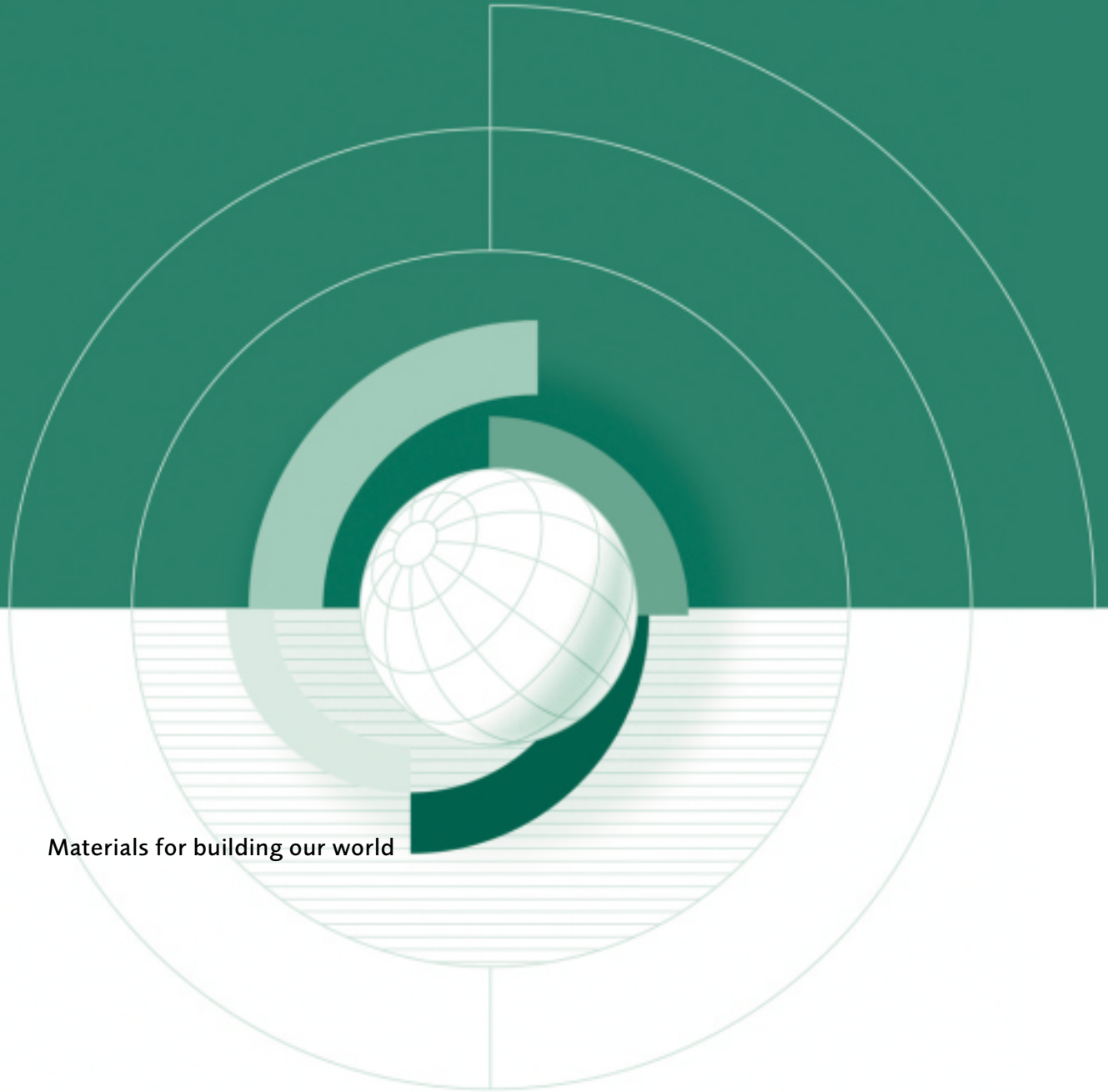


INTERIM
REPORT
2002



Materials for building our world





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Despite an uncertain economic context, the Group posted a significant increase in earnings for the first half of 2002. These good results demonstrate our ability to improve performance, as witnessed in all our businesses. It also reflects the successful integration of Blue Circle and the achievement of synergies in line with expectations.

Trends varied across different markets. In North America, the residential construction market remained buoyant, while public works seemed to suffer a slowdown. In Europe, growth continued in Spain, Greece, France and Italy, while the UK was stable and Germany and Poland registered a further decline. The Mediterranean region was characterized by similar contrasting trends, with growth in Jordan and Morocco as opposed to difficulties in Egypt and Turkey. Asian markets are still expanding, with the notable exceptions of Japan and the Philippines. In South America, the markets have generally withstood the financial crisis well. Finally, in Africa, we benefited from a favorable situation in Kenya and South Africa, unlike in Nigeria where conditions have been difficult.

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chairman's message

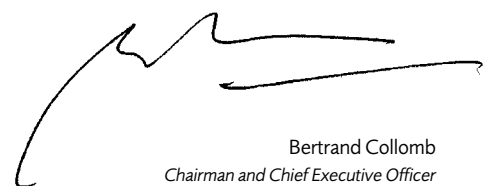
In this context, we posted good results in all our businesses. The Cement division benefited from both the favorable trend in prices and the effectiveness of our cost control measures. In Aggregates and Concrete, aggregate prices increased, even though volumes were either stable or slightly down. The Roofing division improved its results despite the continuing decline of the German market. It also reaped the benefits of its major restructuring program aimed at reducing fixed costs and improving its market positions. In the Gypsum division, the sharp rise in prices in the United States and the ongoing expansion in Asia, where our Gypsum operations have grown considerably in recent years, led to a substantial recovery in earnings.

