"we want the Lafarge brand to stand for our commitments to excellence"

LAFARGE

ANNUAL REPORT 2003

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Sales: €6,383 million

Worldwide N°1

> 35,984 employees
> Active in 43 countries, 117 cement plants and 24 grinding stations(*)
> Lines of cement, hydraulic binders and lime for construction, renovation and public projects

Sales: €4,465 million

Worldwide N°2

> 20,547 employees
> Active in 22 countries, 655 quarries and 1,073 concrete plants(*)
> Lines of aggregates, ready-mix and precast concrete, asphalt and paving for engineering structures, roads and buildings

Sales: €1,510 million

Worldwide N°1

> 11,901 employees
> Active in 33 countries, 156 plants(*)
> Lines of roof tiles in concrete, clay and metal, roofing components, chimney systems for building and renovation work

Sales: €1,194 million

Worldwide N°3

> 5,530 employees
> Active in 23 countries, 74 plants(*)
> Plasterboard systems, gypsum blocks and sprayable plaster for construction and decoration, for finishing work of new buildings and renovation

(*) *Consolidated companies (global and proportional methods) at 12/31/2003*

cement

aggregates and concrete

roofing

gypsum

THE ANNUAL REPORT, THE EXPRESSION OF OUR COMMITMENTS

"To be the undisputed world leader in building materials"

This is the new ambition of the Group. To achieve it, we have redefined our Principles of Action and have endowed us with four major commitments to our customers, our teams, our shareholders and all those interested in Lafarge's activity:

> Generating value for our customers;
> Giving our people every opportunity to contribute and develop their talents;
> Contributing to building a better world for our communities;
> Delivering the value creation that our shareholders expect.

This Annual Report describes the evolutions within Lafarge in the past year by tangibly illustrating these commitments. This report also devotes specific chapters to our business strategies in each one of our Divisions: Cement, Aggregates and Concrete, Roofing, Gypsum.

Another new feature of this 2003 report is its division into two volumes. **This document** provides perspective on Group life and ongoing change with respect to our commitments and our strategy. The "**Document de référence**", filed with the Paris Stock Market Authority, is more specifically intended for our investors and shareholders. The English version is the **2003 Report on Form 20-F**, filed with the Securities Exchange Commission (SEC) in New York.

World leader in building materials, Lafarge holds top-ranking positions in each of its four Divisions: N°1 worldwide in Cement and Roofing, N°2 in Aggregates and Concrete and N°3 in Gypsum. The Lafarge Group is listed on Paris and New York Stock exchanges. In 2003, with a workforce of 75,000 people, the Lafarge Group is present in 75 countries. Its sales for 2003 amounted to €13,658 million.

South Korea | Seonyu footbridge in Seoul,
a Ductal® project | Architect, Rudy Ricciotti

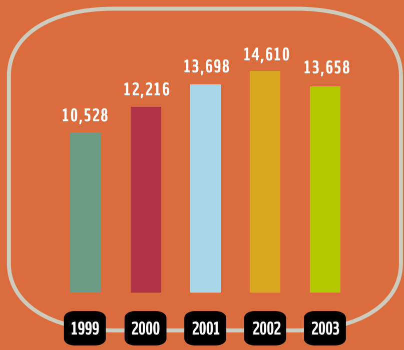
Key figures

> Solid operational performance in a challenging environment.

> Very strong net debt reduction.

> Robust growth in our operating income on ordinary activities anticipated in 2004, before currency fluctuations.

