Financial Report

Half-Year 2015

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1. Management Report

The Board of Directors of Lafarge, chaired by Eric Olsen, met on July 28, 2015 to approve the accounts for the period ended June 30, 2015. Further to their limited review of the half-year condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the Half-Year 2015 Financial Report.

This half-year management report should be read in conjunction with the interim condensed consolidated financial statements for the first six months of the year and the company's Registration Document for the fiscal year 2014 filed with the Autorité des Marchés Financiers on March 23, 2015 under number D.15-190. Lafarge operates in a constantly evolving environment, which exposes the Group to risk factors and uncertainties in addition to the risk factors related to its operations. A detailed description of these risk factors and uncertainties is included in chapter 5 "Risks and control" of the company's Registration Document. The materialization of these risks could have a material adverse effect on our operations, our financial condition, our results, our prospects or our share price, particularly during the remaining six months of the fiscal year. There may be other risks that have not yet been identified or whose occurrence is not considered likely to have such a material adverse effect as of the date hereof.

Hereinafter, and in our other shareholder and investor communications, "current operating income" (COI) refers to the subtotal "operating income before capital gains, impairment, restructuring and other" on the face of the Group's consolidated statements of income. This measure excludes from our operating results those elements that are by nature unpredictable in their amount and/or in their frequency, such as capital gains, asset impairments and restructuring costs. While these amounts have been incurred in recent years and may recur in the future, historical amounts may not be indicative of the nature or amount of these charges, if any, in future periods. The Group believes that the subtotal "current operating income" is useful to users of the Group's financial statements as it provides them with a measure of our operating results which excludes these elements, enhancing the predictive value of our financial statements and provides information regarding the results of the Group's ongoing trading activities that allows investors to better identify trends in the Group's financial performance.

In addition, current operating income is a major component of the Group's key profitability measure, return on capital employed (which is calculated by dividing the sum of "operating income before capital gains, impairment, restructuring and other" and income from joint ventures and associates by the averaged capital employed). This measure is used by the Group internally to: a) manage and assess the results of its operations and those of its business segments, b) make decisions with respect to investments and allocation of resources, and c) assess the performance of management personnel. However, because this measure has limitations as outlined below, the Group limits the use of this measure to these purposes.

The Group's subtotal within operating income may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of capital gains, impairment, restructuring and other amounts excluded from this measure do ultimately affect our operating results and cash flows. Accordingly, the Group also presents "operating income" within the consolidated statement of income which encompasses all amounts which affect the Group's operating results and cash flows.

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

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

Important disclaimer - forward-looking statements:

This document contains forward-looking trends, targets or objectives, as the case may be, including with respect to plans, initiatives, events, products, solutions and services. Their development and potential do not constitute forecasts regarding results or any other performance indicator. Although Lafarge believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Lafarge, including but not limited to the risks described in the Lafarge's annual report available on its Internet website (www.lafarge.com) and uncertainties related to the market conditions and the implementation of our plans. Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of Lafarge. Accordingly, we caution you against relying on forward looking statements. Lafarge does not undertake to provide updates of these forward-looking statements.

More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), including under "Regulated Information" section.

This communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Lafarge.

1.1 Consolidated key figures

Summary of the key figures

Volumes	6 Months 2015	6 Months 2014	Variation	Variation like-for-like [5]	2nd Quarter 2015	2nd Quarter 2014	Variation	Variation like-for-like [5]
Cement (MT)	54.7	57.0	-4%	-3%	29.7	31.1	-4%	-3%
Pure Aggregates (MT)	69.7	69.9	-	1%	43.2	43.0	1%	1%
RMX-Concrete (Mm3)	12.3	12.8	-4%	-4%	6.8	7.1	-3%	-4%
Sales (million euros)	**6,319**	**6,000**	**5%**	**-**	**3,540**	**3,367**	**5%**	**-**
EBITDA (million euros)	**1,223**	**1,155**	**6%**	**2%**	**820**	**812**	**1%**	**-2%**
EBITDA Margin	19.4%	19.3%	10bps	50bps	23.2%	24.1%	-90bps	-50bps
COI (million euros)	813	755	8%	6%	608	609	-	-3%
Net income – Group share [1]	(477)	70	nm		(381)	205	nm	
Adjusted net income [2]	**182**	**116**	**57%**		**210**	**237**	**-11%**	
Adjusted earnings per share (euros) [2] [3]	**0.63**	**0.40**	**57%**		**0.73**	**0.82**	**-11%**	
Free Cash Flow [4]	(155)	(160)	3%		(14)	(37)	nm	
Net Debt	10,253	10,104	1%					

(1) Net income attributable to the owners of the parent of the Group
(2) Adjusted for non-recurring items, net of tax: merger costs, non-cash impairments and restructuring costs.
(3) Based on an average number of shares outstanding of 287.8 million and 287.4 for the first half of 2015 and 2014, and 288.0 million and 287.4 for the second quarter 2015 and 2014, respectively.
(4) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures
(5) Variations like-for-like at Group level are calculated at constant scope and exchange rates

Sales by geographical area and activity

(in million euros)	6 Months 2015	6 Months 2014	Variation	Impact of changes in scope	Foreign Exchange Effect	Variation like-for-like [1]
By geographical zone						
North America	1,340	1,132	18%	-3%	15%	6%
Western Europe	1,015	1,079	-6%	1%	-	-7%
Central & Eastern Europe	458	489	-6%	-4%	-5%	3%
Middle East and Africa	1,975	1,854	7%	-2%[2]	9%	-
Latin America	224	350	-36%	-14%	-4%	-18%
Asia	1,307	1,096	19%	-1%	17%	3%
TOTAL	**6,319**	**6,000**	**5.3%**	**-2.3%**	**7.9%**	**-0.3%**

(1) At constant scope and exchange rates. For Middle East and Africa excluding the impact of the drop in cement volumes in Iraq due to transport limitations
(2) Impact of the loss in cement volumes in Iraq in the current context

(in million euros)	6 Months		Variation
	2015	2014	
By activity			
Cement	4,323	4,100	5%
Aggregates and Concrete	1,951	1,878	4%
Holding and Other	45	22	
TOTAL	**6,319**	**6,000**	**5%**

EBITDA by geographical area and activity

(in million euros)	6 Months		Variation	Impact of changes in scope	Foreign Exchange Effect	Impact of one-off items [1]	Variation like-for-like [1]
	2015	2014					
By geographical zone							
North America	170	115	48%	-5%	17%	-	36%
Western Europe	153	146	5%	2%	-	10%	-7%
Central & Eastern Europe	76	71	7%	-5%	-	-	12%
Middle East and Africa	554	529	5%	-	5%	-4%	4%
Latin America	14	73	-81%	-11%	-1%	-	-69%
Asia	256	221	16%	-2%	17%	-	1%
TOTAL	**1,223**	**1,155**	**6%**	**-3%**	**7%**	**-**	**2%**

(1) Calculation of the like-for-like variations:
At Group level: at constant scope and exchange rates
At regional level: variations like-for-like are at constant scope and exchange rates and exclude:
- carbon credit sales (€15m of credits sold in H1 2015 versus none in H1 2014 in Western Europe)
- a €23m adverse impact from the loss in volumes in Iraq due to transport limitations.

(in million euros)	6 Months		Variation
	2015	2014	
By activity			
Cement	1,136	1,051	8%
Aggregates and Concrete	107	110	-3%
Holding and Other	(20)	(6)	
TOTAL	**1,223**	**1,155**	**6%**

1.2. Review of the results of operations

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

Group highlights

- Like for like, cement volumes for the second quarter were down 3%, reflecting a decrease in export sales. On domestic markets, they were up 2%. Positive developments in many markets, notably in Canada, Romania, Philippines and several countries in Middle East and Africa, and the ramp up of our new capacities in Rajasthan (India) and in Russia offset the impact of adverse weather in the United States and the impact of subdued markets in France and Brazil and continuing challenging conditions in Iraq and Syria.
- EBITDA was up 1% in Q2, supported by favorable exchange rates (52 million euros or +6%) that more than offset the impact of divested businesses (-25 million euros or -3%). At constant scope and exchange rates, EBITDA was down 2%, reflecting lower volumes and the effect of moderate on-going cost inflation and price adjustments in a limited number of countries. These impacts mitigated the positive effect of our cost cutting and innovation measures which generated respectively 60 million euros and 65 million euros during the quarter. For the first half, these measures contributed 250 million euros, on track to deliver our full year objective in 2015.
- Adjusted Net income Group share for H1 is up 57% or 66 million euros when excluding one-off items mostly recorded in the second quarter. These one-off items notably include 450 million euros of impairment on some of the assets to be divested to CRH in Q3. As disclosed in our full year accounts, these losses will be more than offset by the gains on the other assets included in the transaction. These gains can only be recognized at closing of the divestments which is currently expected in H2.
- Adjusted net income Group share in Q2 decreased 11% or 27 million euros, as the effect of lower net financial charges was offset by higher tax provisions.
- Net debt stands at 10.3 billion euros, reflecting the usual seasonality in cash flow and the earlier payment of dividend compared to past practice as part of the completion of the merger. Cash flow from operations before merger costs benefitted from the reduction in cash financial expenses in the second quarter and rose 17% to 355 million euros.

Overview of operations: Sales and EBITDA

The first semester 2015 showed more moderate growth for the construction sector, notably due to a higher comparison base in Europe and Iraq.

At constant scope, cement sales volumes decreased 3% in the quarter and versus the first semester 2014 due to lower export sales. On domestic markets, cement volumes rose 1% and 2% compared with last year and the second quarter, respectively, reflecting contrasting trends amongst our markets. Volumes were supported by continuing positive trends in many markets, such as Romania, the Philippines, Egypt or Canada, while adverse weather limited growth in the United States. Some markets faced more challenging economic or political environments. This was notably the case in France, where the construction sector remains subdued, in Brazil, where the overall environment is very challenging, in Iraq, where difficulties to transport cement across the country have prevailed since June last year and in Syria. Our aggregates volumes grew 1%, as positive trends in North America more than offset the softness of the market in France. Our ready-mix volumes dropped 4%, mostly reflecting a lower level of activity in France, Poland and Brazil.

Consolidated sales were up 5% both in the quarter and year-to-date.

Net changes in the scope of consolidation had a negative impact on sales (-2.3% or -127 million euros for the first half of the year, -2.5% or -75 million euros in the second quarter), mostly reflecting our divestments in Ecuador, Russia and Pakistan. Exchange rates continued to be favorable (positive impact on sales of 7.9% or 463 million euros for the first semester, 7.7% or 249 million euros in the second quarter), mainly due to the re-appreciation of the US and Canadian dollars and most currencies in Middle East and Africa and Asia, notably the Egyptian pound, the Philippine peso and the Indian rupee versus the euro.

