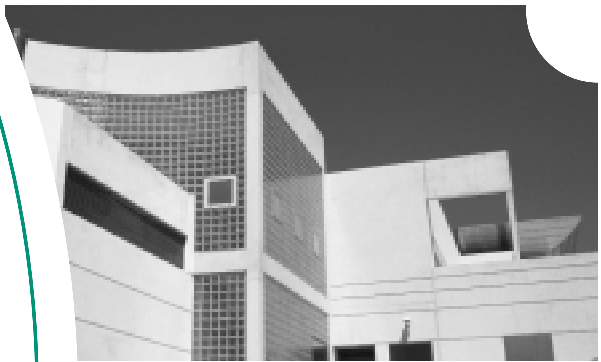
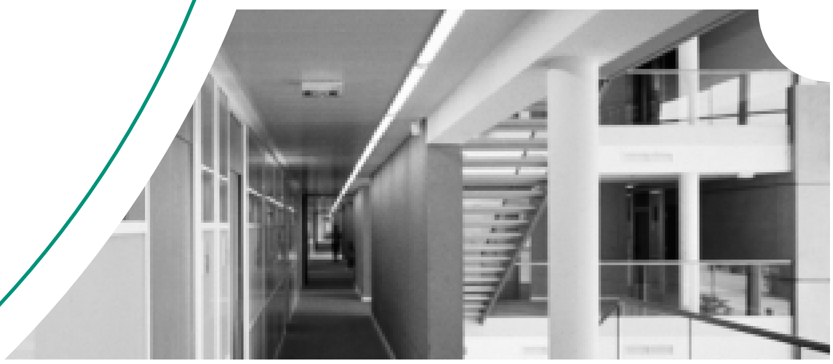
INTERIM REPORT





2001

LAFARGE

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Chairman's message

The first half of 2001 was marked by positive market trends overall, although in the early part of the year we did not enjoy the same exceptionally favourable weather conditions that we saw in the first part of the year 2000.

◗ Europe went through a period of contrasts: business was buoyant in Spain and stable in France, but the situation remains difficult in Germany, where there is still no visible sign of recovery in the construction market. In North America, in spite of the first-half weather conditions and signs of a slowdown in growth, the overall picture remains entirely favourable.

◗ In this context, the Cement Division turned in a very strong performance, particularly in emerging countries. The Division continued its steady rate of growth, and benefited both from firm prices and measures taken to keep rises in energy costs under control. The results of the Aggregates and Concrete Division were satisfactory in view of an increased seasonal effect following acquisitions made in North America in 2000. Roofing, a substantial business in Germany, suffered directly from the collapse of the construction market. The restructuring programme we have put in place will eventually enable us to benefit from the recovery of the German construction market. Gypsum Division results were impacted by a steep fall in prices in the United States since the beginning of 2000, in addition to the rise in energy costs. The first signs of a stabilisation in prices were apparent in July.

◗ One of the highlights of the first half of the year was the success of our bid to take over Blue Circle. This acquisition did not take effect until July 11, 2001, however, and has therefore not been included in the consolidation for these interim results. The acquisition is progressing as we expected. The integration process is taking place in a positive manner, and will be completed by the end of the year. Most of the divestments have already been carried out, and the parameters of our financial structure are in line with our programme. But going further, I am today able to confirm that the work that has been done on integration has revealed greater potential for synergies than we first announced. They are currently being evaluated.

◗ Apart from the Blue Circle acquisition, we have pressed ahead with other international developments, purchasing the cement business of Raymond Ltd in India and acquiring Pan African Cement (Malawi, Tanzania and Zambia), Rocky Mountain Construction Materials (aggregates in the United States) and Pine Hill Materials (aggregates in the United States). We have also strengthened our international presence, bringing new production sites onstream, continuing our programmes to modernise facilities and building a new cement plant in China.

◗ On July 23, Lafarge was listed on the New York Stock Exchange, under the code LR. This listing will allow us to have more extensive access to North American financial markets and will give us additional flexibility for any further developments in North America. Let me hasten to point out, however, that we will continue to apply the accounting procedures generally accepted in France and that at this time we have no intention of raising our majority interest in our American subsidiary. This company, which you previously knew as "Lafarge Corporation", has now changed its name to Lafarge North America.

In this context, and in view of the elements I have just evoked – control of our energy costs, greater synergies than forecast from the acquisition of Blue Circle, and international developments – I remain confident in the Group's ability to achieve reasonable growth in its results for the full year. Looking beyond 2001, our prospects look encouraging: we will benefit fully from the positive impact of the acquisition of Blue Circle and our strong positions in emerging countries will enable us to absorb regional variations. We believe that in this way, we will continue the pattern of significant growth.