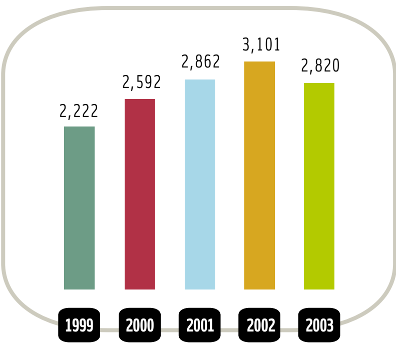
SALES
in million euros



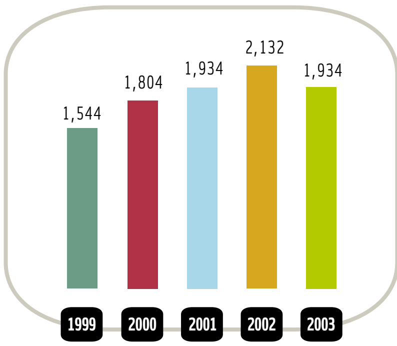
Consolidated data at 12.31.2003

ORGANIC GROWTH	+4.6%
OPERATING INCOME ON ORDINARY ACTIVITIES ON A LIKE FOR LIKE BASIS EXCLUDING €99 MILLION INCREMENTAL PENSION COSTS	+6.9%
OPERATING INCOME ON ORDINARY ACTIVITIES ON A LIKE FOR LIKE BASIS	+1.7%
NEGATIVE CURRENCY FLUCTUATION IMPACT OF €185 MILLION	- 8.6%
OPERATING INCOME ON ORDINARY ACTIVITIES	- 9.3%
NET DEBT REDUCTION AMOUNTS TO €3,2 BILLION	- 30.9%
NET EARNINGS PER SHARE	+39.8%

GROSS OPERATING INCOME
in million euros



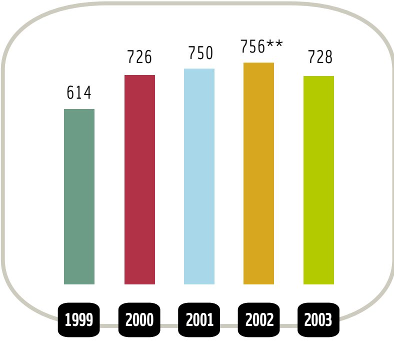
OPERATING INCOME ON ORDINARY ACTIVITIES*
in million euros



* *Revised for the change in presentation of equity affiliates from 1999 to 2001.*

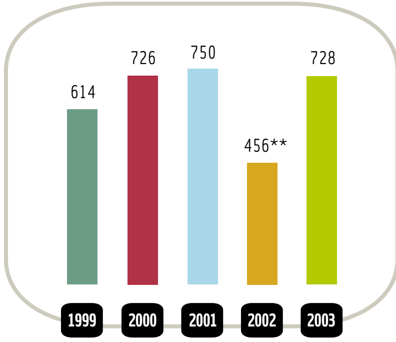
NET INCOME, GROUP SHARE, BEFORE EXTRAORDINARY PROVISION

in million euros



NET INCOME, GROUP SHARE

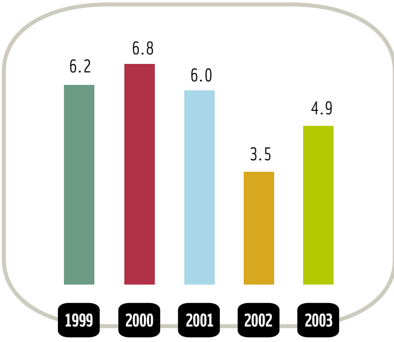
in million euros



*** As a measure of prudence, a provision of (300 million was taken in 2002 to cover the underlying risks connected with the European Commission's decision on the plasterboard case and the current cement investigation in Germany by the Federal Antitrust Office. Lafarge has appealed to the European Commission's decision and to the German antitrust authorities.*