At constant scope and exchange rates, consolidated sales were stable versus last year as higher domestic volumes compensated for the reduction in export volumes. Cement prices were stable overall versus the levels of the first half of 2014, and decreased 0.5% compared to Q2 2014. However, they rose 0.5% compared to Q1 2015.

EBITDA rose 6% compared with the first semester 2014, and 1% versus the second quarter 2014. Exchange rate movements were favorable (7% or 76 million euros year-to-date and 6% or 52 million euros in the second quarter), while variations of scope reduced our EBITDA by 3% both for the quarter and the first half of the year.

At constant scope and exchange rates, EBITDA was up 2% compared to the first half of 2014, reflecting the result of our actions on cost cutting and innovation and CO_2 sales of 15 million euros in the first quarter 2015 versus none in 2014. It was down 2% in the second quarter, showing contrasting trends amongst our main geographies. Despite limited growth in the United States due to wet weather, North America posted another quarter of sustained growth, supported by higher volumes in Canada, positive pricing trends in the United States and cost reduction and innovation actions. Western Europe suffered from soft activity in France, which also faced a demanding comparable base in the second quarter 2014, while Spain showed slow-paced recovery signs. Middle East and Africa showed a strong performance with most countries positively oriented. When adjusted for the impact of the loss of cement volumes in Iraq, and despite some adverse effect of the earlier Ramadan in 2015 that slipped by approximately 10 days into the second quarter, EBITDA for the region was up 5% like for like and EBITDA margin was up 180 basis points. This reflects positive volume trends overall and cost cutting and innovation measures. Latin America, which now only includes Brazil, suffered from the challenging economic and competitive environment that currently prevails in the country. Finally, Asia was affected by continuing cost inflation and lower prices overall. This was mitigated by solid volume trends in the Philippines and the results from our cost cutting and innovation actions. The EBITDA margin in the quarter was slightly down (-50 basis points) while EBITDA margin for the first half year was up 50 basis points. This mainly reflects our cost reduction and innovation actions that more than offset the impact of on-going cost inflation and lower volumes.

Review of operations by region

North America - Pricing Gains and Higher Canadian Volumes Offset Wet Weather Impact in the US

Volumes	6 Months 2015	6 Months 2014	Variation	Variation like-for-like[(1)]	2nd Quarter 2015	2nd Quarter 2014	Variation	Variation like-for-like[(1)]
Cement (MT)	4.8	4.6	4%	2%	3.3	3.1	5%	3%
Pure Aggregates (MT)	34.0	32.4	5%	8%	23.4	22.1	6%	8%
RMX-Concrete (Mm3)	2.4	2.3	2%	5%	1.6	1.5	5%	8%
Sales (million euros)	1,340	1,132	18%	6%	*905*	*756*	*20%*	*6%*
EBITDA (million euros)	170	115[(2)]	48%	36%	214	*177*[(2)]	*21%*	*7%*
EBITDA Margin	*12.7%*	*10.2%*	*250bps*	*280bps*	*23.6%*	*23.4%*	*20bps*	*20bps*
COI (million euros)	98	50	96%	95%	*177*	*144*	*23%*	*10%*

(1) Variations like-for-like are calculated at constant scope and exchange rates
(2) Including a €11m one-time gain in Q2 2014

Sales grew 18% versus the first half of 2014 (20% in the second quarter 2015), with a favorable effect of foreign exchange variations. The appreciation of the Canadian dollar and the US dollar against the euro had a positive impact of 15% on the half-year sales, partly compensated by the effect of the divestment in 2014 of some aggregates assets in the United States (Maryland) that reduced sales by 3%.

At constant scope and exchange rates, sales rose 6% both for the semester and the quarter, with price gains and higher volumes across all product lines.

- **In the United States**, the construction sector was affected by particularly adverse weather and above-average precipitation in the Northeast region for most of the first semester. In this respect, our cement volumes were stable versus the first semester 2014, while ready-mix concrete volumes slightly contracted by 1%, with some improvements experienced over the course of the second quarter. Aggregates volumes grew 13%, benefiting from geographies less impacted by unfavorable weather. Prices moved higher on all product lines.
- **In Canada,** trends were regionally contrasted, with a growing cement demand in Ontario, British Columbia and Pacific North West, while construction markets were softer in the Prairies and Atlantic. Our cement, aggregates and ready-mix concrete volumes rose versus last year, with a positive contribution from both the Western and Eastern regions.

EBITDA strongly improved both in the quarter and year-to-date, despite a 11 million euros one-time gain recorded last year and higher costs of cement purchases, reflecting the combined impact of positive volume trends in Canada, solid pricing gains in the United States to offset cost inflation, a lower energy bill and cost savings and innovation measures.

Western Europe - Strong Cost-Cutting Initiatives Mitigated Lower volumes

	6 Months 2015	6 Months 2014	Variation	Variation like-for-like[1]	2nd Quarter 2015	2nd Quarter 2014	Variation	Variation like-for-like[1]
Volumes								
Cement (MT)	5.7	5.9	-4%	-4%	3.3	3.3	-1%	-1%
Pure Aggregates (MT)	15.6	17.4	-11%	-11%	8.5	9.2	-8%	-8%
RMX-Concrete (Mm3)	3.5	3.7	-8%	-8%	1.9	1.9	-4%	-4%
Sales (million euros)	1,015	1,079	-6%	-7%	558	576	-3%	-4%
EBITDA (million euros)	153	146	5%	-7%	96	107	-10%	-11%
EBITDA Margin	15.1%	13.5%	160bps	-	17.2%	18.6%	-140bps	-140bps
COI (million euros)	77	60	28%	3%	50	64	-22%	-23%

(1) At constant scope and exchange rates, and excluding carbon credit sales (€15m recorded in Q1 2015 versus no sales in 2014)

Sales decreased 6% compared to the first semester 2014 (3% in the second quarter), mostly reflecting continuing lower volumes in France. The impact of changes in scope and exchange rates was negligible (+1% on sales).

- **In France**, housing starts are still soft, but trends should improve progressively in the course of the second half of 2015 and in 2016. Civil works are still significantly down, but the governmental plans to support the activity mitigate the impact of lower local spending. Our volumes were down in all product lines still comparing to a relatively high 2014 comparison base notably for Aggregates. Compared with the first half of 2014, our cement, aggregates and ready-mix concrete volumes contracted 6%, 14% and 6%, respectively.
- **In Spain,** the construction sector was positively oriented, confirming the progressive improvement which started in 2014. In this context, domestic grey cement volumes were up 11% versus last year with prices positively oriented, while we reduced clinker sales.
- **In Greece,** activity was impacted by rising economic uncertainties. Domestic cement volumes however improved slightly in the second quarter after a low level of activity in the first quarter. Year-to-date, cement volumes decreased 1%.

On a comparable basis, EBITDA contracted versus last year, mainly reflecting the impact of lower sales in France. This effect was mitigated by forceful cost cutting and innovation measures.

Central and Eastern Europe - EBITDA Growth Driven by Higher Volumes and Self-Help Measures

	6 Months		Variation	Variation like-for-like(1)	2nd Quarter		Variation	Variation like-for-like(1)
Volumes	2015	2014			2015	2014		
Cement (MT)	5.4	5.4	2%	10%	3.6	3.5	4%	12%
Pure Aggregates (MT)	9.4	9.4	-	-	5.8	6.1	-5%	-5%
RMX-Concrete (Mm3)	1.0	1.0	4%	-5%	0.6	0.6	3%	-7%
Sales (million euros)	458	489	-6%	3%	302	316	-4%	4%
EBITDA (million euros)	76	71	7%	12%	86	88	-2%	4%
EBITDA Margin	16.6%	14.5%	210bps	150bps	28.5%	27.8%	70bps	50bps
COI (million euros)	34	28	21%	23%	64	66	-3%	6%

(1) At constant scope and exchange rates

Sales contracted compared to last year, impacted by the depreciation of the Russian rouble and the effect of the divestment of our Korkino cement plant in Russia (Ural) completed at the end of November 2014.

At constant scope and exchange rates, sales grew 3% compared to the first half 2014, with similar trends in the second quarter, supported by a successful ramp-up of our new plant in Russia and positive trends in Romania.

- **In Poland,** cement volumes contracted compared to 2014 in a competitive environment. Infrastructure tenders based on the new EU infrastructure plan are being announced and allocated. This should support the level of construction activity for the remainder of the year.
- **In Romania,** cement volumes rose 37%, bolstered by solid trends in the residential and the non-residential segments.
- **In Russia**, the successful ramp-up of our new 2 MT plant located in the south of the Moscow region supported strong volume growth in a challenging construction sector.

On a comparable basis, EBITDA and the EBITDA margin grew, under the combined effect of higher cement volumes in Russia and Romania, and cost saving and innovation measures.

Middle East and Africa - Solid Performance with Positive Market Trends and Self-Help Measures

Volumes	6 Months 2015	6 Months 2014	Variation	Variation like-for-like[1]	2nd Quarter 2015	2nd Quarter 2014	Variation	Variation like-for-like[1]
Cement (MT)	19.8	21.5	-8%	3%[2]	9.9	11.0	-10%	3%[2]
Pure Aggregates (MT)	5.2	5.0	5%	5%	2.8	2.6	8%	8%
RMX-Concrete (Mm3)	2.6	2.8	-6%	-6%	1.3	1.5	-8%	-8%
Sales (million euros)	1,975	1,854	7%	-	1,003	961	4%	-2%
EBITDA (million euros)	554	529	5%	4%	295	279	6%	5%
EBITDA Margin	28.1%	28.5%	-40bps	100bps	29.4%	29.0%	40bps	180bps
COI (million euros)	417	400	4%	6%	226	214	6%	7%

(1) At constant scope and exchange rates, and excluding the drop in cement volumes in Iraq due to transport limitations. When including the loss in volumes in Iraq: volumes: -1% YTD and flat in Q2, sales: -2% YTD and -3% in Q2, EBITDA: flat YTD and 2% in Q2, COI: flat YTD and 3% in Q2
(2) Domestic only

Middle East and Africa benefited from solid domestic market trends overall. Our volumes were, however, impacted by transport limitations in Iraq, the suspension of our operations in Syria from mid-September 2014 and the timing of Ramadan. On export markets, the level of activity was significantly reduced versus last year that benefited from several non-recurring contracts that were not renewed this year.

Sales grew 7% versus last year, and 4% versus the second quarter 2014. The re-appreciation of most of the currencies of the region against the euro had a positive impact of 9% on our sales, while there was no significant change in scope.

Excluding the impact of lower volumes sold in Iraq due to transport limitations, and at constant scope and exchange rates, our sales were stable versus a first half 2014 that had been up 10% like-for-like, with noticeable improvements in Algeria, Nigeria, Egypt and East Africa offsetting the situations mentioned above.