The first stage of the integration of Blue Circle was completed on time, at the end of 2001. We are now at the stage of implementing synergies and improving performance, which we estimate will represent 107 million euros for 2002, 172 million euros for 2003 and 215 million euros for 2004. At June 30, we were in line with our objectives for the current year, with synergies of 51 million euros already achieved. We can therefore confirm that our objective for 2002 will be met and that all action programs in place are going ahead as planned.

Concerning our financial structure, we are maintaining our goal of returning to a comparable structure by the end of 2003 as at the end of 2000, before the acquisition of Blue Circle. This will be achieved by increasing cash flow, ensuring a tight control on investments - which we will limit to 1,600 million euros in 2002 and 1,500 million euros in 2003 - and by implementing our program to dispose of non-strategic assets.

For the first half of 2002, these disposals amounted to 214 million euros. We are now at an advanced stage in negotiations for further operations of this kind and we can confirm that our objective for this program is more than 700 million euros for 2002.

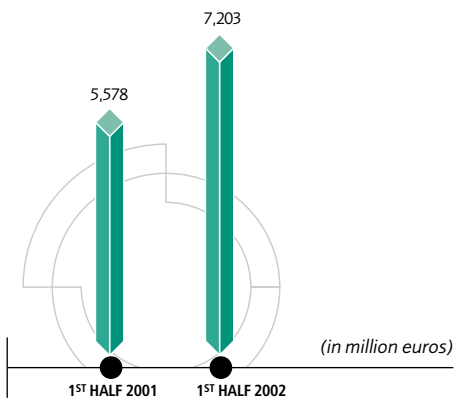
The current economic outlook is particularly uncertain, with contrasting forecasts from economic and financial specialists. Despite this uncertainty, and unless there is a massive reversal of trends observed on our markets, we are confident of our ability to continue to improve performance and increase our earnings for the year 2002.



Bertrand Collomb
Chairman and Chief Executive Officer

key figures

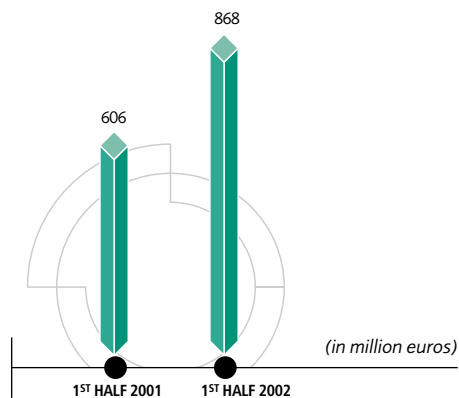
SALES



(in million euros)

	2002H1	OF WHICH BLUE CIRCLE	2001H1	02/01
By geographical zone of destination				
Western Europe	3,019	543	2,424	25%
North America	1,999	409	1,632	22%
Central and Eastern Europe	262	5	226	16%
Emerging Mediterranean	333	14	293	14%
Asia Pacific	738	306	390	89%
Latin America & the Caribbean	403	108	338	19%
Sub-Saharan Africa/ Indian Ocean/Others	449	153	275	63%
By business line				
Cement	3,551	1,203	2,245	58%
Aggregates & Concrete	2,218	325	1,952	14%
Roofing	722	0	728	-1%
Gypsum	604	0	540	12%
Others	108	10	113	-4%
TOTAL	7,203	1,538	5,578	29%

OPERATING INCOME



(in million euros)

	2002H1	OF WHICH BLUE CIRCLE	2001H1*	2001H1	02/01*
By geographical zone of destination					
Western Europe	446	107	332	368	34%
North America	84	25	47	44	79%
Central and Eastern Europe	16	0	17	23	-6%
Emerging Mediterranean	65	-1	43	42	51%
Asia/Pacific	70	29	35	42	-
Latin America / Caribbean	121	26	93	116	30%
Sub Saharan Africa/ Indian Ocean/Others	58	5	45	44	29%
Divisional overheads	8	7	-6	-4	-
By business line					
Cement	686	172	492	529	39%
Aggregates & Concrete	85	17	72	73	18%
Roofing	50	0	44	52	14%
Gypsum	39	0	-1	3	-
Others	8	9	-1	18	-
TOTAL operating income on ordinary activities	868	198	606	675	43%

(*) restated for share of equity affiliates



management report

SALES PERFORMANCE

Higher sales were mainly the result of the Group's new perimeter, particularly for the Cement Division, where sales rose by 58.2%. Sales from former Blue Circle operations totaled 1,538 million euros.

The sales report for each division, excluding foreign exchange and scope effects, is as follows:

Cement up 3.8%

Cement sales rose 3.8%. The cement business was strong throughout Western Europe, with the notable exception of Germany where cement prices declined. Sales were flat in Central and Eastern Europe, although economic sluggishness continued in Poland.

Sales grew slightly by 0.4% in North America year-on-year. The slight decline in volumes was offset by better prices. Cement sales grew significantly elsewhere in the world.

Aggregates and Concrete down 0.4%

Sales were down by 0.4%, compared to the first half of 2001. Aggregates sales were off by 3.1%, mainly due to trends in the North American markets. Sales volumes in the Canadian province of Ontario dropped due to Ontario public sector employees strikes that disrupted public works, and market conditions were weak in the Great Lakes region.

Concrete sales rose 2.1%, with strong growth in France and a decline in North America.

Roofing down 4.6%

The slowdown in the sales decline recorded in the second quarter in Germany resulted in the drop of the division sales being limited to 4.6% for the first half.