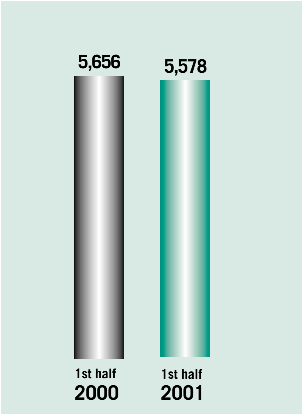
September 4, 2001

BERTRAND COLLOMB
Chairman and Chief Executive Officer

Key figures

World leader in building materials, Lafarge holds top-ranking positions in all four of its Divisions – Cement, Aggregates & Concrete, Roofing and Gypsum. Lafarge's growth policy is defined in the context of a strategy of sustainable development. The Group's expertise in efficient industrial processes generates value, protects the environment, shows respect for societies and cultures and is sparing in its use of natural resources and energy.

Sales
(in millions of euros)



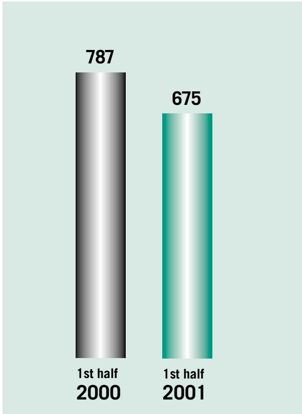
By geographical area

(in millions of euros)	2001 H1	2000 H1	01/00
Western Europe	2,424	2,852	-15%
North America	1,632	1,374	19%
Central and Eastern Europe	226	180	26%
Emerging Mediterranean	293	279	5%
Asia/Pacific	390	349	12%
Latin America and the Caribbean	338	351	-4%
Sub Saharan Africa/ Indian ocean/Others	275	271	1%
Total	**5,578**	**5,656**	**-1%**

By Division

(in millions of euros)	2001 H1	2000 H1	01/00
Cement	2,245	2,045	10%
Aggregates & Concrete	1,952	1,682	16%
Roofing	728	768	-5%
Gypsum	540	504	7%
Others and Materis	113	657	-83%
Total	**5,578**	**5,656**	**-1%**

Operating income
(in millions of euros)



By geographical area

(in millions of euros)	2001 H1	2000 H1	01/00
Western Europe	368	472	-22%
North America	44	149	-70%
Central and Eastern Europe	23	12	92%
Emerging Mediterranean	42	41	2%
Asia/Pacific	42	12	
Latin America and the Caribbean	116	75	55%
Sub Saharan Africa/ Indian ocean/Others	44	23	91%
Divisional overheads	-4	-4	
Total from operations	**675**	**780**	**-14%**
Holding companies	0	7	
Total	**675**	**787**	**-14%**

By Division

(in millions of euros)	2001 H1	2000 H1	01/00
Cement	529	458	16%
Aggregates & Concrete	73	90	-19%
Roofing	52	97	-46%
Gypsum	3	57	-95%
Others and Materis	18	78	-77%
Total from operations	**675**	**780**	**-13%**
Holding companies	0	7	
Total	**675**	**787**	**-14 %**

Management report

A. Sales

Sales for the first six months of 2001 amounted to €5,578 million, marginally down on the same period in 2000, by 1.4% (€-78 million).

The underlying activity excluding foreign exchange and scope effects grew by 1.9% for the first six months(-1.2% in quarter 1 and +4.2% in quarter 2).

Cement

The Cement Division's sales grew by 6% (1.8% in quarter 1 and 9.2% in quarter 2). In Europe, excellent conditions continued to be experienced in Spain, France was stable in a favourable pricing environment but Germany remained weak. North America showed a favourable performance in the second quarter where demand held up well.
In general, the emerging countries performed well, the main exceptions being Turkey and Egypt where prices remain under pressure.

Agregates & Concrete

The Aggregates & Concrete Division achieved sales growth of 3.2% (0.3% in quarter 1 and 5.1% in quarter 2). The Division recorded in particular, a good level of activity in North America.

Roofing

The roofing division's sales declined by 8.6% (-12.7% in quarter 1 and -5.4% in quarter 2). The strong decline of the German construction market continues to impact heavily on the performance of the Division.

Gypsum

The Gypsum Division showed a decline of 4.0% (-2.0% in quarter 1 and -5.8% in quarter 2). Prices in the United States fell to average $63 per thousand sq.ft for the year to date, compared to an average of $154 per thousand sq.ft by the end of June 2000. Elsewhere the Division saw sales grow by 6%.