- **In Nigeria,** the post-election economic reform efforts to address fiscal, structural and financial challenges highlighted by the low oil price and weak capital inflows should generate additional growth and investment opportunities. However, the positive sentiments have been dampened by the continued depreciation of the naira and its related impact on costs, energy shortages in the country and a prolonged transition period. This has resulted in a slowdown in the construction industry, while the individual home builder segment was more resilient. Our good industrial and commercial performance allowed us to enjoy higher volumes and pricing gains to offset cost inflation. Sales rose 12% versus the first semester 2014.
- **In Egypt,** cement demand increased versus last year, with positive trends in the residential sector and announcements of several infrastructure projects. Our cement sales improved 12% versus last year (7% compared to the second quarter) reflecting the increasing utilization rate of our kilns and some price corrections as some players progressively resume production.
- **In Kenya,** our volumes were bolstered by the infrastructure segment.
- **In Algeria**, sales were up 5% compared to the first half of 2014, with volumes and prices positively oriented. Volumes resumed from March after poor weather conditions in the first two months of the year. We continued to focus on innovative products and to develop our ready-mix activities in the country to expand our customer offer.
- **In Iraq**, cement volumes decreased 25% compared to 2014, due to the reduced ability to transport cement across the country. Price levels were lower than last year, reflecting a price drop in the north of the country in the second part of the year.
- **In South Africa**, the level of construction activity is subdued with a slow deployment of infrastructure projects. In this context, our cement volumes contracted 3% in the first half of the year.

On a comparable basis, EBITDA increased 4% year-to-date and 5% in the quarter, supported by solid market trends in most markets and innovation and cost-saving measures.

Latin America - Adverse Forex and Scope Impact; Challenging Environment in Brazil

	6 Months		Variation	Variation like-for-like(1)	**2nd Quarter**		Variation	Variation like-for-like(1)
Volumes	**2015**	**2014**			**2015**	**2014**		
Cement (MT)	2.6	3.6	-28%	-11%	1.2	1.7	-30%	-14%
Pure Aggregates (MT)	1.3	1.3	1%	1%	0.7	0.7	-2%	-2%
RMX-Concrete (Mm3)	0.4	0.7	-38%	-38%	0.2	0.4	-44%	-44%
Sales (million euros)	224	350	-36%	-18%	104	177	-41%	-21%
EBITDA (million euros)	14	73	nm	nm	(6)	35	nm	nm
EBITDA Margin	nm	20.9%			nm	19.8%		
COI (million euros)	-	57	nm	nm	(13)	26	nm	nm

(1) At constant scope and exchange rates

Sales and earnings were impacted by the depreciation of the Brazilian real and the divestment of Ecuador that closed in November 2014. After this divestiture, this region now only consists of Brazilian operations.

On a comparable basis, sales dropped 18% year-to-date.

- **Brazil** currently faces a challenging economic and competitive environment. All confidence indicators are down. The depreciation of the Brazilian real against the US dollar weighs on the economy and lower governmental spending in construction projects. In this context, cement volumes contracted versus the first semester 2014 that benefited from good weather conditions and work completion ahead of the World Cup.

EBITDA significantly decreased under the combined effect of the deconsolidation of Ecuador, lower sales, high cost inflation and adverse one-offs recorded in the second quarter 2015 in Brazil.

Asia - Cost Reduction Mitigated Subdued Volumes and Cost Inflation

	6 Months		Variation	Variation like-for-like[1]	2nd Quarter		Variation	Variation like-for-like[1]
	2015	2014			2015	2014		
Volumes								
Cement (MT)	16.4	16.0	2%	4%	8.4	8.5	-	3%
Pure Aggregates (MT)	4.2	4.4	-4%	-4%	2.0	2.3	-9%	-9%
RMX-Concrete (Mm3)	2.4	2.3	5%	5%	1.2	1.2	2%	2%
Sales (million euros)	1,307	1,096	19%	3%	668	581	15%	1%
EBITDA (million euros)	256	221	16%	1%	135	126	7%	-5%
EBITDA Margin	19.6%	20.2%	-60bps	-50bps	20.2%	21.7%	-150bps	-140bps
COI (million euros)	187	160	17%	2%	104	95	9%	-2%

(1) At constant scope and exchange rates

Sales for the region grew 19% compared with last year (15% in the second quarter), mostly reflecting significant positive effects of exchange rates, with most currencies in the region appreciating against the euro that largely offset the effect of the divestiture of our operations in Pakistan.

At constant scope and exchange rates, sales were up 3% in the first half and 1% in the second quarter, mainly driven by a strong level of construction activity in the Philippines and higher volumes in India.

- **In India,** our cement volumes increased 6% compared with the first semester 2014, notably supported by our plant in Rajasthan which progressively ramped-up last year.
- **In Malaysia,** our cement volumes slightly contracted reflecting production limitations at one plant.
- **In the Philippines,** cement demand is supported by the private construction sector with continued strong demand for offices, retail and housing. Our cement volumes rose 12% year-to-date, while average prices were lower than last year's level due to softness in the second part of 2014.
- **In South Korea,** cement volume growth was subdued. Our domestic cement sales were up 2% year-to-date.
- **In Indonesia**, the construction market was slow, due to heavy rainfall in the first quarter, delayed infrastructure projects and a soft residential sector. In this context, our cement sales contracted by 4% year-to-date.

As constant scope and exchange rates, EBITDA rose 1% year-to-date (decrease of 5% in the second quarter), as significant cost saving and innovation measures mitigated the combined effect of lower prices and cost inflation.

Other income statement items

The table below shows our operating income and net income for the periods ended June 30, 2015 and 2014:

(million euros)	6 Months		Variation
	2015	2014	%
EBITDA	**1,223**	**1,155**	**6%**
Depreciation	(410)	(400)	3%
Current Operating Income	**813**	**755**	**8%**
Net gains on disposals	30	33	-9%
Other operating income (expenses)	(792)	(106)	nm
Operating Income	51	682	**nm**
Net financial (costs) income	(423)	(470)	-10%
Share of net income (loss) of joint ventures and associates	33	30	10%
Income before Income Tax	**(339)**	**242**	**nm**
Income tax	(75)	(100)	-25%
Net income	**(414)**	**142**	**nm**
of which part attributable to:			
- Owners of the parent Company	**(477)**	70	nm
- Non-controlling interests	63	72	-13%
Adjusted Net income, Group share (1)	**182**	**116**	**57%**

(1) Adjusted for non-recurring items, net of tax: impairments, merger-related costs and restructuring costs

Depreciation increased to 410 million euros in 2015 from 400 million euros in 2014, mostly reflecting the effect of the variations in foreign currency rates.

Net gains on disposals amounted to 30 million euros for the year versus 33 million euros in 2014 and mainly comprise the gain on the disposal of our Pakistani cement assets.

Other operating expenses were to 792 million euros year-to-date versus 106 million euros in 2014. In 2015, we recorded a total of 542 million euros of impairment, out of which 450 million euros on certain assets to be divested to CRH in the third quarter 2015 in the context of the LafargeHolcim merger. As disclosed in our 2014 full year accounts, these losses will be more than offset by gains on other assets and the crystallization of exchange gains but these gains can only be recognized once the transaction is closed. The Group also recorded 40 million euros of impairment and other related costs in the context of the mothballing of our cement plant located in Slovenia. Additionally, the Group booked 72 million euros of restructuring charges, mainly reflecting some reorganization measures in our operations in France, and 132 million euros of costs linked to the merger, including costs related to divestment projects and success fees. In 2014, the Group had mainly recorded 43 million euros of restructuring charges, 6 million euros of impairment and 17 million euros of costs linked to the merger project.

Operating income was significantly impacted by non-cash impairment charges recorded in the second quarter 2015 and merger-related costs.

Net financial costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, were strongly reduced, at 423 million euros versus 470 million euros in 2014.

The financial expenses on net debt were reduced from 380 million euros to 356 million mostly resulting from a decrease in the average interest rate on gross debt standing at 6.3% for the first half of 2015 versus 6.5% for the first half of 2014.

Foreign exchange resulted in a loss of 5 million euros in 2015 compared with a loss of 11 million euros in 2014.

Other financial costs were reduced by 17 million euros, at 62 million euros in 2015. They mainly comprise bank commissions, the amortization of debt issuance costs that was significantly reduced, and the net interest costs related to pensions.

The contribution from our joint ventures and associates increased by 10% to 33 million euros, as solid improvements in our joint ventures in Nigeria and in the UK were mitigated by more difficult market conditions in China.

Income before tax was impacted by several non-cash impairments of assets that distorted the effective tax rate. Additionally, **Income tax** expense was impacted by higher provisions on taxes (40 million euros) recorded in the second quarter 2015.

Net income Group share[1] was a loss of 477 million euros for the first semester 2015, affected by several one-time items (post tax effect of impairments, restructuring costs and merger costs). Excluding these one-off items, net income Group share rose 57% from 116 million euros in 2014 to 182 million euros in the first half of 2015, reflecting the EBITDA improvement and the reduction of net financial costs. In the second quarter, the adjusted net income was 210 million euros versus 237 million euros, as the effect of lower net financial expenses was offset by higher provisions on taxes (40 million euros).

Non-controlling interests, at 63 million euros, dropped 13% versus last year, mainly reflecting the minority share of the impact of the mothballing of the Slovenian cement plant.

Cash flow statement

Net operating cash used by operating activities was 14 million euros in 2015, versus 39 million euros used in 2014.

Net operating cash generated/used by operations improved 25 million euros, as the 60 million euros decrease in financial expenses paid and the EBITDA improvement more than offset the merger-related costs paid over the period. Our actions to optimize the strict working capital[2] indeed limited the normal increase of working capital during the period due to the seasonality of our activity and resulted in a positive evolution of the variation of the change in working capital versus the variation of the first semester 2014. When expressed as a number of days of sales, our strict working capital requirement was stable compared to the end of the first semester 2014.

Net cash used in investing activities was 233 million euros in 2015, compared with 107 million euros in 2014.

Sustaining capital expenditures were contained at 141 million euros in the first semester 2015.

Development investments and acquisitions amounted to 415 million euros and mainly included investments in our projects in North America (Exshaw – Canada and Ravena – United States) and in Algeria (Biskra), as well as a few debottlenecking projects, notably in the Philippines. They also included 45 million euros for the buy-out of an additional stake in an equity affiliate operating in Nigeria (Unicem).

Divestments have reduced the Group's financial net debt by 269 million euros in the semester (423 million euros in the first half of 2014), and mostly comprise the proceeds for the divestiture of our assets in Pakistan. In 2014, they were mainly related to the divestment of some aggregates quarries in Maryland (United States) and the sales of the remaining 20% stake in Siniat (Gypsum activities in Europe and Latin America).