Roofing division sales were generally rising outside of Europe and particularly in Malaysia.

Gypsum up 9.3%

Gypsum sales increased by 9.3%. This was the result of higher sales volumes and sales prices in North America, where the average price per thousand square feet during the first half was USD 95, versus USD 63 in 2001.

Gypsum sales in Western Europe were flat in a mixed environment. The decline in Germany was offset with growth in France, the UK and Southern Europe.

In Asia, sales grew significantly during the first half of the year helped by better market conditions.

Scope effects up 29.4% amounting to 1,622 million euros

Sales resulting from acquisitions amounted to 1,699 million euros, with disposals reducing sales by 77 million euros.

Sales from former Blue Circle operations amounted to 1,538 million euros. Compared to the first half of last year, excluding foreign exchange and scope effects, sales were globally flat with cement sales rising 2.7%.

Foreign exchange effect: down 1.8% amounting to 77 million euros

The foreign exchange effect was largely due to the decrease in the South African rand, the Brazilian real and the Canadian dollar.

OPERATING INCOME ON ORDINARY ACTIVITIES

Operating income was sharply up by 43% at 868 million euros versus 606 million euros on June 30, 2001. Operating income rose 12% excluding foreign exchange and scope effects.

Per division, operating income in the first half of 2002 breaks down as follows.



cement

79% OF TOTAL OPERATING INCOME END OF JUNE 2002

Sales by origin

(in million euros)	2002H1	OF WHICH BLUE CIRCLE	2001H1	02/01
Western Europe	1,276	542	693	84%
North America	839	257	588	43%
Central and Eastern Europe	156	0	145	8%
Emerging Mediterranean	267	11	249	7%
Asia/Pacific	540	274	235	-
Latin America & the Caribbean	315	68	262	20%
Sub Saharan Africa/ Indian ocean/Others	431	148	244	77%
Total before elimination of inter-company sales	3,824	1,300	2,416	58%
Total consolidated sales	3,551	1,203	2,245	58%

Operating income on ordinary activities

(in million euros)	2002H1	OF WHICH BLUE CIRCLE	2001H1*	2001H1	02/01*
Western Europe	290	104	182	197	59%
North America	88	11	85	86	4%
Central and Eastern Europe	21	0	21	21	0%
Emerging Mediterranean	66	-1	49	50	35%
Asia/Pacific	57	30	26	26	-
Latin America & the Caribbean	117	23	92	113	27%
Sub Saharan Africa/ Indian ocean/Others	47	5	37	40	27%
Divisional overhead	0		0	-4	-
Total	686	172	492	529	39%

* restated for share of equity affiliates and allocation of divisional overhead.

Volumes sold by Lafarge for the first half of 2002 totaled 52 million tonnes, up 55% compared to the first half of 2001, reflecting the consolidation of the former Blue Circle operations. Western Europe remains the Group's largest cement market place with 31% of volumes sold, followed by Asia with 19%.

Western Europe

Operating income: 290 million euros (182 million euros end of June 2001)

Volumes of cement sold in Western Europe in the first half totaled 16 million tonnes, an increase of 75%. Prices in the region generally followed a favorable trend in particular in Spain, but with the exception of Germany where prices fell by 18% due to an intensely competitive market. The significant increase in operating income was mostly due to the former Blue Circle operations in the UK and Greece, which contributed 104 million euros, with reduced costs in the UK and favorable prices in Greece. France, Spain and Italy, all saw increases, though offset to some extent by the 7 million euros fall in operating income in Germany.

North America

Operating income: 88 million euros (85 million euros end of June 2001)

Following the acquisition of Blue Circle, the North American operations have been reorganized into five regions. Overall volumes sold in North America were up by 45.5% to 8 million tonnes following the integration of Blue Circle. Whereas volumes have grown in the West, they declined notably in the Great Lakes region where the market slipped due to adverse weather conditions. Volumes were also down in the Mississippi region. Prices improved across most regions with the notable exception of the South East (a market served by Blue Circle North America).

Operating income in North America increased by 3 million euros. This result includes Blue Circle North America's operating income of 11 million euros. Blue Circle North America's income was impacted by the deteriorating prices in the South East, by a kiln breakdown at Ravenna and by start up costs incurred at the new Roberta plant. Lafarge North America's operating income (77 million euros) was down by 8 million euros.

Emerging Countries

Operating income: 308 million euros (225 million euros end of June 2001)

Volumes in emerging countries rose to 27 million tonnes, up 48%. Of the 83 million euros increase in operating income, former Blue Circle operations in Chile, Egypt, Malaysia, Nigeria, Zimbabwe and the Philippines accounted for 57 million euros.

- In Central and Eastern Europe, operating income remained stable at 21 million euros. Operating income continued to improve in Romania, offsetting the slight decline in the Czech Republic caused by weaker market conditions.
- In the Mediterranean basin, operating income for the region increased to 66 million euros (49 million euros end of June 2001). Jordan and Morocco greatly improved margins thanks to the buoyant construction market and improved industrial performance. Turkey saw a turnaround to record a positive operating income. The former Blue Circle operations in Egypt were negative by 1 million euros in the first half of 2002.
- In Asia, operating income increased sharply to 57 million euros (26 million euros end of June 2001). The former Blue Circle operations in Malaysia and the Philippines contributed 30 million euros. In the Philippines, operating income improved greatly as the synergies between the Lafarge and former Blue Circle operations resulted in better industrial performance and reduced costs. In Indonesia, results remained stable from the first half of 2001. India saw some slippage in operating income due to the low pricing environment. A good performance was recorded by South Korea. The former Blue Circle operations in Malaysia interrupted production as planned to repair the coolers at Kanthan and Rawang.