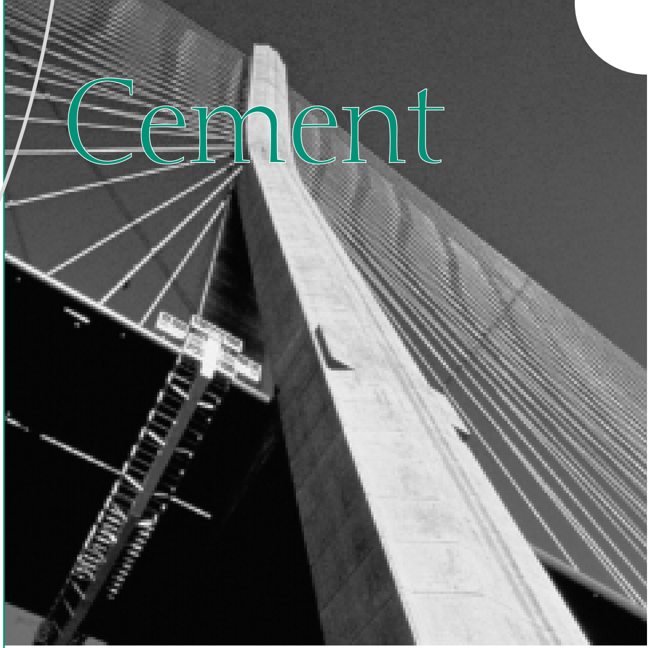
Net scope changes accounted for -4.3%.
Divestments resulted in a sales reduction of €577 million, principally being the sale of the majority of the Specialty Product Division.
Recent developments generated new sales of €305 million. The main contributors were the Warren business in aggregates and asphalt in Canada, cement business of Raymond Ltd in India and the impact of the new wallboard plants in the United States.

The positive foreign exchange impact was 1.0%.
The favourable appreciation of the USD of 1.5% has been offset to some extent by the pressure on currencies in some emerging countries (i.e. Brazilian real, South African rand).

B. Operating results

The operating results by Division in the first half 2001 can be explained as follows:

Cement



40% of total consolidated sales,
end of June 2001

Sales by origin

(in millions of euros)	2001 H1	2000 H1	01/00
Western Europe	693	667	4%
North America	588	564	4%
Central and Eastern Europe	145	120	21%
Emerging Mediterranean	249	225	11%
Asia	235	193	22%
Latin America and the Caribbean	262	240	9%
Sub Saharan Africa/ Indian ocean/Others	244	223	9%
Total before elimination of intra-company sales	**2,416**	**2,232**	**8%**
Total consolidated sales	**2,245**	**2,045**	**10%**

Operating income

(in millions of euros)	2001 H1	2000 H1	01/00
Western Europe	197	198 *	-1%
North America	86	95	-9%
Central and Eastern Europe	21	9	
Emerging Mediterranean	50	43	16%
Asia	26	4	
Latin America and the Caribbean	113	91 *	24%
Sub Saharan Africa/ Indian ocean/Others	40	26	54%
Divisional overheads	-4	-8	
Total	**529**	**458**	**16%**

* 2000 figures for Western Europe and Latin America restated (Molins).

Volumes sold by Lafarge for the first half of 2001 amounted to 36 Mt, up 4.3% compared to the first half of 2000. On a like-for-like basis the increase was 1.8%. The scope effect arose from new acquisitions amounting to 782 Kt, being principally cement business of Raymond Ltd in India.
Western Europe remains the Group's largest cement market place with 26% of volumes sold, followed by Asia with 17%.

Western Europe

Operating income: €197 million (€198 million end of June 2000)
Volumes of cement sold in Western Europe in the first half totalled 10 Mt, an increase of 1.5% on a like-for-like basis compared to the first half of 2000. Prices also increased favourably across the region. The continued weakness in the German construction market is offset by the excellent level of activity in Spain.
In France, after a first quarter impacted by poor weather conditions, the market is showing improved levels of activity.

North America

Operating income: €86 million (€95 million end of June 2000)
Volumes sold were marginally down by 3.2% to 5.5 Mt. There was a contrasting situation between Canada up 2.3% and the United States down 5.7% on a like-for-like basis.
However in the second quarter volumes rose 1% in spite of the slowing economy in the United States and after a first quarter particularly affected by winter weather conditions. Prices were at similar levels to 2000 in the United States and up by 4% in Canada. Operating income was also affected by the timing of major maintenance programmes.

Emerging countries

Operating income: €250 million (€173 million end of June 2000)
Volumes in emerging countries rose to more than 21 Mt, a progression of 3.4% on a like-for-like basis.

◗ In Central and Eastern Europe, operating income grew strongly to €21 million up from €9 million for the same period in 2000. This increase was principally due to the turnaround in Romania, which not only benefited from improved sales but also from the reduced fuel costs resulting from the move away from fuel oil to petcoke.

◗ In the Mediterranean bassin, operating income for the region rose to €50 million (€43 million end of June 2000). Morocco, Egypt and Jordan all achieved significant growth in operating income. The full benefit of this was to some extent limited by the extremely difficult economic situation in Turkey where the results declined into negative territory.