Consolidated statement of financial position

At June 30, 2015, total equity stood at 16,888 million euros (17,289 million euros at the end of December 2014) **and net debt at 10,253 million euros** (9,310 million euros at the end of December 2014).

Total equity slightly decrease, as the positive non-cash impact of translating our foreign subsidiaries assets into euros (527 million euros) was more than offset by the net loss generated in the period (414 million euros) and the dividends (492 million euros).

The evolution of the net debt mostly reflects the impact of the usual seasonality on our cash flows and the capital expenditures invested in the first semester, mitigated by the optimization of the working capital and the divestments achieved over the period. Additionally, net debt was impacted by the earlier payment of the dividend of Lafarge SA (368 million euros) in early May ahead of the launch of the exchange offer to complete our merger with Holcim, rather than in July, as per past practice.

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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.*

Outlook

Overall the Group continues to see cement demand increasing for the full year. Taking into account volumes trends observed in the first half of the year, we now estimate market growth of between 1 to 4 percent in 2015 vs. 2014.

Cost inflation in 2015 should continue albeit at a slower pace than in 2014 given the evolution of fuel oil prices. This should result in higher prices overall. The Group should also benefit from more favorable exchange rates.

The Group confirms its target to generate, at constant scope, 550 million euros of additional EBITDA per annum from its cost reduction and innovation measures in 2015. Taking into account the impact of the expected divestments in the context of the merger to create LafargeHolcim, this target should have been reduced by c. 10%.
On a stand-alone basis and unconnected to the merger with Holcim, Lafarge would have expected an EBITDA approximately 4% below the low end of the initial guidance of 3.0 billion euros to 3.2 billion euros in 2015. Following the successful completion of the merger the standalone guidance is not relevant anymore as Lafarge results will be impacted by several items including required divestments and ramp-up of the synergies.

Merger of Equals to Create LafargeHolcim

On April 7, 2014, Lafarge and Holcim announced their project to combine the two companies through a merger of equals, to create LafargeHolcim, the most advanced and innovative group in the building materials industry, operating in 90 countries and creating superior value for its stakeholders.

Subsequently, the two groups made the following announcements:

On October 28, 2014, that they have completed all necessary notifications with regulatory authorities worldwide and on December 15, 2014, announced that the European Commission provided clearance for the proposed merger;

On December 23, 2014, Lafarge and Holcim announced that they had selected the Executive Committee of the future Group;

On February 2, 2015, that they entered into exclusive negotiations further to a binding commitment made by CRH regarding the sale of several assets;

On March 20, 2015, that they reached an agreement to amend certain terms of the project of merger of equals between both companies, including:

- A new exchange ratio,
- Wolfgang Reitzle and Bruno Lafont to be non-executive Co-Chairmen of the Board, and
- A new Chief Executive Officer for the combined Group to be proposed by the Lafarge Board of Directors and accepted by the Holcim Board of Directors;

On April 9, 2015 that, in respect of the amended agreement, Eric Olsen, EVP Operations of Lafarge was appointed as the future CEO of LafargeHolcim;

On April 14, 2015 the proposed nominations for the future Board of Directors of LafargeHolcim; and

In April 2015 the two groups announced a package of asset divestments in India, in the United States and that they have received the European Commission's approval for CRH as a suitable buyer for the assets in the EU.

On June 1, 2015, Holcim launched the exchange offer to acquire more than two thirds of Lafarge shares. Success of the offer was announced on July 9, with 87.5% of the shares having been tendered to the offer. The deal was completed on July 10 and, on July 13, LafargeHolcim replaced Lafarge in the CAC 40 Euronext index. The exchange offer has been reopened on July 15, 2015 and full information on the offer is available on the Lafarge website: www.lafarge.com/en/merger-project.

2. Interim condensed consolidated financial statements

Consolidated statement of income

	6 months		2nd quarter		December 31,
(million euros, except per share data)	2015	2014	2015	2014	2014
Revenue	**6,319**	**6,000**	**3,540**	**3,367**	**12,843**
Cost of sales	(4,909)	(4,695)	(2,616)	(2,487)	(9,838)
Selling and administrative expenses	(597)	(550)	(316)	(271)	(1,124)
Operating income before capital gains, impairment, restructuring and other	**813**	**755**	**608**	**609**	**1,881**
Net gains (losses) on disposals	30	33	28	7	292
Other operating income (expenses)	(792)	(106)	(684)	(76)	(713)
Operating income	**51**	**682**	**(48)**	**540**	**1,460**
Financial expenses	(507)	(524)	(248)	(261)	(1,034)
Financial income	84	54	15	23	164
Share of net income (loss) of joint ventures and associates	33	30	41	41	69
Income before income tax	**(339)**	**242**	**(240)**	**343**	**659**
Income tax	(75)	(100)	(98)	(96)	(385)
Net income	**(414)**	**142**	**(338)**	**247**	**274**
Of which attributable to:					
- Owners of the parent company	**(477)**	**70**	**(381)**	**205**	**143**
- Non-controlling interests (minority interests)	63	72	43	42	131
Earnings per share (euros)					
Attributable to the owners of the parent company					
Basic earnings per share	(1.66)	0.24	(1.32)	0.71	0.50
Diluted earnings per share	(1.65)	0.24	(1.32)	0.71	0.49
Basic average number of shares outstanding (in thousands)	**287,765**	**287,376**	**287,974**	**287,393**	**287,419**

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)	2015	2014	2015	2014	2014
Net income	**(414)**	**142**	**(338)**	**247**	**274**
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains / (losses)	32	(151)	(46)	(42)	(63)
Income tax on items that will not be reclassified to profit or loss	(16)	40	(2)	12	47
Total items that will not be reclassified to profit or loss	**16**	**(111)**	**(48)**	**(30)**	**(16)**
Items that may be reclassified subsequently to profit or loss					
Available-for-sale financial assets	-	-	-	-	8
Cash-flow hedging instruments	7	(2)	8	1	(13)
Foreign currency translation adjustments	527	145	(739)	220	1,193
Income tax on items that may be reclassified to profit or loss	(2)	1	(3)	1	3
Total items that may be reclassified to profit or loss	**532**	**144**	**(734)**	**222**	**1,191**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**548**	**33**	**(782)**	**192**	**1,175**
of which share of comprehensive income (loss) of joint ventures and associates, net of income tax	*247*	*67*	*19*	*70*	*216*
TOTAL COMPREHENSIVE INCOME	**134**	**175**	**(1,120)**	**439**	**1,449**
Of which attributable to:					
- Owners of the parent company	***47***	***91***	***(1,074)***	***379***	***1,218***
- Non-controlling interests (minority interests)	*87*	*84*	*(46)*	*60*	231

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 gain of 32 million euros in equity during the first six months 2015 (16 million euros net of tax effect), which essentially arises from the defined benefit pension plans in the United Kingdom, in the United States of America and in Canada. The actuarial gains are related to an increase of discount rates mainly in the United Kingdom partly offset by a decrease in the plan assets value mainly in the United Kingdom.

Foreign currency translation adjustments

Change in cumulative foreign currency translation adjustments from January 1, 2015 to June 30, 2015 (closing rate) comprises 566 million euros due to the appreciation of the American dollar, British pound, Iraqi dinar, Egyptian pound, Philippine peso and Indian rupee compared to the euro currency, partially offset by -255 million euros mainly due to the depreciation of the Nigerian naira, Algerian dinar, Brazilian real and Zambian kwacha compared to the euro currency.

Consolidated statement of financial position

(million euros)	At June 30,		At December 31,
	2015	2014	2014
ASSETS			
NON CURRENT ASSETS	**25,702**	**28,503**	**28,933**
Goodwill	10,618	11,041	11,360
Intangible assets	355	356	349
Property, plant and equipment	11,059	11,952	12,052
Investments in joint ventures and associates	1,535	3,088	3,056
Other financial assets	690	765	739
Derivative instruments	42	40	50
Deferred tax assets	1,372	1,242	1,292
Other receivables	31	19	35
CURRENT ASSETS	**9,628**	**6,560**	**5,871**
Inventories	1,462	1,473	1,476
Trade receivables	1,827	2,000	1,597
Other receivables	713	750	714
Derivative instruments	65	11	123
Cash and cash equivalents	1,933	2,326	1,961
Assets held for sale	3,628	-	-
TOTAL ASSETS	**35,330**	**35,063**	**34,804**
EQUITY & LIABILITIES			
Common stock	1,154	1,150	1,150
Additional paid-in capital	9,759	9,723	9,730
Treasury shares	(4)	(4)	(4)
Retained earnings	5,777	6,644	6,655
Other reserves	(863)	(997)	(884)
Foreign currency translation adjustments	(691)	(2,155)	(1,194)
Equity attributable to owners of the parent company	**15,132**	**14,361**	**15,453**
Non-controlling interests (minority interests)	1,756	1,772	1,836
EQUITY	**16,888**	**16,133**	**17,289**
NON CURRENT LIABILITIES	**12,943**	**12,761**	**12,099**
Deferred tax liabilities	820	773	847
Pension & other employee benefits	1,245	1,356	1,304
Provisions	566	523	515
Financial debt	10,254	10,051	9,371
Derivative instruments	4	2	2
Other payables	54	56	60
CURRENT LIABILITIES	**5,499**	**6,169**	**5,416**
Pension & other employee benefits	90	128	94
Provisions	82	95	75
Trade payables	1,808	2,011	1,897
Other payables	1,119	1,399	1,173
Current tax liabilities	42	108	106
Financial debt (including current portion of long-term debt)	2,012	2,384	2,045
Derivative instruments	23	44	26
Liabilities associated with assets held for sale	323	-	-
TOTAL EQUITY AND LIABILITIES	**35,330**	**35,063**	**34,804**