- In Latin America, operating income rose to 117 million euros (92 million euros end of June 2001). The former Blue Circle operations in Chile, which saw sharp price increases, contributed 23 million euros. Operating income in Brazil increased by 12% compared to the previous half year, as higher prices and reduced costs more than offset the devaluation of the Brazilian real and the effect of the sale Brumado grinding station. Volumes in Brazil are marginally down compared to the first half of 2001 excluding foreign exchange and scope effects. Operating income in Honduras and Venezuela was marginally below the levels recorded in the first half of 2001, in declining markets.
- In Africa and the Indian Ocean, operating income increased strongly to 47 million euros (37 million euros end of June 2001). The former Blue Circle operations contributed 5 million euros. Results from Kenya and South Africa continued to improve and remained stable in Cameroon. The former Blue Circle operations saw a strong increase in production costs in Nigeria as well as the collapse of the Zimbabwean dollar.

The Blue Circle integration plan has gone as planned and the synergies resulting from the acquisition amount to 51 million euros for the first half 2002. Synergies were mainly achieved by the closing of Eccleston Square head office in London, by staff integration in North America and in the Philippines, as well as by the first benefits of performance improvement programs.



aggregates and concrete

10% OF TOTAL OPERATING INCOME, END OF JUNE 2002

Sales by origin

(in million euros)	2002H1	OF WHICH BLUE CIRCLE	2001H1		02/01
Aggregates & related products	925	38	910		2%
Ready-mix concrete & concrete products	1,303	288	1,049		24%
Total Aggregates & Concrete (before elimination of inter-company sales)	2,228	326	1,959		14%
of which					
Western Europe	937	35	864		8%
North America	1 023	170	939		9%
other countries	268	121	156		72%
Total Aggregates & Concrete (consolidated)	2,218	325	1,952		14%

Operating income on ordinary activities

(in million euros)	2002H1	OF WHICH BLUE CIRCLE	2001H1*	2001H1	02/01*
Aggregates & related products	46	9	41	41	12%
Ready-mix concrete & concrete products	39	8	31	32	26%
Total Aggregates & Concrete	85	17	72	73	18%
of which					
Western Europe	73	1	66	66	11%
North America	7	14	11	11	-36%
other countries	5	2	-3	-2	-
Divisional overhead	0		-2	-2	-

* restated for share of equity affiliates and allocation of divisional overhead.

Aggregates

**Operating income: 46 million euros
(41 million euros end of June 2001)**

The increase in operating income for Aggregates is derived from the 9 million euros contribution of additional operating income by the former Blue Circle North American aggregates operations.

Aggregates volumes increased 2.8% to 88 million tonnes sold in the first half of 2002.

In Western Europe, volumes were down by 5% as both France and the UK experienced delayed starts in paving contracts. In the UK, the Aggregates levy, which was put into place on April 1, 2002, led to stockpiling at the end of the first quarter and abnormally low demand in the second quarter. The decline in volumes was nevertheless offset by favorable price trends. Operating income increased 2% to 45 million euros when compared to the first half of 2001.

In North America, volumes were up by 7.4%. Sales were

affected by poor weather conditions in Canada and by an Ontario public sector employees strike in the first quarter, which delayed the launch of projects. Eastern Canada - which had benefited from a number of large infrastructure contracts in 2001 - was down by 17%. Some markets such as the Great Lakes region and Denver slowed down. The overall seasonal operating loss was however limited to 2 million euros thanks to the inclusion of the former Blue Circle operations.

Concrete

Operating income: 39 million euros (31 million euros end of June 2001)

The concrete operations of the former Blue Circle account for 8 million euros of the increase of the operating income. Concrete volumes for the first six months were 31% above 2001 at 17 million cubic meters.

Western Europe experienced mixed markets in the first half of 2002. France saw good volume growth whereas the UK suffered from lower volumes. Operating income improved by 6 million euros to 28 million euros.

In North America, volumes were up 26% on the first half of 2001. Volumes were down in Western Canada largely due to the completion of the Vancouver airport project, which required large volumes in the first half of 2001. The Eastern Canada region experienced more difficult market conditions, due to delays in the start of projects and a truck drivers' strike in Montreal, compounded by weaker price trends. Operating income, which was also affected by a number of disposals, was down by 6 million euros.

In other countries, results improved in South Africa and losses were cut significantly in Turkey.



roofing

6% OF TOTAL OPERATING INCOME END OF JUNE 2002

Sales by origin

After elimination of inter-company sales (in million euros)	2002H1	2001H1	02/01
Total	722	728	-1%
of which concrete roof tiles			
Europe	262	278	-6%
North America	59	63	-6%
Other countries	52	58	-10%
of which clay roof tiles	121	129	-6%
of which chimneys	73	75	-3%
of which other roofing products	155	125	24%

Operating income on ordinary activities

After elimination of inter-company sales (in million euros)	2002H1	2001H1	2001H1	02/01
Total	50	44	52	14%
Europe	42	40	43	5%
of which				
Germany	15	8	9	88%
other Europe	27	32	34	-16%
Other countries	8	4	9	-

* restated for share of equity affiliates and allocation of divisional overhead.