◗ In Asia, operating income rose significantly to €26 million (€4 million end of June 2000). The like-for-like increase amounted to €18 million.
In the Philippines and Indonesia, where the economic and political situations remain uncertain, the results progressed largely due to favourable pricing trends. In the other countries in the region, the Group's performance improved in South Korea, China and India. The favourable pricing trends in these countries were the main factor behind the improved performance. India also benefited from the positive impact of the acquisition of cement business of Raymond Ltd (€6 million).
The Group completed the acquisition of 40% of the Japanese company Aso Cement in July 2001.

◗ In Latin America, operating income rose to €113 million (€91 million end of June 2000), an increase of 24%. Profits in Brazil were maintained at the same level as in the previous year, as increased prices were sufficient to offset the devaluation of the real. Volumes in Brazil down by 5% in the face of the decline in the economic situation and electricity shortage. Honduras and Venezuela experienced strong growth in results due to the more favourable economic climate.

◗ In Africa and the Indian ocean, the operating income showed a strong increase of 54% to €40 million (€26 million end of June 2000). The results from Cameroon, South Africa and Uganda all advanced significantly.

Energy costs

The Group's success in controlling energy costs continues to be confirmed. The Cement Division expects to maintain in 2001 the additional cost at the equivalent of €0.5 per tonne. This achievement is the result of a number of different projects at cement plants around the world to use alternative or waste fuels. In Western Europe there has been an increased use of waste fuels, principally France and Germany burning animal feed. Other operations such as Romania are benefiting from conversion projects (fuel to petcoke) realised in 2000. Elsewhere calorific consumption improvements have been achieved as part of industrial modernisation in Poland, Morocco, Kenya, Uganda and Mexico.

Aggregates & Concrete

35% of total consolidated sales,
end of June 2001

Sales by origin

(in millions of euros)	**2001 H1**	**2000 H1***	**01/00**
Aggregates and related products	910	682	33%
Ready-mix concrete and concrete products	1,049	1,009	4%
Total (before elimination of intra-companies sales)	**1,959**	**1,691**	**16%**
of which Western Europe	864	849	2%
North America	939	670	40%
Other countries	156	172	-9%
Total (consolidated)	**1,952**	**1,682**	**16%**

* 2000 figures restated as elimination between aggregates and concrete were not accounted for.

Operating income

(in millions of euros)	**2001 H1**	**2000 H1**	**01/00**
Aggregates and related products	41	57	-28%
Ready-mix concrete and concrete products	32	33	-3%
Total	**73**	**90**	**-19%**
of which Western Europe	66	68	-3%
North America	11	29	-62%
Other countries	-2	-5	-60%
Divisional overheads	-2	-2	

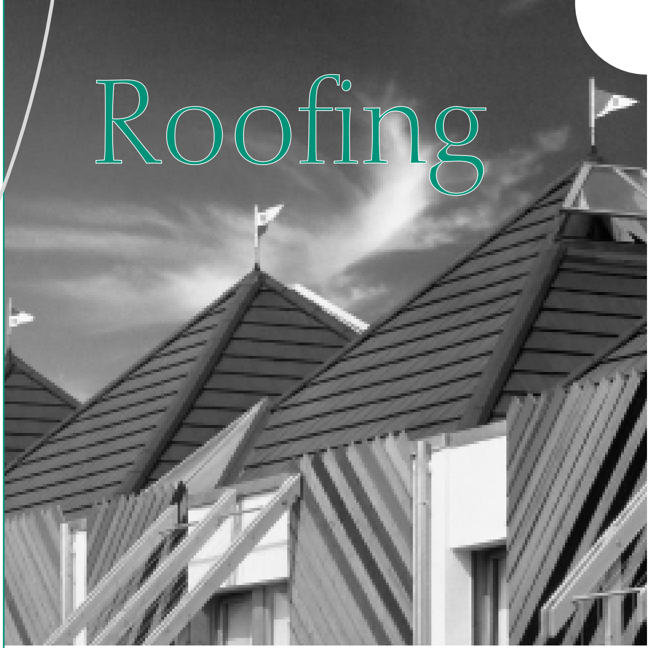
Aggregates - Operating income: €41 million
(€57 million end of June 2000)

Operating income for Aggregates increased by €2 million on a like-for-like basis but were down overall due to the increased seasonality resulting from recent acquisitions in North America.
Aggregates volumes increased 14% to 94 Mt in the first half of 2001 when compared to the same period of 2000. Excluding the effect of acquisitions in North America, the growth was 4%.
In Western Europe, volumes were stable with strong growth in Spain and Portugal offsetting weather affected volumes in France. Operating income was stable compared to the first half of 2000.
In North America, volumes grew 33% helped by acquisitions. Excluding acquisitions, volumes were still 7% better than in 2000 reflecting strong market conditions in Canada, in particular. Despite the higher volumes, operating income was €17 million lower than in 2000 mainly due to the seasonal first quarter losses being increased by the recent Warren and Presque Isle acquisitions.