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)	2015	2014	2015	2014	2014
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**(414)**	**142**	**(338)**	**247**	**274**
Adjustments for income and expenses which are non-cash or not related to operating activities, financial expenses or income tax:					
Depreciation and amortization of assets	410	400	212	203	840
Impairment losses	542	6	515	-	428
Share of net (income) loss of joint ventures and associates	(33)	(30)	(41)	(41)	(69)
Net (gains) losses on disposals, net	(30)	(33)	(28)	(7)	(292)
Financial (income) / expenses	423	470	233	238	870
Income tax	75	100	98	96	385
Others, net (including dividends received from equity-accounted investments)	44	(11)	30	5	(76)
Change in w orking capital items, excluding financial expenses and income tax (see analysis below)	(387)	(410)	(183)	(256)	(92)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**630**	**634**	**498**	**485**	**2,268**
Interest (paid) received	(380)	(440)	(233)	(298)	(877)
Cash payments for income tax	(264)	(233)	(197)	(157)	(443)
Net cash generated by (used in) operating activities	**(14)**	**(39)**	**68**	**30**	**948**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(483)	(388)	(248)	(196)	(861)
Investment in subsidiaries (1)	3	(22)	-	1	(76)
Investment in joint ventures and associates	(54)	(7)	(7)	(7)	(10)
Acquisition of available-for-sale financial assets	-	(4)	-	(2)	(15)
Disposals (2)	242	387	205	39	1,084
Net (increase) decrease in long-term receivables	59	(73)	(20)	(10)	(87)
Net cash provided by (used in) investing activities	**(233)**	**(107)**	**(70)**	**(175)**	**35**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Capital increase (decrease) - ow ners of the parent company	24	7	24	6	8
Acquisitions of ow nership interests w ith no gain of control	(13)	(11)	-	(11)	(13)
Disposal of ow nership interests w ith no loss in control	-	36	-	36	21
(Increase) / Decrease in treasury shares	-	(14)	-	-	(14)
Dividends paid	(368)	-	(368)	-	(289)
Dividends paid by subsidiaries to non-controlling interests (minority interests)	(122)	(52)	(112)	(41)	(147)
Proceeds from issuance of long-term debt	1,309	352	1,223	324	612
Repayment of long-term debt	(887)	(1,118)	(846)	(1,074)	(2,632)
Increase (decrease) in short-term debt	327	110	203	154	58
Net cash provided by (used in) financing activities	**270**	**(690)**	**124**	**(606)**	**(2,396)**

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

	6 months		2nd quarter		December 31,
(million euros)	2015	2014	2015	2014	2014
Increase / (decrease) in cash and cash equivalents	**23**	**(836)**	**122**	**(751)**	**(1,413)**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	18	51	(59)	104	263
Reclassification of cash and cash equivalents as held for sale	(69)	-	(69)	-	-
Cash and cash equivalents at the beginning of the year/period	1,961	3,111	1,939	2,973	3,111
Cash and cash equivalents at end of the year/period	**1,933**	**2,326**	**1,933**	**2,326**	**1,961**
(1) Net of cash and cash equivalents of companies acquired	*3*	*2*	*-*	*-*	*3*
(2) Net of cash and cash equivalents of companies disposed of	*(2)*	*-*	*(1)*	*-*	*(16)*
Analysis of changes in working capital items	**(387)**	**(410)**	**(183)**	**(256)**	**(92)**
(Increase) / decrease in inventories	(118)	(43)	(23)	4	(32)
(Increase) / decrease in trade receivables	(292)	(440)	(346)	(458)	(22)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(4)	(42)	10	(15)	(35)
Increase / (decrease) in trade payables	43	171	101	213	(2)
Increase / (decrease) in other payables – excluding financial and income tax payables	(16)	(56)	75	-	(1)

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 adjustments	Equity attributable to owners of the parent company	Non-controlling interests	Equity
	(number of shares)				*(million euros)*						
Balance at January 1, 2014	***287,365,397***	***17,935***	**1,149**	**9,712**	**(1)**	**6,868**	**(885)**	**(2,288)**	**14,555**	**1,730**	**16,285**
Net income						70			70	72	142
Other comprehensive income, net of income tax							(112)	133	21	12	33
Total comprehensive income						**70**	**(112)**	**133**	**91**	**84**	**175**
Dividends						(289)			**(289)**	(61)	**(350)**
Issuance of common stock	*156,367*		1	6					**7**	-	**7**
Share based payments				5					**5**	-	**5**
Treasury shares		*52,970*			(3)	(11)			**(14)**	-	**(14)**
Changes in ownership with no gain/loss of control						7			**7**	16	**23**
Other movements						(1)			**(1)**	3	**2**
Balance at June 30, 2014	***287,521,764***	***70,905***	**1,150**	**9,723**	**(4)**	**6,644**	**(997)**	**(2,155)**	**14,361**	**1,772**	**16,133**
Balance at January 1, 2015	***287,541,684***	***70,538***	**1,150**	**9,730**	**(4)**	**6,655**	**(884)**	**(1,194)**	**15,453**	**1,836**	**17,289**
Net income						(477)			(477)	63	(414)
Other comprehensive income, net of income tax							21	503	524	24	548
Total comprehensive income						**(477)**	**21**	**503**	**47**	**87**	**134**
Dividends						(368)			**(368)**	(124)	**(492)**
Issuance of common stock	*841,373*		4	21					**25**	-	**25**
Share based payments				8					**8**	-	**8**
Treasury shares		*(2,456)*							-	-	-
Changes in ownership with no gain/loss of control						(32)			**(32)**	(14)	**(46)**
Other movements						(1)			**(1)**	(29)	**(30)**
Balance at June 30, 2015	***288,383,057***	***68,082***	**1,154**	**9,759**	**(4)**	**5,777**	**(863)**	**(691)**	**15,132**	**1,756**	**16,888**

Notes to the interim condensed consolidated financial statements

Note 1. Business description

Lafarge S.A. is a French limited liability company (*société anonyme*) governed by French law. Our commercial name is “Lafarge”. The company was incorporated in 1884 under the name “J et A Pavin de Lafarge”. Currently, our by-laws state that the duration of our company is until December 31, 2066, and may be amended to extend our corporate life. Our registered office is located at 61 rue des Belles Feuilles, BP 40, 75782 Paris Cedex 16, France. The company is registered under the number “542105572 RCS Paris” with the registrar of the Paris Commercial Court (Registre du Commerce et des Sociétés de Paris).

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

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 28, 2015.

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, 2015 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 statements for the year ended December 31, 2014.

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, 2015 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, 2014 and described in the Note 2 of the Group consolidated financial statements of the 2014 Registration Document except for the points presented in paragraph below 2.2-New IFRS standards and interpretations.

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

- Interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result (excluding share of net income of joint ventures and 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, 2015 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, 2014. As at June 30, 2015, a focus has been performed on Egypt, Iraq and Russia based on the economic and/or geopolitical situation in those countries and on Greece due to the recent economic developments.
For Greece, the carrying value of net assets Group’s share amounts to 639 million euros (including goodwill for 360 million euros) and the sales represent less than 1.5 % of the total sales of the Group for the first half-year 2015.
This review did not indicate an impairment situation as of June 30, 2015. In this context, a continuously assessment of the economic and geopolitical situation will be done during the next quarters for those countries.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1, 2015

The new IFRS and interpretations published as of December 31, 2014 and effective from January 1, 2015, 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 2014 Registration Document (page F26), had no significant impact on the Group interim condensed consolidated financial statements at June 30, 2015.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1, 2015.

2.3 – Seasonality

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

Note 3. Significant events

3.1 Completion of the merger between Lafarge and Holcim on July 10, 2015

The merger between Holcim (now named "LafargeHolcim") and Lafarge announced on April 7, 2014, was completed on July 10, 2015 to create LafargeHolcim Ltd, listed on Euronext Paris and Six in Zurich and domiciled in Switzerland.

The merger was structured as a public exchange offer filed by Holcim for the shares of Lafarge with an exchange ratio of 9 shares of Holcim for each 10 shares of Lafarge. Considering of the terms and characteristics of the merger and in accordance with IFRS 3 - Business Combinations, Holcim is the accounting acquirer of Lafarge. The acquisition date is the completion date of the exchange offer *ie* July 10, 2015. At that date, and before the results of the reopening offer period which closed on July 28, 2015, LafargeHolcim Ltd owns 87.5% of Lafarge S.A. which is now fully controlled by LafargeHolcim. The number of LafargeHolcim's shares issued after the first offer period amounted to 252 230 673 shares and the share price of LafargeHolcim at the acquisition date was CHF 71.55.

In the three months following the completion of the exchange offer, LafargeHolcim might decide to implement a mandatory squeeze out (*Retrait obligatoire*) with the French Autorité des marchés financiers (AMF) for the Lafarge shares not tendered to the Offer period or the re-opened period, if such Lafarge shares do not represent more than 5% of the share capital or the voting rights of the Company.

In the context of the merger, Lafarge and Holcim proposed assets disposals subject to the completion of the merger. As at June 30, 2015, Lafarge considers that the criteria for the application of IFRS 5 for these assets are met (see Note 3.3 "*Assets held for sale*").

For the first half-year 2015, costs in the amount of 132 million euros were recorded in connection with the merger in the consolidated statement of income on the line "Other operating income (expense)".

3.1.1 Change of control and non-compete clauses

As presented in the Note 3.1.2 - *Change of control and non-compete clauses,* to the notes of the Group consolidated financial statements of the 2014 Registration Document (page F28), the merger with Holcim may trigger the implementation of change of control and non-compete clauses and, depending on local regulations, of mandatory tender offers for minority interests of some listed subsidiaries of the Group. The Group entered into discussions/negotiations with the relevant parties and authorities to ensure that appropriate solutions are found.

As a result of these negotiations, the following agreements have been signed in the context of the merger leading to the gain of control in China and Bangladesh effective on July 10, 2015. Those entities will be fully consolidated in the consolidated financial statements of Lafarge S.A. since that date. Due to the proximity of the acquisition date to the publication date of these financial statements as at June 30, 2015, valuations of assets acquired and liabilities assumed and preliminary goodwill are not completed.

- In China :
  - The acquisition of the 45% stake held by SOCAM Development Limited in Lafarge Shui On Cement (LSOC) for a consideration of 2,553 million HK$ (around 294 million euros). Consequently, the Group's interest in LSOC increased from 55% to 100%.
  - Following the closing of the exchange offer, Lafarge will be required to launch a mandatory tender offer on the remaining shares held by the non-controlling interests in Sichuan Shuangma Cement Co Ltd. The estimated consideration based on the share price of Sichuan Shuangma Cement Co Ltd as at July 10, 2015 and assuming all the outstanding shares tendered, would amount to 200 million euros.

- In Bangladesh: a new shareholder agreement with Cementos Molins S.A. related to Surma Holding BV has been signed with no cash consideration.

Analysis and discussion are still ongoing in few other jurisdictions. In some countries, the relevant laws are unclear, or exemptions to launch a tender offer might be available, and exemptions have already been obtained in certain countries. No assurance, however, can be given that any favorable clarifications or additional exemptions will be obtained.

3.1.2 Restructuring plan

On May 19, 2015, Lafarge SA communicated to employee representatives the reorganization project of central functions which will have an impact on employment of approximately 380 net job losses throughout the world. The implementation was subject to the completion of the merger, effective on July 10, 2015. This new reorganization will begin to be put in place at the conclusion of the information and consultation procedure with employee representatives and will be accompanied by a voluntary redundancy plan. In the event that the voluntary redundancy plan fails to achieve the organization envisaged, a redundancy plan will be implemented. The social support measures that will be negotiated with employee representatives will mostly consist of solutions based on internal mobility, early retirement and (in France) voluntary departures.