Europe

Volumes of concrete roof tiles sold in Europe totaled 34 million square meters, a decrease of 7%. Volumes of clay tiles totaled 11.4 million square meters down 7% from the first half of 2001. With declining market conditions, Germany, the Netherlands and France experienced a decrease in volumes. Some countries saw favorable pricing trends such as France, Italy and Scandinavia, which offset part of the decline in volumes. Others such as the UK experienced weaker prices while the volume trend remained stable. In Germany, the market continued to decline, albeit at a slower rate in the second quarter compared to 2000 and 2001. A small increase in prices was achieved for concrete tiles where volumes were down by 10%. For clay tiles volumes were down only by 1% in a context of decreasing prices. Chimney volumes totaled 1,278 km down 1.8%.

Operating income in Europe rose to 42 million euros, up 5% from the first half of 2001 (40 million euros).

Despite difficult market conditions, a number of operations continued to reduce costs. Operating income rose in Germany, Italy, the Netherlands. Chimneys also achieved an increase in operating income. The benefits of the cost reduction, reorganization and restructuring measures, in particular in Germany and in the technical centers, are now feeding through to operating income. A slight decline in operating income was seen in France and Scandinavia.

Other countries

Volumes of concrete tiles sold outside Europe totaled 26 million square meters, up 5%. Volumes sold continued to grow strongly in Malaysia (+24%), South Africa (+20%) and China (+11%). In the USA, volumes slipped 13% to 9 million square meters due to a particularly weak new housing starts market in Southern California and Arizona. Operating income doubled to 8 million euros. The majority of this increase comes from the USA and Malaysia. In the USA, operating margins were higher as industrial efficiency continued to improve and in Malaysia, the very strong market pushed results ahead.



gypsum

4% OF TOTAL OPERATING INCOME END OF JUNE 2002

Sales by origin

After elimination of inter-company sales (in million euros)	2002H1	2001H1	02/01
Total	604	540	12%
of which			
Western Europe Europe	336	331	2%
North America	135	77	75%
Other countries	133	132	1%

Operating income on ordinary activities

After elimination of inter-company sales (in million euros)	2002H1	2001H1.	2001H1	02/01
Total	39	-1	3	
of which				
Western Europe Europe	37	37	38	0%
North America	-11	-48	-48	-77%
Other countries	13	10	12	30%
Divisional overheads	0	0	1	

* restated for share of equity affiliates and allocation of divisional overhead.

Western Europe

Plasterboard volumes increased overall in Europe, the notable exception being Germany.

Operating income in Europe remained stable at 37 million euros. The difficult market conditions in Germany caused both volume and price erosion, resulting in a loss. This was offset by improvements elsewhere in Europe, and in particular due to a good performance in France.

North America

Volumes continued to grow strongly in the USA with the increased production at the new plants of Silver Grove and Palatka as well as the acquisition of Continental in Newark. The loss of 11 million euros incurred in the first half of 2002 shows a significant improvement compared with the first half of 2001 when a loss of 48 million euros was recorded. The industrial performance of the two new plants has improved strongly over the last six months. At the same time, the selling price improvement trend begun in the second half of 2001 has continued. Average prices stood at \$95 per thousand square feet compared to \$63 per thousand square feet in the first half of 2001.

Other countries

Volumes grew in Asia and Australia.

In Poland, the sharp decline in volumes was compounded by a drop in prices.

Operating income grew to 13 million euros (10 million euros at the end of June 2001), despite the decreasing results in Poland. Most of the Asian operations recorded increased operating income and Australia showed a good improvement compared to the first half of 2001.

other income statement items

Non-recurring items

21 million euros (+1 million euros end of June 2001)

Net gains on disposals totaled 101 million euros (39 million euros end of June 2001). The main capital gains were related to the sale of the Brumado grinding station in Brazil and the sale of some concrete products businesses in Canada. Other non-recurring items amounted to a charge of 80 million euros (38 million euros end of June 2001) mostly consisting of restructuring costs for 59 million euros, particularly in the Roofing Division (34 million euros).

Net interest charges to June 30

264 million euros

(171 million euros end of June 2001)

This increase in interest expenses is due to the acquisition of Blue Circle, which was not completed until July 11, 2001. Although the Blue Circle acquisition has significantly increased the level of debt, the corresponding increase in the level of interest charges was contained. The refinancing of the Blue Circle debt at improved rates, the June 2001 convertible bond issue and the reduced rates on floating rate debt resulted in a reduction in the average cost of debt. Interest expenses were also impacted by an increase in the amount of capitalized interest linked to major new plant construction.

Income tax charge

194 million euros

(99 million euros end of June 2001)

The effective tax rate increased when compared to the first half of 2001. It results from the low tax rate on capital gains on disposals in 2001, while gains in 2002 were taxed at a normal rate. Moreover, the first half of 2001 benefited from a one off drop in income tax rates enacted in Canada.

Income from equity affiliates

34 million euros

(19 million euros end of June 2001)

The Cement Division's equity affiliates contributed 26 million euros, of which Molins contributed 15 million euros.

The share of minority interests in net Group income

97 million euros

(65 million euros end of June 2001)

The increase results from the inclusion of the former Blue Circle operations in Greece, Chile and Malaysia, as well as improved results from Lafarge North America and in Brazil.

The amortization of goodwill

77 million euros

(49 million euros end of June 2001)

The increase is due to the scope effect from the Blue Circle acquisition.

Net income, Group share

291 million euros

(242 million euros end of June 2001)

Net income per share 2.27 euros

(1.97 euros end of June 2001)

The increase in the average number of shares is due to the full effect of the rights issue in the first quarter of 2001 and

the exercise of outstanding warrants. In addition, shares were issued under the dividend reinvestment option in July 2001 (scrip dividend).

The cash flow

From operations totaled 900 million euros (664 million euros end of June 2001), a significant increase of 36%.