Concrete - Operating income: €32 million
(€33 million end of June 2000)

Concrete volumes for the first six months were 1% below 2000 at 16 million cubic metres.
Western Europe experienced markets similar to 2000. In North America, volumes were 4% ahead of last year due to increased sales in Eastern Canada, Maryland, Louisiana and New Mexico. Elsewhere, conditions were difficult in Turkey where the economic problems led to a sharp drop in volumes.
The Division developed in North America in the first half with the acquisition of Rocky Mountain Construction Materials strengthening the Group's position in Colorado.

Roofing



13% of total consolidated sales,
end of June 2001

Sales by origin

(in millions of euros)	2001 H1	2000 H1	01/00
Total (after elimination of intra-company sales)	**728**	**768**	**-5%**
of which concrete roof tiles			
Europe	278	320	-13%
North America	63	55	15%
Other countries	58	50	16%
clay roof tiles	**129**	**119**	**8%**
chimneys	**75**	**88**	**-15%**
other roofing products	**125**	**136**	**-8%**

Operating income

(in millions of euros)	2001 H1	2000 H1	01/00
Total	**52**	**97**	**-46%**
of which Europe	**43**	**92**	
of which Germany	9	45	
Other Europe	34	47	
Other countries	**9**	**5**	

Europe

First half year sales were directly impacted by the sharp decline in the German construction market. Volumes of concrete roof tiles sold in Europe totalled 39 million square meters, a decrease of 13%, mainly as a result of the decline in Germany where volumes were down by 29%.
Volumes of clay tiles decreased by 7% to 12 million square meters (down 27% in Germany); excluding Germany the volumes increased by 0.8%.

In Germany, the building permits for residential housing were down by 26% as of May 2001, compared to the previous year.
In order to reduce operating costs and to achieve greater efficiencies, the clay and concrete German tile operations were merged.
The new restructuring programme includes the closure of another two concrete tile plants and a reduction in the workforce. On the positive side, new products (large format tile called "BIG" and tiles with new surface treatment) are progressing well against the overall market trend.
Chimneys, with Germany being their core market, also suffered from the very poor construction market conditions. In Europe, volumes sold totalled 1,290 km, a reduction of 14.4%. In Germany the reduction in volumes totalled 37.5%. The restructuring programme put in place has involved the closure of 10 blockstone plants (out of 18) and 14 stockyards in the first half of 2001 as well as a significant reduction in headcount.
Operating income in Germany declined to €9 million compared to €45 million at the end of June 2000.
Elsewhere in Europe, where operating income was down to €34million from €47million at the end of June 2000, France experienced lower volumes compared to the same period of 2000, which was positively impacted by the storm in December 1999. Volumes in France showed a good increase of 7.2% compared to the first half-year of 1999.
In the United Kingdom, concrete tile volumes were slightly below the previous year due to the adverse weather conditions in the first half-year.
In Italy, good growth was seen in both concrete and clay tile volumes.

The situation in the roofing industry in Germany has led to exports to the neighbouring countries of Benelux and Scandinavia, increasing the pressure on price levels and volumes.
At the beginning of 2001 the Division sold the Austrian brick activity (Lafarge Ziegelindustrie) to Wienerberger in order to concentrate more on the core competencies of roofing systems.

Other countries

Volumes of concrete roof tiles sold outside Europe totalled 38.3 million square meters.
Many countries showed positive trends compared to the same period of the previous year. Volumes in Malaysia (+44%), China (+28%) and South Africa (+21%) were particularly positive.
North America contrary to expectations in the end of 2000 where a slowdown in house building had been predicted, showed an increase of 5.7% over the volumes of the first half of 2000.
Operating results for these countries rose strongly to €9 million from €5 million at the end of June 2000.

Gypsum

10% of total consolidated sales,
end of June 2001

Sales by origin

(in millions of euros)	2001 H1	2000 H1	01/00
Total (after elimination of intra-company sales)	**540**	**504**	**7%**
of which Europe	362	341	6%
North America	77	77	0%
Other countries	101	86	17%

Operating income

(in millions of euros)	2001 H1	2000 H1	01/00
Total	**3**	**57**	**-95%**
of which Europe	38	39	-3%
North America	-48	10	
Other countries	12	6	100%
Divisional overheads	1	2	

The Gypsum Division experienced a significant decline in income earned in the first six months as strongly depressed pricing continued to negatively impact operations in North America.
Sales on a like-for-like basis grew 6% outside North America.