At June 30, 2015, the cost of the restructuring plan is estimated at approximately 170 million euros. The restructuring plan has been announced on behalf of Lafarge S.A. for the benefit of the combined group LafargeHolcim. From the perspective of Lafarge Group, there is no obligating event as at June 30, 2015 since the plan is conditional upon the effective realization of the business combination.

3.2 Assets held for sale

In connection with the merger, and subject to certain conditions, Lafarge and Holcim have been committed to divest certain businesses as part of a rebalancing of the global portfolio of the combined group LafargeHolcim.
The Group considers that since the Holcim's shareholders approved the merger on May 8, 2015, the criteria for the application of IFRS 5 are met at that date and therefore the assets and liabilities related to divested businesses have been presented in separate lines in the interim condensed consolidated financial statements as held for sale.

The divestment businesses are as follows:

CRH Divested Businesses
The scope of Lafarge's divested assets include operations mainly in Europe (in Germany, Romania, United Kingdom (except Cauldon and Cookstown cement plants and certain associated assets), Reunion Island and a grinding stations in Saint-Nazaire in France), in Brazil and in the Philippines. The completion of the transaction is expected by July 31, 2015. In the context of these divestments, Lafarge and LafargeHolcim have made customary representations and warranties to the relevant purchasers in respect of the divested assets.

As a result of the impairment test performed on the assets to be disposed of, an impairment loss of 450 million euros was recognized as of June 30, 2015 related mainly to the joint venture Lafarge Tarmac Holdings Ltd in the United Kingdom.

US Divested Businesses
The package of asset divestments to Summit Materials includes Davenport cement plant in Iowa (1.1 million tonnes) and seven terminals along the Mississippi for a total consideration of 450 million US dollars in cash plus Summit's Bettendorf, Iowa cement terminal.

Indian Divested Businesses
The current package of asset divestments includes a cement plant and a grinding station (with a total of approximately 5 million tons annual cement capacity) in Eastern India.

Lafarge's reporting segments that will be impacted by the divestments are Western Europe, Central and Eastern Europe, Asia and North America.

The major classes of assets and liabilities recognized as held for sale at June 30, 2015 are as follows:

STATEMENTS OF FINANCIAL POSITION	At June 30,
(million euros)	2015
NON CURRENT ASSETS	**3,263**
Goodwill	912
Intangible assets	7
Property, plant and equipment	1,022
Investments in joint ventures and associates	1,288
Other financial assets	4
Deferred tax assets	28
Other receivables	2
CURRENT ASSETS	**365**
Inventories	135
Trade receivables	95
Other receivables	66
Cash and cash equivalents	69
TOTAL ASSETS HELD FOR SALE	**3,628**
NON CURRENT LIABILITIES	**74**
Deferred tax liabilities	20
Pension & other employee benefits	36
Provisions	18
CURRENT LIABILITIES	**249**
Pension & other employee benefits	5
Provisions	6
Trade payables	164
Other payables	49
Current tax liabilities	11
Financial debt (*including current portion of long-term debt*)	14
TOTAL LIABILITIES ASSOCIATED WITH ASSETS HELD FOR SALE	**323**

The depreciation charge ceased since May 8, 2015 on the assets held for sale with an impact of 26 million euros over the period of which: 12 million euros on the operating income and 14 million euros on the share of net income of joint ventures related to Lafarge Tarmac Holdings Ltd in the United Kingdom.

3.3 Divestment of cement asset in Pakistan

On April 22, 2015, the Group completed the sale of its cement operations in Pakistan to BestWay Cement. The net impact of this disposal is 197 million euros in the consolidated cash flows and 27 million euros for the gain on disposal before tax in the consolidated financial statements of income on the line “Net gains (losses) on disposals.”

3.4 Follow up of the specific situation in Syria

In Syria, the operations remain suspended as per the end of March 2015.

Note 4. Operating segment information

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

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

The information presented hereafter by reportable segment is in line with that reported to the Chief Executive Officer[3] 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 joint ventures and 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.

[3] the Chief Operating Decision Maker

(a) Segment information

June 30, 2015 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,063	1,340	463	2,047	224	1,346	
Less: intersegment	(48)	-	(5)	(72)	-	(39)	
EXTERNAL REVENUE	**1,015**	**1,340**	**458**	**1,975**	**224**	**1,307**	**6,319**
EBITDA	**153**	**170**	**76**	**554**	**14**	**256**	**1,223**
Depreciation and amortization	(76)	(72)	(42)	(137)	(14)	(69)	**(410)**
Operating income before capital gains, impairment, restructuring and other	**77**	**98**	**34**	**417**	**-**	**187**	**813**
Net gains (losses) on disposals	(1)	1	(7)	37	-	-	**30**
Other operating income (expenses) [(a)]	(601)	(48)	(109)	(18)	(8)	(8)	**(792)**
Including impairment on assets and goodwill	*(402)*	*(41)*	*(96)*	*(3)*	*-*	*-*	***(542)***
OPERATING INCOME	**(525)**	**51**	**(82)**	**436**	**(8)**	**179**	**51**
OTHER INFORMATION							
Capital expenditures	60	171	31	113	25	83	**483**
Capital employed	3,969	5,253	1,829	10,616	670	2,240	**24,577**
STATEMENT OF FINANCIAL POSITION							
Segment assets	5,127	5,870	1,989	11,670	798	2,836	**28,290**
Of which investments in joint ventures and associates	*232*	*27*	*38*	*856*	*3*	*379*	***1,535***
Assets held for sale	*1,596*	*242*	*477*	*48*	*168*	*1,097*	***3,628***
Unallocated assets [(b)]							**3,412**
TOTAL ASSETS							**35,330**
Segment liabilities	1,690	1,533	203	913	124	543	**5,006**
Liabilities associated with assets held for sale	71	-	81	15	25	131	**323**
Unallocated liabilities and equity [(c)]							**30,001**
TOTAL EQUITY AND LIABILITIES							**35,330**

[(a)] "Other operating income (expenses)" include: 542 million euros of impairment related primarily to assets to be divested to CRH for 450 million euros (mainly on the joint venture Lafarge Tarmac in United Kingdom), 72 million euros of restructuring costs mainly reflecting some reorganization measures in the operations in France, and 132 million euros of costs in connection with the merger LafargeHolcim.

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

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

June 30, 2014 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,135	1,132	494	1,894	350	1,136	
Less: intersegment	(56)	-	(5)	(40)	-	(40)	
EXTERNAL REVENUE	**1,079**	**1,132**	**489**	**1,854**	**350**	**1,096**	**6,000**
EBITDA	**146**	**115** [(b)]	**71**	**529**	**73**	**221**	**1,155**
Depreciation and amortization	(86)	(65)	(43)	(129)	(16)	(61)	**(400)**
Operating income before capital gains, impairment, restructuring and other	**60**	**50**	**28**	**400**	**57**	**160**	**755**
Net gains (losses) on disposals	11	29	(2)	-	(5)	-	**33**
Other operating income (expenses)	(48)	(13)	(9)	(23)	(7)	(6)	**(106)**
Including impairment on assets and goodwill	*(1)*	*-*	*(3)*	*-*	*-*	*(2)*	***(6)***
OPERATING INCOME	**23**	**66**	**17**	**377**	**45**	**154**	**682**
OTHER INFORMATION							
Capital expenditures	58	80	87	58	44	61	**388**
Capital employed	5,276	4,655	2,686	10,195	1,284	3,009	**27,105**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,700	5,174	2,911	11,305	1,500	3,854	**31,444**
Of which investments in joint ventures and associates	*1,613* [(a)]	*26*	*41*	*830*	*203*	*374*	***3,088***
Unallocated assets [(c)]							**3,619**
TOTAL ASSETS							**35,063**
Segment liabilities	2,200	1,312	270	1,078	218	598	**5,676**
Unallocated liabilities and equity [(d)]							**29,387**
TOTAL EQUITY AND LIABILITIES							**35,063**

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

(b) *Including a gain of 11 million euros due to a pension plan amendment in the United States.*

(c) *Deferred tax assets, derivative instruments and cash and cash equivalents.*

(d) *Deferred tax liability, financial debt, derivative instruments and equity.*

December 31, 2014 *(million euros)*	**Western Europe**	**North America**	**Central and Eastern Europe**	**Middle East and Africa**	**Latin America**	**Asia**	**Total**
STATEMENT OF INCOME							
Gross revenue	2,207	3,008	1,077	3,813	712	2,320	
Less: intersegment	(98)	-	(10)	(102)	-	(84)	
EXTERNAL REVENUE	**2,109**	**3,008**	**1,067**	**3,711**	**712**	**2,236**	**12,843**
EBITDA	**291**	**578** [(a)]	**226**	**1,043**	**150**	**433**	**2,721**
Depreciation and amortization	(187)	(137)	(91)	(265)	(31)	(129)	**(840)**
Operating income before capital gains, impairment, restructuring and other	**104**	**441**	**135**	**778**	**119**	**304**	**1,881**
Net gains (losses) on disposals	11	49	47	(3)	179	9	**292**
Other operating income (expenses)	(181)	(31)	(39)	(296)	(24)	(142)	**(713)**
Including impairment on assets and goodwill	*(17)*	*(11)*	*(29)*	*(246)*	*(2)*	*(123)*	***(428)***
OPERATING INCOME	**(66)**	**459**	**143**	**479**	**274**	**171**	**1,460**
OTHER INFORMATION							
Capital expenditures	128	202	136	153	88	154	**861**
Capital employed	5,692	4,881	2,286	10,539	832	3,173	**27,403**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,908	5,441	2,479	11,651	991	3,908	**31,378**
Of which investments in joint ventures and associates	*1,700*	*30*	*41*	*884*	*3*	*398*	***3,056***
Unallocated assets [(b)]							**3,426**
TOTAL ASSETS							**34,804**
Segment liabilities	1,646	1,502	240	1,036	157	643	**5,224**
Unallocated liabilities and equity [(c)]							**29,580**
TOTAL EQUITY AND LIABILITIES							**34,804**

[(a)] *Including a gain of 28 million euros due to a pension plan amendment in the United States.*

[(b)] *Cash and cash equivalents, deferred tax assets and derivative instruments.*

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

(b) Information by product line

(million euros)	External revenue June 30, 2015	External revenue June 30, 2014	External revenue December 31, 2014	Gross revenue June 30, 2015	Gross revenue June 30, 2014	Gross revenue December 31, 2014
Cement	4,323	4,100	8,545	4,631	4,399	9,166
Aggregates & Concrete	1,951	1,878	4,253	1,958	1,887	4,271
Other products	45	22	45	45	22	45
Eliminations				(315)	(308)	(639)
Total	**6,319**	**6,000**	**12,843**	**6,319**	**6,000**	**12,843**