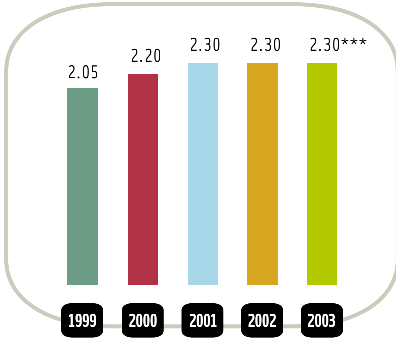
NET EARNINGS PER SHARE

in euros



NET DIVIDEND PER SHARE

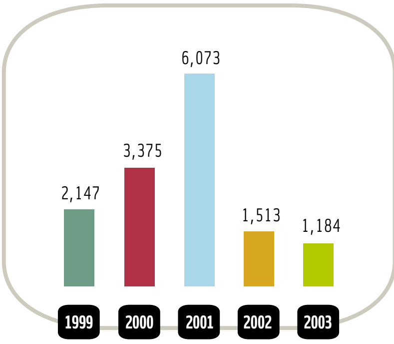
in euros



**** Subject to Annual General Meeting's approval on May 25, 2004.*

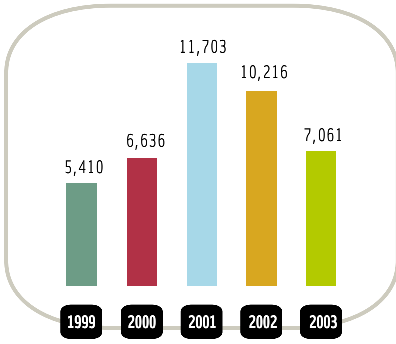
INVESTMENTS

in million euros



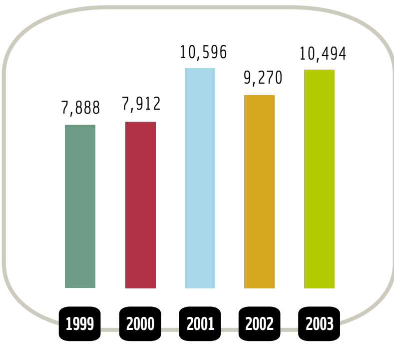
NET INDEBTEDNESS

in million euros

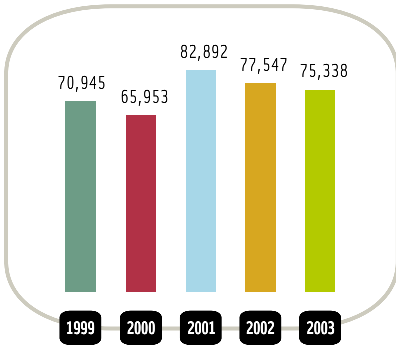


SHAREHOLDERS' EQUITY

in million euros



GROUP EMPLOYEES



A worldwide presence in 75 countries

North America:
Employees: 15,343
Sales: €3,840 million

Latin America:
Employees: 4,399
Sales: €613 million

Western Europe:
Employees: 24,814
Sales: €5,776 million

Central and Eastern Europe:
Employees: 8,616
Sales: €696 million

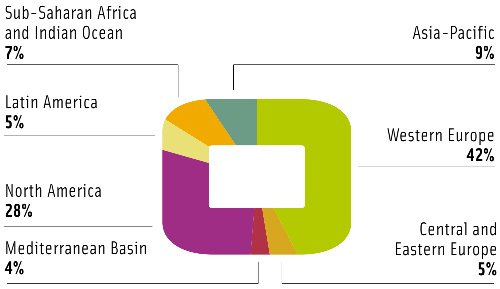
Mediterranean Basin:
Employees: 3,874
Sales: €530 million