Investments and capital expenditure

738 million euros

(1,087 million euros end of June 2001) include:

Acquisitions totaling 230 million euros:

- **Cement:** mainly, Beocinska Fabrika Cement (BFC), Serbia 66 million euros (not consolidated at June 30, 2002) and Tong Yang, South Korea for 46 million euros.
- **Gypsum:** Continental in Newark, USA for 31 million euros.

Investment for organic growth totaled 202 million euros

representing a number of projects such as the new dry line at Kujawy in Poland, Ewekoro in Nigeria, Tetouan in Morocco. The start-up of new plants went well: Sugar Creek and Roberta in the USA, Dujiangyan in China.

Sustaining capital expenditure totaled 306 million euros

relating to the recurring upgrading and modernization of existing industrial operations around the world.

Disposals

214 million euros

(82 million euros end of June 2001)

This covers the sale of the grinding station at Brumado, Brazil, and the sale of concrete products businesses in Canada.

Shareholder's equity

At June 30, 2002 stood at 9,619 billion euros (10,596 billion euros end of June 2001)

The reduction from December 31, 2001, results from the translation effect of converting foreign currency denominated assets into euros.

Net consolidated debt

11,603 million euros

(11,703 million euros end of June 2001)

down 100 million euros from December 31, 2001, despite seasonal operational working capital requirements of 513 million euros.

OUTLOOK 2002

Barring changes in current trends and despite the weakness of some of our markets, our operating income on ordinary activities for the current year should show good growth in line with our expectations.

PRO FORMA ACCOUNTS OF BLUE CIRCLE OPERATIONS

Following the merger of the former operations of Blue Circle, where scope has changed, with those of Lafarge, a certain number of adjustments are required to enable an effective analysis of the impact on operating results, between the first halves of 2001 and 2002 on a like for like basis. If we exclude non-operational items (property, retirement and trading), operating income for these operations totaled 203 million euros in 2002, up by 41 million euros on 2001 readjusted. This improvement is mainly due to a reduction in overheads (notably the closure of the Eccleston Square head office in London), the effect of the integration of the teams in North America and the Philippines, as well as the first benefits resulting from the implementation of performance improvement programs.

consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

(in million euros, except per share data)

	JUNE - 02	JUNE - 01 (A)	DEC - 01 (A)
Sales	7,203	5,578	13,698
Cost of goods sold	(4,864)	(3,876)	(9,258)
Selling and administrative expenses	(937)	(706)	(1,578)
Gross operating income	1,402	996	2,862
Depreciation	(534)	(390)	(928)
Operating income on ordinary activities	868	606	1,934
Gains on disposals, net	101	39	274
Other income (expenses), net	(80)	(38)	(152)
Operating income	889	607	2,056
Financial expenses, net	(264)	(171)	(544)
Income before income tax, amortization of goodwill and minority interests	625	436	1,512
Income tax	(194)	(99)	(368)
Income before share of net income of equity affiliates, amortization of goodwill and minority interests	431	337	1,144
Share of net income of equity affiliates	34	19	18
Amortization of goodwill	(77)	(49)	(142)
Minority interests	(97)	(65)	(270)
Net income	291	242	750
Earnings per share (euros)	2.27	1.97	5.97
Diluted earnings per share (euros)	2.24	1.95	5.85
Average number of outstanding shares (in thousands)	128,402	123,005	125,616

(a) Restated with the change of presentation of equity affiliates

The pro forma statement of income including Blue Circle Industries Plc (BCI) from January 1, 2001 is set forth in note 3.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in million euros)</i>			
	JUNE - 02	JUNE - 01	DEC - 01
NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net Income	291	242	750
<i>Adjustments to reconcile net income to net cash provided by operating activities</i>			
Minority interests	97	65	270
Depreciation and amortization of goodwill	611	439	1,070
Share of net income of equity affiliates less dividend received	(28)	(10)	2
Gains on disposals, net (excluding those of equity affiliates)	(101)	(39)	(274)
Deferred income taxes and tax provisions	19	(5)	(59)
Others, net	11	(28)	(91)
Changes in operating working capital items	(245)	(92)	174
Net cash provided by operating activities	655	572	1,842
NET CASH USED IN INVESTING ACTIVITIES			
Capital expenditures	(538)	(539)	(1,455)
Investment in consolidated companies (1)	(106)	(309)	(4,537)
Investment in non-consolidated companies	(94)	(239)	(81)
Disposals (2)	214	82	1,537
Cash reserved for the acquisition of Blue Circle Industries Plc	-	(1,124)	-
Net (increase) decrease in long-term receivables	(27)	(70)	(144)
Net cash used in investing activities	(551)	(2,199)	(4,680)
NET CASH PROVIDED BY FINANCING ACTIVITIES			
Proceeds from issuance of common stock	76	1,350	1,513
(Increase) decrease in treasury stock	-	1	-
Increase (decrease) in other equity	-	1	2
Dividends paid (including those paid to minority interests in subsidiaries)	(365)	(321)	(337)
Proceeds from long-term debt	833	2,326	5,596
Repayment of long-term debt	(900)	(1,677)	(4,746)
Increase (decrease) in short-term debt	225	(5)	282
Net cash provided by financing activities	(131)	1,675	2,310
(Decrease) Increase in cash and cash equivalents	(27)	48	(528)
Net effect of foreign currency translation on cash and cash equivalents	(121)	24	(12)
Cash and cash equivalents at beginning of year	1,201	1,740	1,740
Cash and cash equivalents at end of year	1,053	1,812	1,200
<i>(1) Net of cash and cash equivalents of companies acquired</i>	-	3	256
<i>(2) Net of cash and cash equivalents of companies disposed</i>	1	-	2