(c) Information by country

(million euros)	June 30, 2015 External revenue	June 30, 2015 Non-current segment assets *	June 30, 2014 External revenue	June 30, 2014 Non-current segment assets *	December 31, 2014 External revenue	December 31, 2014 Non-current segment assets *
Western Europe	**1,015**	**3,941**	**1,079**	**5,548**	**2,109**	**5,715**
Of which:						
France	*787*	*2,235*	*856*	*2,192*	*1,643*	*2,306*
North America	**1,340**	**4,675**	**1,132**	**4,073**	**3,008**	**4,514**
Of which:						
*United States ***	*514*	*1,202*	*417*	*1,051*	*1,079*	*1,170*
*Canada ***	*826*	*1,019*	*715*	*815*	*1,929*	*914*
Central and Eastern Europe	**458**	**1,763**	**489**	**2,551**	**1,067**	**2,212**
Middle East and Africa	**1,975**	**10,310**	**1,854**	**10,036**	**3,711**	**10,396**
Of which:						
Egypt	*292*	*2,361*	*228*	*2,070*	*477*	*2,305*
Algeria	*361*	*2,927*	*339*	*2,954*	*664*	*2,993*
Nigeria	*366*	*1,228*	*324*	*1,287*	*632*	*1,323*
Latin America	**224**	**646**	**350**	**1,258**	**712**	**800**
Of which:						
Brazil	*224*	*640*	*285*	*865*	*584*	*831*
Asia	**1,307**	**2,232**	**1,096**	**2,971**	**2,236**	**3,180**
Total	**6,319**	**23,567**	**6,000**	**26,437**	**12,843**	**26,817**

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

*** Non-current segment assets excluding goodwill*

Note 5. Earnings per share

The computation and reconciliation of basic and diluted earnings per share for the periods ended June 30, 2015, June 30, 2014 and December 31, 2014 are as follows:

	6 months		December 31,
	2015	2014	2014
Numerator (in million euros)			
Net income attributable to owners of the parent company	(477)	70	143
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	287,765	287,376	287,419
Total potential dilutive shares	1,721	2,219	2,137
Weighted average number of shares outstanding — fully diluted	289,486	289,595	289,556
Basic earnings per share (euros)	**(1.66)**	**0.24**	**0.50**
Diluted earnings per share (euros)	**(1.65)**	**0.24**	**0.49**

Note 6. Debt

The debt split is as follows:

	At June 30,		At December 31,
(million euros)	2015	2014	2014
Long-term debt excluding put options on shares of subsidiaries	10,254	10,028	9,365
Put options on shares of subsidiaries, long-term	-	23	6
Long-term debt	**10,254**	**10,051**	**9,371**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	1,999	2,384	2,045
Put options on shares of subsidiaries, short-term	13	-	-
Short-term debt and current portion of long-term debt	**2,012**	**2,384**	**2,045**
Total debt excluding put options on shares of subsidiaries	12,253	12,412	11,410
Total put options on shares of subsidiaries	13	23	6
Total debt	**12,266**	**12,435**	**11,416**

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” (548 million euros as at June 30, 2015, 76 million euros as at June 30, 2014 and 308 million euros as at December 31, 2014).

At June 30, 2015, the net variation of this debt is an increase of 240 million euros (compared to an increase of 69 million euros as at June 30, 2014 and an increase of 301 million euros as at December 31, 2014) and is presented in the statement of cash flows in “Proceeds from issuance of long-term debt” (“Proceeds from issuance of long-term debt” as at June 30, 2014 and December 31, 2014).

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

(million euros)	2015 H2	2016 H1	Contractual flows - less than one year (incl. future interests)	Statement of Financial position - Current Liabilities	Between 1 and 5 years	More than 5 years	Contractual flows - more than one year (incl. future interests)	Statement of Financial position - Non Current Liabilities	Total Contractual flows (incl. future interests)	Statement of Financial position - June 30, 2015
Short-term debt and bank overdrafts	831	48	879	873					879	873
Debenture loans / Private placements	1,202	747	1,949	1,036	7,893	1,952	9,845	8,259	11,794	9,295
Other LT financings (including ST portion of LT debt)	631	42	673	90	1,476	61	1,537	1,995	2,210	2,085
Total	**2,664**	**837**	**3,501**	**1,999**	**9,369**	**2,013**	**11,382**	**10,254**	**14,883**	**12,253**

Interest rate

The average spot interest rate of the gross debt after swaps, as at June 30, 2015, is 6.1% (6.4% as at June 30, 2014 and 6.4 % as at December 31, 2014).

The average interest rate of the gross debt after swaps is 6.3% for the first 6 months 2015 compared to 6.5% for the first 6 months 2014 and 6.3% for the full year 2014.

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 2014 Registration Document.

Under these agreements, some of the French and North American subsidiaries agree to sell trade receivables. These trade receivables sold remain on the statement of financial position and amounted to 387 million euros as at June 30, 2015 (385 million euros as at June 30, 2014 and 335 million euros as at December 31, 2014).

The financing generated by these securitization programs, classified as short-term debt, amounts to 311 million euros as at June 30, 2015 (308 million euros as at June 30, 2014 and 254 million euros as at December 31, 2014).

The French securitization agreement is guaranteed by subordinated deposits and units totaling 76 million euros as at June 30, 2015 (76 million euros as at June 30, 2014 and 81 million euros as at December 31, 2014).

Information on financial instruments fair value

The main nature of the Group's financial assets and liabilities are broadly similar to those identified in the Group consolidated financial statements as of December 31, 2014. Besides, relative differences between fair values and carrying amounts of those main natures of financial assets and liabilities have not significantly changed compared to December 31, 2014.

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share proposed for the year 2014 to Annual General Meeting of shareholders called on May 7, 2015 as well as the dividend amount per share approved in 2014 for the year 2013 (paid in July 2014).

(euros, except otherwise indicated)	2014	2013
Total dividend (million euros)	368	289
Base dividend per share	1.27	1.00
Increased dividend per share[1]	1.39	1.10

(1) See Section 6.2.5 (Articles of Association (Statuts) - Rights, preferences and restrictions attached to shares) of the 2014 Registration document for an explanation of our "Loyalty dividend".

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

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

	At January 1, 2015	Gains/(losses) arising during the period	Recycling to income statement	At June 30, 2015
Available-for-sale financial assets	15	-	-	15
Gross value	*25*	-	-	*25*
Deferred taxes	*(10)*	-	-	*(10)*
Cash flow hedge instruments	(10)	3	2	(5)
Gross value	*(15)*	*4*	*3*	*(8)*
Deferred taxes	*5*	*(1)*	*(1)*	*3*
Actuarial gains/(losses)	(889)	16	-	(873)
Gross value	*(1,253)*	*32*	-	*(1,221)*
Deferred taxes	*364*	*(16)*	-	*348*
Total Other reserves	***(884)***	***19***	***2***	***(863)***
Total Foreign currency translation	***(1,194)***	***478***	***25***	***(691)***
Total Other comprehensive income/(loss), net of income tax	***(2,078)***	***497***	***27***	***(1,554)***

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 basis for the claims and the level of risk on a case-by-case basis and depends on its assessment of 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 time.

Competition

India – Cement: An investigation was started in 2011 against the major players in the cement Indian market. Further to this investigation, by an Order dated June 21, 2012, the Competition Commission of India has found cement manufacturers in violation of the provisions of the Competition Act, 2002, which deals with anticompetitive agreements. The Commission has imposed a penalty on 11 cement manufacturers, including our subsidiary Lafarge India PVT Limited. The Commission has also imposed a penalty on the Indian Cement Manufacturers Association. The penalty imposed on Lafarge India PVT Limited amounts to 4.8 billion rupees (67 million euros[4]), out of a total amount of penalty of 60 billion rupees (841 million euros[4]). Lafarge India PVT Limited vigorously challenges the merits of this order and, on August 31, 2012, lodged an appeal with the Competition Appeal Tribunal (the "COMPAT") as well as a request for a stay of the collection of the penalty until final judgment of the COMPAT. On May 17, 2013, further to different initial procedural steps, the COMPAT issued an Order, granting a conditional stay, subject to the deposit of 10% of the penalty imposed by the Commission. Hence, Lafarge India PVT deposited the corresponding amount (i.e. 6.7 million euros) on June 24, 2013, while requesting the Tribunal to rectify and reduce this amount due to a calculation error. The application to rectify the amount of deposit will be heard along with the main appeal. Final Hearings on the merits of the case and a final Order by the COMPAT may be expected in the course of the second half year of 2015. No provision has been recorded.

United States – Canada – Gypsum: Commencing in December 2012, a series of antitrust cases have been filed against the entire wallboard industry, including Lafarge North America Inc., in federal courts located in several cities, including Philadelphia, Chicago and Charlotte in the United States of America. All these cases have now been consolidated in the Eastern District of Pennsylvania and Plaintiffs have filed a Consolidated Complaint. Plaintiffs generally allege that the industry colluded to raise prices in the years 2012 and 2013. The plaintiffs do not allege any direct evidence of an agreement among the defendants, and instead rely largely on alleged circumstantial evidence. Two of the primary Defendant settled with Plaintiffs.

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[4] *Translated using the closing exchange rate*

Then, in September 2013, two new class actions were filed, respectively in the jurisdictions of Quebec and Ontario (the latest on behalf of potential claimants in Canada) against the members of the wallboard industry, including our subsidiaries Lafarge Canada Inc. and Lafarge North America Inc. The Plaintiffs allege generally that the industry colluded to raise prices between September 2011 and the date of the claim. As in the cases filed in the United States, plaintiffs in these Canadian cases do not allege any direct evidence of an agreement among the defendants, and instead rely largely on alleged circumstantial evidence.

In July 2015, Lafarge North America Inc. received a subpoena from the grand jury in the Western District of North Carolina relating to wallboard and its former wallboard operations. Our subsidiary understands that the grand jury is investigating possible collusion in the U.S. wallboard industry, potentially involving Lafarge North America Inc. Lafarge North America Inc. is cooperating with the investigation.

Lafarge North America Inc. and Lafarge Canada Inc. believe these lawsuits are without merit and intend to vigorously defend the litigation. No provision has been recorded.

