countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. The Commission's investigation is ongoing and Lafarge is answering to its various requests for information. In November 2011, further to the answer by Lafarge of the last questionnaire received, the Commission notified Lafarge an injunction to waive any reserve to the answer and provide any further information deemed necessary to complete its investigation, under the threat of a penalty. Lafarge promptly complied with this new request for information and lodged a lawsuit before the EU General Court with a view to obtaining the annulment of such injunction decision. 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 for an in-depth sector investigation. The OFT believes that it has reasonable grounds to suspect that competition problems may exist due to the existing market structure in the UK, and considers that the Industry displays a number of features which may potentially adversely affect the way competition operates in the UK. As a result, the UK Competition Commission will conduct an in-depth sector investigation into competition in relation to the supply of those products, and decide whether or not any structural and/or behavioural remedies will be required. Our UK subsidiaries will continue to fully cooperate with the UK Competition Commission, which is expected to conclude its investigation in the coming years (late 2013 or early 2014). At this stage, we cannot assess the potential consequences of this investigation.

Other proceedings

United States of America – Hurricane Katrina: In late 2005, several class action and individual lawsuits were filed in the United States District Court for the Eastern District of Louisiana. In their Complaints, plaintiffs allege that our subsidiary, Lafarge North America Inc. (LNA), and/or several other defendants including the federal government, are liable for death, bodily and personal injury and property and environmental damage to people and property in and around New Orleans, Louisiana. Some of the referenced complaints claim that these damages resulted from a barge under contract to LNA that allegedly breached the Inner Harbor Navigational Canal levee in New Orleans during or after Hurricane Katrina. On May 21, 2009, the Court denied plaintiffs' Motion for Class Certification.

The Judge trial involving the first few plaintiffs commenced in late June, 2010. In a ruling dated January 20, 2011, the Judge ruled in favor of LNA. These plaintiffs filed a Notice of Appeal, but then withdrew it. Our subsidiary then filed a

Motion for Summary Judgment against all the remaining plaintiffs. A Hearing was held by the Court in October 2011 and a decision was handed down on March 20, 2012 granting Summary Judgment in LNA's favour and against all remaining cases filed in the Federal Court. Plaintiffs have filed a Notice of Appeal of the Court's decision. 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 has now moved for Summary Judgment against the Parish of Saint Bernard.

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

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 relation to such claims and disposals.

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

Note 9. Commitments and Contingencies

(million euros)	Less than 1 year	1 to 5 years	More than 5 years	At June 30, 2012	At December 31, 2011
COMMITMENTS GIVEN					
Commitments related to operating activities					
Capital expenditures and other purchase obligations	441	667	548	1,656	1,383
Operating leases	231	539	301	1,071	1,097
Other commitments	285	149	106	540	603
Commitments related to financing					
Securities pledged	-	11	86	97	101
Assets pledged	94	413	5	512	629
Other guarantees	13	202	-	215	96
Scheduled interest payments (1)	871	2,305	1,143	4,320	4,649
Net scheduled obligation on interest rate swaps (2)	-	3	-	3	19
Commitments related to scope of consolidation					
Indemnification commitments	132	297	18	447	441
Put options to purchase shares in joint-ventures	15	-	-	15	15
COMMITMENTS RECEIVED (3)					
Unused confirmed credit lines	10	3,434	-	3,444	4,010

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

(2) Scheduled interest payments of the variable leg of the swaps are computed based on the rates in effect at June 30

(3) see 9.2

9.1 – Commitments given

(a) Commitments related to operating activities

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

(b) Commitments related to scope of consolidation

As part of its divestment of assets transactions, the Group has granted indemnification commitments, for which the exposure is considered remote, for a total maximum amount still in force at June 30, 2012 of 448 million euros.

9.2 – Commitments received

As part of its acquisition of assets transactions, the Group received indemnification commitments for a maximum amount of 129 million euros relating to the acquisition of cement operations in Brazil from Votorantim in 2010. The Group in addition received specific warranties to cover specific assets, properties and agreements related to this transaction.

Pursuant to a settlement agreement dated June 21, 2012 (which has been prior approved by the Lafarge's board of directors and that will be presented to the next Shareholders' meeting) Orascom Construction Industries S.A.E (OCI) undertook to pay to Lafarge 73 million euros (on which 62.5 million euros have been received at June 30) as a global settlement amount to settle warranties triggered by Lafarge from the acquisition in 2008 of the cement activities of OCI, except two specific topics for which warranties are maintained.

Note 10. Transactions with related parties

See Note 9.2 about the settlement agreement related to warranties granted by Orascom Construction Industries (OCI).

Note 11. Subsequent events

On July 9, 2012, the Group issued a 500 million euros bond with a 7 year maturity and fixed annual coupon of 5.875% to institutional investors.
On July 10, 2012, the Group issued a 175 million euros notes private placement with a 5.5 year maturity and fixed annual coupon of 5%.

Certification

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

Paris, July 26, 2012

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

Statutory auditors' review report on first half year financial information for 2012

To the Shareholders,

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

- the review of the accompanying condensed half-year consolidated financial statements of Lafarge, for the period from January 1, 2012 to June 30, 2012, and
- the verification of the information contained in the interim management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than that obtained from an audit.

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

2. Specific verification

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

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

Neuilly-sur-Seine and Paris-La-Défense, July 27, 2012

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES

ERNST & YOUNG et Autres

Arnaud de Planta

Frédéric Gourd

Alain Perroux

Nicolas Macé