Europe

Operating income amounted to €38 million (€39 million end of June 2000) during the period. Plasterboard volumes increased overall in Europe, the notable exception being Germany. Higher prices for energy were generally offset by further cost savings and price increases.

North America

The loss of €48 million incurred in the first half largely reflected the severe drop in prices experienced since May 2000. Average prices for the first half stood at $63 per thousand square feet compared to $154 in the first half of 2000. With its two new state-of-art production plants continuing to steadily improve their performance, shipments of plasterboard increased 78% on last year. Significant progress was made to bring down costs closer to targeted levels at the new plant in Kentucky, which opened one year ago, and action plans are in place to reduce costs further. The second new high-speed plant in Florida, which opened in January, is progressing as planned and expects to meet its targeted output for 2001.

After a year and half of continuous decline, selling price increases were implemented in July and further increases announced in September.

Other countries

Korea had an improved level of activity with volumes and results showing strong growth, also in the period the decision was taken to construct a third plant. A majority shareholding of 71% in Siam Gypsum Industry (Thailand) was acquired at end of June by the joint venture in Asia with Boral. This joint venture is now fully operational.

Others

(in millions of euros)	2001 H1	2000 H1	01/00
Sales	113	657	-83%
Operating income	18	85	-79%

Since the beginning of the year most of the former Specialty Products Division of Lafarge belong to a new company, Materis, in which Lafarge hold an interest of 34.69% equity, consolidated in 2001. The operating income of the underlying businesses were stable on the first half of the year.

Some small businesses have been kept. The Lime operations in the US and UK were impacted by the decline of the steel industry. Roadmarking operations in the United States continue to suffer from a price war.

C. Non recurring items:

€-10 million (€-17 million end of June 2000)

Net gains on disposals totalled €39 million (€119 million end of June 2000). The most material capital gains items were earned on:

- the purchase of a 20.1% interest in Lafarge India Ltd by a third party investor,
- the sale of certain Brazilian ready-mix activities.

The high level of exceptional gain in 2000 related to the sale of CCF shares.

Other non recurring items amounted to a charge of €49 million (€136 million end of June 2000) mostly related to restructuring of operations.

The high level of costs in 2000 related to the Blue Circle take-over attempt.

D. Net interest charges:

€194 million (€220 million end of June 2000)

The lower interest costs were the result of the positive foreign exchange impact compared to the first half of 2000, deposit income on the proceeds from the rights issue at the beginning of the year and dividends earned from Blue Circle and Cimpor.

E. Income tax charge:

€115 million (€180 million end of June 2000)

The lower income tax charge is largely explained by a once off deferred tax gain in Canada resulting from a reduction in tax rates (€16 million).

F. The share of minority interests in net Group income totalled **€65 million** (€66 million end of June 2000).

G. The amortisation of goodwill amounted to **€49 million** (€54 million end of June 2000).

H. Net income, Group share declined 3% to **€242 million** (€250 million end of June 2000)

I. Net income per share was **€1.97** (€2.35 end of June 2000). The reduced income per share is a consequence of the rights issue in February 2001. This part of the financing of the acquisition of Blue Circle created 14 million new shares while Blue Circle results were not consolidated in the same period.

J. Investments and capital expenditure totalled **€1,087 million** (€2,123 million end of June 2000).

- **Acquisitions** totalled €548 million including:
  - Cement: Pan African Cement €46 million; Cement business of Raymond Ltd (India) €175 million;
  - Aggregates & Concrete, United States: Rocky Mountain Construction Materials €33 million; Pine Hill Materials €27 million.
- **New production facilities** totalled €211 million, being a number of plant extensions such as the Sugar Creek, Missouri cement plant and the new China plant at Dujang.
- **Sustaining capital expenditure** totalled €328 million: relating to the on-going upgrading and modernisation of existing industrial operations around the world.

K. Disposals: €82 million (€192 million end of June 2000)
The only disposals of significance were certain concrete plants in Brazil.

L. Total equity at June 30, 2001 stood at **€9,476 billion** (€7,341 billion end of June 2000).

M. Net debt totalled **€6,369 million**, (€7,493 million end of June 2000) including the cash reserved for the acquisition of Blue Circle Industries PLC. At the June 30, the gearing ratio stood at 66%.