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

CONSOLIDATED BALANCE SHEETS

(in million euros)

ASSETS	JUNE - 02	DEC-01	JUNE - 01
Goodwill, net	4,816	4,974	3,011
Intangible assets, net	3,010	3,225	1,185
Property, plant and equipment, net	12,276	13,353	9,508
Investments in equity affiliates	465	439	456
Other investments	611	671	1,970
Long term receivables	957	900	549
Long term assets	22,135	23,562	16,679
Inventories, net	1,702	1,776	1,489
Accounts receivable-trade, net	2,463	2,230	2,000
Other receivables	1,342	1,133	927
Cash reserved for the acquisition of Blue Circle Industries PLC	0	0	1,124
Cash and cash equivalents	1,053	1,201	1,812
Current assets	6,560	6,340	7,352
TOTAL assets	28,695	29,902	24,031

SHAREHOLDERS' EQUITY AND LIABILITIES	JUNE - 02	DEC-01	JUNE - 01
Common stock	523	521	515
Additional paid-in capital	4,374	4,324	4,212
Retained earnings	3,392	3,389	2,881
Cumulative translation adjustments	(1,173)	(352)	(172)
Shareholders' equity	7,116	7,882	7,436
Minority interests	2,359	2,551	1,869
Other equity	144	163	171
Total equity	9,619	10,596	9,476
Deferred taxes	954	937	804
Provisions	1,681	1,688	1,258
Long-term debt	10,774	11,041	8,374
Accounts payable, trade	1,355	1,467	1,249
Other payables	2,430	2,310	1,939
Current portion of long-term debt	1,253	1,350	500
Short-term bank borrowings	629	513	431
Current liabilities	5,667	5,640	4,119
TOTAL shareholders' equity and liabilities	28,695	29,902	24,031

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

notes

to the consolidated financial statements*

1 | ACCOUNTING POLICIES

Since the 1st of January 2000, the Group applies the new French regulation relating to consolidated financial statements (“Règlement 99-02”).

2 | PRESENTATION OF SHARE OF NET INCOME OF EQUITY AFFILIATES

Starting January 2002, the share of net income of equity affiliates determined in accordance with consolidation principles is shown in the group consolidated statement of income

on a specific line “Share of net income of equity affiliates”. Before this change of presentation, the share of net income of equity affiliates was split between the following lines: “Operating income on ordinary activities”, “Gains on disposals, net”, “Other income (expenses), net”, “Financial expenses, net” and “Income tax”.

In order to compare the data published for the first semester 2002, the statement of income for the first semester 2001 and December 31, 2001 have been restated for comparative purposes in the schedule below:

(in million euros)

	JUNE-01 PUBLISHED	RECLASSIFI- CATIONS	JUNE-01 RESTATED	DEC-01 PUBLISHED	RECLASSIFI- CATIONS	DEC-01 RESTATED
Sales	5,578	-	5,578	13,698	-	13,698
Cost of goods sold	(3,876)	-	(3,876)	(9,258)	-	(9,258)
Selling and administrative expenses	(706)	-	(706)	(1,578)	-	(1,578)
Gross operating income	996	0	996	2,862	0	2,862
Depreciation	(390)	-	(390)	(928)	-	(928)
Share of operating income on ordinary activities of equity affiliates	69	(69)	0	131	(131)	0
Operating income on ordinary activities	675	(69)	606	2 065	(131)	1,934
Gains on disposals, net	39	0	39	275	(1)	274
Other income (expenses), net	(49)	11	(38)	(169)	17	(152)
Operating income	665	(58)	607	2,171	(115)	2,056
Financial expenses, net	(194)	23	(171)	(595)	51	(544)
Income before income tax, amortization of goodwill and minority interests	471	(35)	436	1,576	(64)	1,512
Income tax	(115)	16	(99)	(414)	46	(368)
Income before share of net income of equity affiliates, amortization of goodwill and minority interests	356	(19)	337	1,162	(18)	1,144
Share of net income of equity affiliates	0	19	19	0	18	18
Amortization of goodwill	(49)	-	(49)	(142)	-	(142)
Minority interests	(65)	-	(65)	(270)	-	(270)
Net income	242	0	242	750	0	750

*All figures are in million euros unless indicated otherwise.

3 | PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statements of income present the results of operations for the first semester 2001 assuming the acquisition of the retained businesses of Blue Circle Industries Plc (BCI) had taken place at the beginning of 2001.

This pro forma information does not purport to be indicative of the historical performance that would have resulted had the acquisition actually occurred the 1st of January 2001, nor is it necessarily indicative of future operating results. The other purchase and sale transactions that occurred in 2001 and during the first semester 2002 have no significant effects on these pro forma results.

These unaudited pro forma results have been prepared based upon the historical consolidated financial statements of the company and Blue Circle Industries Plc. The historical consolidated financial statements have been adjusted (see the “pro forma adjustments” column) in order to reflect increases in financing costs and other adjustments related to the acquisitions and dispositions of Blue Circle. The pro forma adjustments reflect the effects of the minority interests acquisition in RCC in the Philippines in September 2001.

The pro forma adjustments also include the effects of the following disposals:

- North American assets subject to regulatory rulings which were disposed of during the second half of 2001,

- and the real estate properties disposed of in the UK in 2001. The pro forma disclosures also reflect the amortization of acquisition goodwill and the effects of other adjustments and reclassifications necessary to present the historical accounts of Blue Circle on a basis consistent with the company’s accounting policies.