Also on competition matters, there are three 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 does 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 are the subject of the detailed investigation, involve any possible restrictions of commercial trade in or upon entry to the European Economic Area, market sharing, and coordination of prices on the cement and related markets (concrete, aggregates). In the case of Lafarge, seven countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. Lafarge answered the Commission's various requests for information. During the third quarter of 2012, European officials visited the French, German and European cement associations. 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-mix concrete markets (the "Industry") in the UK to the competition commission (the "UK Commission") for an in-depth sector investigation. The UK Commission conducted this market investigation in relation to the supply of those products. On May 21, 2013, the UK Commission published its provisional findings report (the "Preliminary Report"), alleging the existence of combination of structural and conduct features giving rise to an adverse effect on competition in the Great Britain cement market. On June 25, 2013, Lafarge Tarmac ("LT") responded to the Preliminary Report, strongly contesting the provisional findings and possible remedies. Then, on October 8, 2013, the UK Commission published its provisional decision on remedies, requiring LT to divest one cement plant together with certain ready-mix plants (if required by a prospective purchaser) and two slag granulators ("Divestiture Package") and imposing some behavioral remedies notably related to the publication of cement market data and price announcement letters. LT responded to this provisional decision on remedies in November 2013. On January 14, 2014, the UK Commission's final report (the "Final Report") was published, confirming the Divestiture Package (but without the requirement for LT to divest the two slag granulators) and the behavioral remedies, and requiring interim undertakings from LT to preserve the possible divestment assets. In March 2014, LT disputed the conclusions of the UK Commission and lodged an appeal before the Competition Appeal Tribunal ("CAT"). On December 16, 2014, the UK Commission gave consent to the transfer of the Cauldon Assets to the future Lafarge S.A./Holcim Ltd business in the UK, as part of their merger project. The interim undertakings given by LT will continue to apply until formally released by the UK Commission or until the market investigation has been finally determined by the UK Commission. By an Order dated February 15, 2015, the CAT ordered a stay of the proceedings until the completion of the merger between Lafarge and Holcim, or until July 31, 2015, whichever is earlier, with hearings to take place on or after that date. On July 10, 2015, the closing of the merger between Lafarge and Holcim took place and the effective transfer of the Cauldon and Cookstown plants to Lafarge UK Holdings Ltd was completed on July 20, 2015. As a result the appeal at the CAT will have to be withdrawn upon completion of the sale of Lafarge Tarmac to CRH, scheduled on July 31, 2015.

Spain – Cement and Concrete: On December 22, 2014, the Spanish competition authority (Comisión Nacional de los Mercados y la Competencia - CNMC), opened proceedings against 10 Spanish cement and concrete manufacturers investigating the possible existence of restrictive practices affecting the cement and concrete market in Spain. On April 7, 2015 the CNMC notified 4 additional companies, including Lafarge Cementos S.A. of its decision to include them in those proceedings. The CNMC is currently investigating and no charges have been issued against Lafarge Cementos.

Other proceedings

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

The Judge trial involving the first few plaintiffs commenced in late June 2010. In a ruling dated January 20, 2011, the Judge ruled in favor of LNA. These plaintiffs filed a Notice of Appeal, but then withdrew it. Our subsidiary then filed a Motion for Summary Judgment against all the remaining plaintiffs with claims filed in Federal Court. A Hearing was held by the Court in October 2011 and a decision was handed down in March 2012 granting Summary Judgment in LNA's favor and against all remaining cases filed in the Federal Court. Plaintiffs appealed this decision but afterward, voluntarily dismissed their appeal. A new case was filed against LNA on September 16, 2011 by the Parish of Saint Bernard in Louisiana State Court. LNA moved to remove the case to Federal Court before the same Judge who had the main litigation and has won that Motion. LNA then moved for Summary Judgment against the Parish of Saint Bernard and won this Motion. Plaintiffs appealed this ruling on January 3, 2013 and in a Decision dated December 19, 2013, a three judge panel of the Court of Appeals reversed and remanded the case back to the Trial Court for a Jury Trial (with no official timetable at this stage). LNA vigorously defends itself in this ongoing action. LNA believes that the claims against it are without merit. No provision has been recorded.

Greece – Heracles: In 1999, the European Commission (EC) ruled that part of a state aid granted in 1986 to Heracles, our listed subsidiary in Greece since 2001 was illegal and ordered the Greek State to recover from Heracles the amount of 7.3 million euros plus interest. By virtue of a subsequent letter in 1999, the EC indicated an amount computed based on 18% compound interest. In 2000, Heracles paid the overall amount (74 million euros, including compound interest), and filed a complaint before the Administrative Court of First Instance of Athens ("CFI"). In 2001, the CFI ruled that in the absence of compound interest in the EC ruling, the Greek authorities could not execute an amount with such compound interest, and restricted the amount to be recovered to 25.6 million euros (corresponding to an amount calculated with simple interest). In 2005, after the CFI judgment was confirmed on appeal, the Greek authorities repaid to Heracles 44 million euros. The parties appealed. Several years later, in 2012, the Supreme Administrative Court, ordered the case to be sent back for a new appellate judgment to be issued on the merits of the case. Further to a hearing which took place on February 13, 2014, Heracles became aware that a new appellate judgment was issued. This judgment quashed the CFI judgment of 2001, on the basis of which the Greek Authorities had repaid to Heracles 44 million euros. This new appellate judgment has been officially served to Heracles on October 13, 2014. Heracles disputes the appellate judgment and will defend vigorously against it with the Supreme Administrative Court and will review other actions to challenge the possible enforcement of this judgment which has not been demanded at this stage and it being understood that the appeal with the Supreme Administrative Court is not suspensive. A hearing at the Supreme Administrative Court took place in June 2015 and the issuance of the decision is pending. No provision has been recorded.

Brazil - Lafarge Brasil SA: On December 31, 2010, in an extraordinary general meeting (the "EGM"), the merger of our subsidiary Lafarge Brasil SA into LACIM was approved by the majority of shareholders of Lafarge Brasil SA. The companies *Maringá S.A. Cimento e Ferro Liga* (currently named *Maringá Ferro Liga S.A.*) and *Companhia de Cimento Portland Ponte Alta* ("Maringa" and "Ponte Alta"), both then minority shareholders of Lafarge Brasil SA for a combined ownership of 8.93%, dissented from the merger decision and subsequently exercised their right to withdraw as provided for by the Brazilian Corporation law. In application of such law, an amount of 76.3 million Brazilian real was paid by Lafarge Brasil SA to Maringa and Ponte Alta (value of their shares at book value as reflected on the balance sheet of November 30, 2010).

In February 2011, Maringa filed an injunction to suspend the effects of the EGM. The injunction was denied. In September 2011, the claim was amended to (i) add Ponte Alta as Plaintiff and the former Chief Executive Officer of Lafarge Brasil SA as defendant; and (ii) request to nullify the EGM and the revision of the criteria used to calculate the amount of reimbursement following the exercise of the withdrawal rights. On March 27, 2013, before the Court of first instance, Lafarge Brasil SA was ordered to pay to Maringa and Ponte Alta the amount of approximately 379 million Brazilian real, including interest (as of July 2015) (108 million euros[5]), corresponding to the difference between the book value (i.e., R$ 11.90/share) paid in 2011 at the time of the merger and the fair market (economic) value established by an independent expert to determine the exchange ratio for the merger (i.e., R$39.57/share). Both Lafarge Brasil SA and Maringa and Ponte Alta appealed against this decision on June 10, 2013. At the end of December 2014, the Rio de Janeiro Tribunal rejected both appeals on the merits. Lafarge Brasil SA has appealed to the Superior Court of Justice and to the Supreme Court and will defend vigorously against the judgment and, as the case may be, will consider other actions to challenge the possible enforcement of this judgment. No provision has been recorded.

In connection with disposals made in the past years, Lafarge and its subsidiaries provided customary warranties notably related to accounting, tax, employees, product quality, litigation, competition, and environmental matters. Lafarge and its subsidiaries received or may receive in the future notice of claims arising from said warranties. In view of the current analysis, it is globally concluded that no significant provision has to be recognized in this respect.

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[5] *Translated using the closing exchange rate of June 2015*

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, 2015	At December 31, 2014
COMMITMENTS GIVEN					
Commitments related to operating activities					
Capital expenditures and other purchase obligations [1]	471	845	676	1,992	2,071
Operating leases	215	368	123	706	712
Other commitments	346	66	83	495	538
Commitments related to financing					
Assets pledged	78	277	7	362	393
Other guarantees [2]	287	591	10	888	713
Scheduled interest payments [3]	590	1,283	688	2,561	3,462
Net scheduled obligation on interest rate swaps [4]	(15)	(31)	-	(46)	(44)
Commitments related to scope of consolidation					
Indemnification commitments	310	213	-	523	627
COMMITMENTS RECEIVED					
Unused committed credit lines	-	3,000	-	3,000	3,000
Other available financing facilities	-	450	-	450	450
Unused bank loans	-	-	-	-	500

(1) of which 20 million euros related to joint ventures in June 2015.

(2) of which 860 million euros in June 2015 and 693 million euros in December 2014 related to joint ventures (including 752 million euros for Lafarge Shui On China in June 2015 and 590 million euros in December 2014).

(3) Scheduled interest payments associated with variable rate are computed on the basis of the rates in effect at June 30 and December 31. Scheduled interest payments include interest payments on foreign exchange derivative instruments.

(4) Scheduled interest payments of the variable leg of the swaps are computed based on the rates in effect at June 30, 2015 and December 31, 2014.

Commitments given

(a) Commitments related to operating activities

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

On November 7, 2014, the Group has entered into a Share and Loan Purchase Agreement with Flour Mills Nigeria Plc, defining a roadmap to purchase, via Nigerian Cement Holdings B.V. a 50% affiliate, Flour Mills Nigeria Plc's 30% interest in the associate United Cement Company of Nigeria Ltd (Unicem), and the shareholder loans of Flour Mills Nigeria Plc. The total amount of commitments given related to this agreement is 66 million euros as of June 30, 2015.

(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, 2015 of 523 million euros.

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

Note 10. Transactions with related parties

There were no significant related-party transactions during the period neither evolution in the nature of the transactions as described in Note 30 of the consolidated financial statements included in the Group 2014 Registration Document.

Note 11. Subsequent events

On July 10, 2015, the merger between Lafarge and Holcim was completed (Refer to Note 3.1).

On July 17, 2015, the Group completed the sale to Summit Materials of the Davenport cement plant in Iowa (1.1 million tonnes) and seven terminals along the Mississippi in the United States of America (Refer to Note 3.2).

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 28, 2015

French original signed by	*French original signed by*
Jean-Jacques Gauthier	Eric Olsen
Chief Financial Officer	Chairman and Chief Executive Officer

Statutory auditors' review report on half-yearly financial information

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

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Lafarge, for the period from January 1 to June 30, 2015, and
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

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

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the interim condensed consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the interim condensed consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 28, 2015.

The statutory auditors
French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG et Autres	
Arnaud de Planta	Frédéric Gourd	Alain Perroux	Nicolas Macé