Blue circle

The acquisition of Blue Circle was completed on July 11, 2001. Blue Circle is not consolidated in the first half results. Blue Circle's results for the first half of 2001, unaudited, in UK GAAP (General Acceptable Accounting Principles) were as follows:

In millions of £	June 30, 2001	June 30, 2000	Variation
Sales	1,246	958	+30%
Operating income (before goodwil amortisation)	197	172	+14%

In Western Europe, Blue Circle's operating income rose as a result of the inclusion of Greece, where good levels of demand were experienced, for the entire period which more than compensated for the exit of Aalborg which contributed £6 million in the first half of 2000. The United Kingdom's first-half performance was impacted by the poor weather conditions in the first quarter, which included severe flooding at Northfleet affecting production.
In North America, volumes were stable but operating income was reduced by higher fuel costs, production shortfalls and the pressure on prices in the Southeast, which were $2 off last year.
Emerging markets showed favourable growth in operating income with price improvement in Malaysia and the Philippines. Chile's results were impacted by the devaluation caused by the Argentinean situation.
The property activity contributed £38 million compared to £13 million in the first half of 2000.

Outlook

Despite the prevailing economic uncertainty, we are not experiencing a significant weakening in any of our markets except Germany. In this context and with Blue Circle integrated from July 11, we remain confident that overall we will achieve respectable growth of our results in 2001.
Beyond 2001, we expect to benefit fully from the positive impacts of the Blue Circle acquisition. Furthermore, we expect our strong emerging market positions to allow us to offset regional variations and to deliver further significant growth.

Consolidated statements of income

(in millions of euros, unless indicated otherwise)

	June 2001	June 2000	Dec. 2000
Net sales	**5,578**	**5,656**	**12,216**
Cost of goods sold	(3,876)	(3,717)	(7,980)
Selling and administrative expenses	(706)	(828)	(1,644)
Gross operating income	**996**	**1,111**	**2,592**
Depreciation and amortization	(390)	(374)	(788)
Share of earnings of equity affiliates	69	50	101
Operating income on ordinary activities	**675**	**787**	**1,905**
Gains (Losses) on disposals	39	119	272
Other income (expense)	(49)	(136)	(250)
Operating income	**665**	**770**	**1,927**
Net financial expense	(194)	(220)	(489)
Income before tax	**471**	**550**	**1,438**
Income tax	(115)	(180)	(379)
Net income before amortization of goodwill	**356**	**370**	**1,059**
Minority interests	(65)	(66)	(213)
Amortization of goodwill	(49)	(54)	(120)
Net income, Group share	**242**	**250**	**726**
Earnings per share - basic (in euros)	**1.97**	**2.35**	**6.78**
Earnings per share - diluted (in euros)	**1.95**	**2.32**	**6.69**
Average number of shares outstanding (in thousands)	123,005	106,527	107,098

Consolidated statements of cash flow

(in millions of euros)

	June 2001	June 2000	Dec. 2000
Net income before amortization of goodwill	**356**	**370**	**1,059**
Depreciation and amortization	390	374	788
Equity affiliates	(10)	(19)	(35)
Gains (Losses) on disposals	(39)	(118)	(272)
Deferred tax (and tax provisions)	(5)	16	31
Others	(28)	(12)	5
Reversal of other income (expense)	54	144	217
Cash flow from ordinary activities	**718**	**755**	**1,793**
Other income (expense) brought forward	(54)	(144)	(217)
Cash flow from operating activities	**664**	**611**	**1,576**
Net change in working capital requirements	(92)	(300)	(92)
Net cash from operating activities	**572**	**311**	**1,484**
Capital expenditures	(539)	(584)	(1,307)
Investment in consolidated companies (1)	(309)	(255)	(584)
Investments in non consolidated companies	(239)	(1,284)	(1,484)
Total investments	**(1,087)**	**(2,123)**	**(3,375)**
Disposals (2)	82	192	991
Cash reserved for the acquisition of Blue Circle Industries PLC	(1,124)	0	0
Net (increase) decrease in loans and other long-term receivables	(70)	(32)	(33)
Net cash used in investing activities	**(2,199)**	**(1,963)**	**(2,417)**
Proceeds from issuance of common stock	1,350	82	322
Movements in treasury stock	1	(32)	(38)
Increase (Decrease) in other equity	1	0	7
Dividends paid	(321)	(260)	(275)
Increase (Decrease) in equity	**1,031**	**(210)**	**16**
Increase (Decrease) in long- and medium-term debt	649	700	1,656
Increase (Decrease) in short-term debt	(5)	825	(70)
Net cash from financing activities	**1,675**	**1,315**	**1,602**
Increase (Decrease) in cash and cash equivalents	**48**	**(337)**	**669**
Effect of exchange rate changes	24	14	10
Cash and cash equivalents at beginning of year	1,740	1,061	1,061
Cash and cash equivalents at end of year	**1,812**	**738**	**1,740**
(1) Net of cash balances of companies acquired	*3*	*9*	*34*
(2) Net of cash balances of companies disposed of	*-*	*1*	*179*

Consolidated balance sheets

(before appropriation, in millions of euros)