Condensed consolidated statements of income as of June 2002 and pro forma condensed consolidated statements of income as of June 2001

<i>(in million euros, except per share data)</i>	30/06/02	30/06/01 PRO FORMA (1)
Sales	7,203	7,215
Depreciation	(534)	(523)
Operating income on ordinary activities	868	812
Gains on disposals, net/other income (expenses), net	21	(6)
Financial expenses, net	(264)	(355)
Income tax	(194)	(114)
Income before share of net income of equity affiliates, amortization of goodwill and minority interests	431	337
Share of net income of equity affiliates	34	17
Amortization of goodwill	(77)	(77)
Minority interests	(97)	(72)
Net income	291	205
Earnings per share (euros)	2.27	1.62
Diluted earnings per share (euros)	2.24	1.59

(1) *Unaudited*

Additional information on the pro forma consolidated statement of income as of June 2001

<i>(in million euros)</i>	LAFARGE HISTORICAL 30/06/01*	BCI HISTORICAL 30/06/01 (1)	PRO FORMA ADJUSTMENTS (1)	TOTAL PRO FORMA 30/06/01 (1)
Sales	5,578	1,924	(287)	7,215
Depreciation	(390)	(134)	1	(523)
Share of operating income on ordinary activities of equity affiliates	0	8	(8)	0
Operating income on ordinary activities	606	290	(84)	812
Gains on disposals, net/other income (expenses), net	1	0	(7)	(6)
Financial expenses, net	(171)	(119)	(65)	(355)
Income tax	(99)	(50)	35	(114)
Income before share of net income of equity affiliates, amortization of goodwill and minority interests	337	121	(121)	337
Share of net income of equity affiliates	19	0	(2)	17
Amortization of goodwill	(49)	0	(28)	(77)
Minority interests	(65)	(11)	4	(72)
Net income	242	110	(147)	205

* *Restated with the change of presentation of equity affiliates*

(1) *Unaudited*

4 | IMPACT ON THE BALANCE SHEET OF ACQUISITION OF CONSOLIDATED COMPANIES

The main newly consolidated companies during the first semester of 2002 are:

- Tongyang (Cement / Korea), equity consolidation
 - Continental Gypsum (Gypsum / USA), full consolidation
- Their impact on the balance sheet are not significant.

5 | CASH RESERVED FOR THE ACQUISITION OF BLUE CIRCLE INDUSTRIES PLC

The proceeds of the increase in capital realised in January 2001 and reserved for the acquisition of Blue Circle Industries Plc has been invested in an escrow account. As at the end of June 2001, the balance of this escrow account is classified on a separate line of the balance sheet "cash reserved for the acquisition of Blue Circle Industries Plc".

6 | DEBT

Medium-and long-term debt

	JUNE-02	DEC-01	JUNE-01
Repayable between one and five years	7,154	7,019	6,125
Repayable after more than five years	3,620	4,022	2,249
TOTAL	10,774	11,041	8,374

This heading includes euros 2 328 million of draw-downs on short-term credit lines and issues of commercial paper attached to medium- and long-term credit lines.

Average spot interest rate

The average spot interest rate of the gross indebtedness, as at June 2002, is at 5,1% (5,4% as at December 31,2001).

7 | SHAREHOLDERS' EQUITY GROUP SHARE

	JUNE-02	DEC-01	JUNE-01
OPENING SHAREHOLDERS' EQUITY	7,882	6,043	6,043
Stock issues (net), dividends reinvested and options and warrants exercised	53	1,388	1,271
Net income	291	750	242
Dividends paid	(294)	(273)	(275)
Change in translation adjustments	(815)	(26)	154
Decrease (increase) in treasury stock	0	0	1
Others	(1)	0	0
CLOSING SHAREHOLDERS' EQUITY	7,116	7,882	7,436

8 | ACCOUNTS RECEIVABLE-TRADE

In January 2000, the company entered into multi-year securitization agreements with respect to trade receivables, without recourse. Accounts receivable is presented net of securitized receivables of 488 million euros (438 million euros as of 31 December 2001, 446 million euros as of June 2001). The agreements are guaranteed by subordinated deposits classified in long-term deposits for 1 16 million euros as at June 2002 (125 million euros as at December 31,2001 and 147 million euros as at June 2001).

9 | LITIGATION

Lafarge received notice on April 19, 2001 of a complaint filed by the European Commission in connection with an investigation into the European gypsum market. The company has denied all practices attributed to it in this investigation. Furthermore, in the context of investigations into the German cement market, the Bundeskartellamt has conducted a series of hearings during which Lafarge testified August 15 and 16, 2002.

It remains possible that Lafarge may be subject, under one or both of these investigations, to penalties whose amount is indeterminable at this time, and which may, depending upon the circumstances, permit an appeal.



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Statements made in this report that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions ("Factors") which are difficult to predict. Some of the Factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: the cyclical nature of the Company's business; national and regional economic conditions in the countries in which the Group does business; currency fluctuations; seasonality of the Company's operations; levels of construction spending in major markets; supply/demand structure of the industry; competition from new or existing competitors; unfavorable weather conditions during peak construction periods; changes in and implementation of environmental and other governmental regulations; our ability to successfully identify, complete and efficiently integrate acquisitions; our ability to successfully penetrate new markets; and other Factors disclosed in the Company's Reference Document filed with the French COB under the reference number D02-162 and updated under the reference number D02-162/A1, and its annual report on Form 20-F filed with the Securities and Exchange Commission in the USA. In general, the Company is subject to the risks and uncertainties of the construction industry and of doing business throughout the world. The forward-looking statements are made as of this date and the Company undertakes no obligation to update them, whether as a result of new information, future events or otherwise.