	June 2001	Dec. 2000	June 2000[a]
Goodwill	3,011	2,820	3,245
Intangible assets	1,185	1,127	1,117
Property, plant and equipment	9,508	8,882	8,521
Fixed assets, net	**13,704**	**12,829**	**12,883**
Investments in equity affiliates	456	420	370
Other investments	1,970	1,716	1,591
Long-term loans and receivables	549	489	337
Other long-term assets	**2,975**	**2,625**	**2,298**
Inventories and work-in-progress	1,489	1,309	1,397
Accounts and notes receivable, trade	2,000	1,495	2,315
Other receivables	927	899	729
Accounts and notes payables, trade	(1,249)	(1,114)	(1,142)
Other payables	(1,939)	(1,457)	(1,699)
Working capital requirements	**1,228**	**1,132**	**1,600**
Cash reserved for the acquisition of Blue Circle Industries PLC	1,124	0	0
Cash and cash equivalents	1,812	1,740	738
TOTAL	**20,843**	**18,326**	**17,519**
Common stock	515	429	417
Additional paid-in capital	4,212	3,028	2,822
Retained earnings	2,881	2,910	2,483
Cumulative translation adjustement	(172)	(324)	(137)
Shareholders' equity, Group share	**7,436**	**6,043**	**5,585**
Minority interests	1,869	1,707	1,601
Other equity	171	162	155
Total equity	**9,476**	**7,912**	**7,341**
Provisions	**2,062**	**2,038**	**1,947**
Long- and medium-term debt	8,374	7,490	7,322
Current portion of long- and medium-term debt	500	579	867
Short-term bank borrowings	431	307	42
Debt	**9,305**	**8,376**	**8,231**
TOTAL	**20,843**	**18,326**	**17,519**

(a) after reclassification of cash and cash equivalents.

Notes to the consolidated financial statements

(All figures are in millions of euros unless indicated otherwise)

1. Accounting policies

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

The main acquisitions of the first semester of 2001 are:
- Raymond (India/Cement),
- Rocky Mountain Construction Materials (USA/Aggregates & Concrete),
- Pine Hill Materials (USA/Aggregates & Concrete).

2. Impact on the balance sheet of acquisition of consolidated companies

	June 2001	December 2000	June 2000
Long-term assets	155	594	191
Long-term liabilities	(8)	(356)	(54)
Working capital requirements	15	62	9
Net assets of companies acquired	**162**	**300**	**146**
Lafarge share in net assets acquired	162	293	141
Minority interests acquired	21	92	15
Investments in equity affiliates	1	-	-
Market shares and trademarks	-	15	-
Residual goodwill	128	281	169
Cost of investments	**312**	**681**	**325**
Cost of investments acquired in previous years	**-**	**(63)**	**(61)**
Cost of investments acquired during the year	**312**	**618**	**264**
Cash of acquired companies	**(3)**	**(34)**	**(9)**
Total	**309**	**584**	**255**

3. Cash reserved for the acquisition of Blue Circle Industries PLC

The proceeds of the increase in capital realized 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".

4. Debt

Medium- and long-term debt

	June 2001	December 2000	June 2000
Repayable between one and five years	6,125	4,875	4,946
Repayable after more than five years	2,249	2,615	2,376
Total	**8,374**	**7,490**	**7,322**

This heading includes €1,721 million of draw-downs on short-term credit lines and issues of commercial paper attached to medium- and long-term credit lines.

On June 29, 2001, Lafarge issued an aggregate amount of €1.3 billion of bonds convertible and/or exchangeable into shares, maturing on January 1st, 2006. Each bond has a nominal value of €127, bears interest at a fixed rate of 1.5% per annum and can be exchanged into one share.

Average spot interest rate

The average spot interest rate of the gross indebtedness as at June 30, 2001 was 5.8% (6.6% as at December 31, 2000).

5. Shareholders' equity, Group share

	June 2001	December 2000	June 2000
Opening shareholders' equity	**6,043**	**5,851**	**5,851**
Stock issues (net), dividends reinvested and options and warrants exercised	1,271	598	379
Net income, Group share	242	726	250
Dividends paid	(275)	(215)	(217)
Translation adjustment movement	154	(131)	51
Decrease (Increase) in treasury stock	1	(37)	(32)
Impact of the change in accounting for deferred taxes	-	(759)	(697)
Goodwill previously written off against retained earnings on subsidiaries sold	-	10	-
Closing shareholders' equity	**7,436**	**6,043**	**5,585**

6. Accounts receivable - trade

In 2000, the Group has entered into pluri-annual securitization agreements of trade receivable without recourse. "Accounts and notes receivable" is presented net of outstanding balances of receivables sold of €446 million (€410 million as of December 31, 2000; €210 million as of June 30, 2000).

The agreements are guaranteed by subordinated deposits for €147 million as of June 30, 2001 (€66 million as of December 31, 2000; €27 million as of June 30, 2000).

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