Asia Pacific:
Employees: 10,758
Sales: €1,282 million

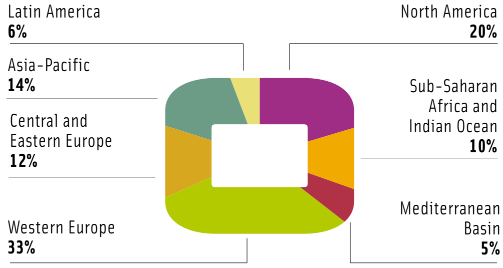
Consolidated data at 12/31/2003

Sub-Saharan Africa and Indian Ocean:
Employees: 7,537
Sales: €921 million

SALES BY GEOGRAPHIC AREA

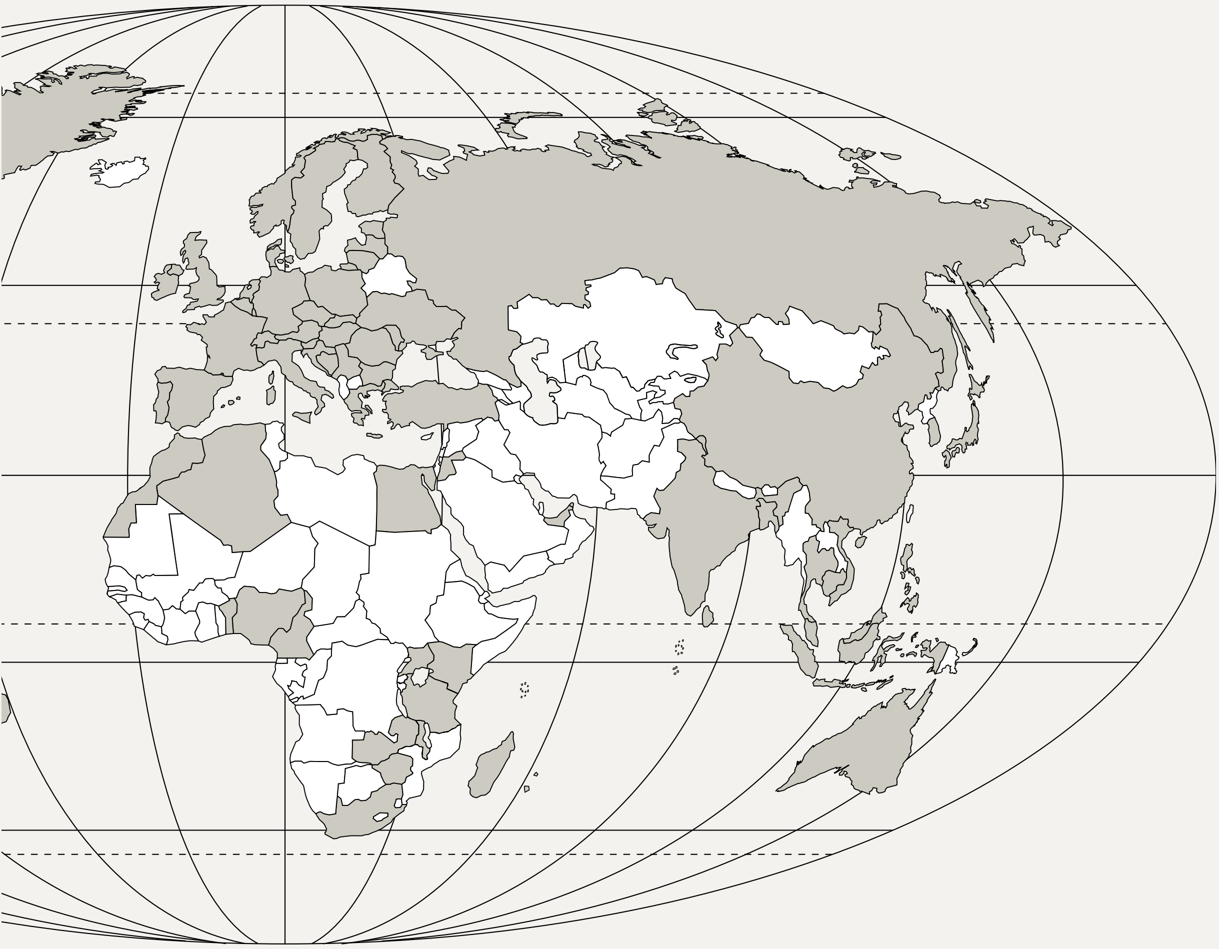


EMPLOYEES BY GEOGRAPHIC AREA

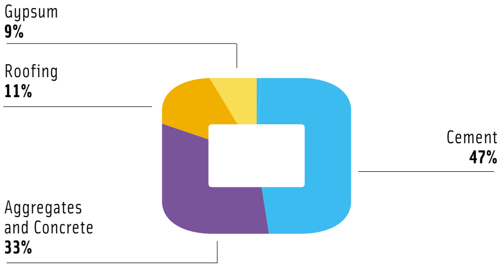


€13,658
million of sales

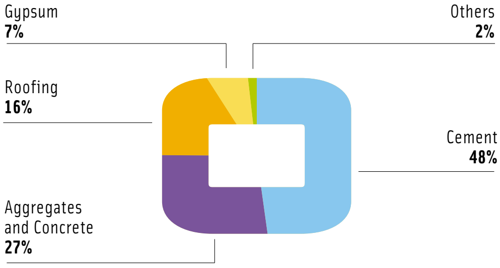
75,338
employees

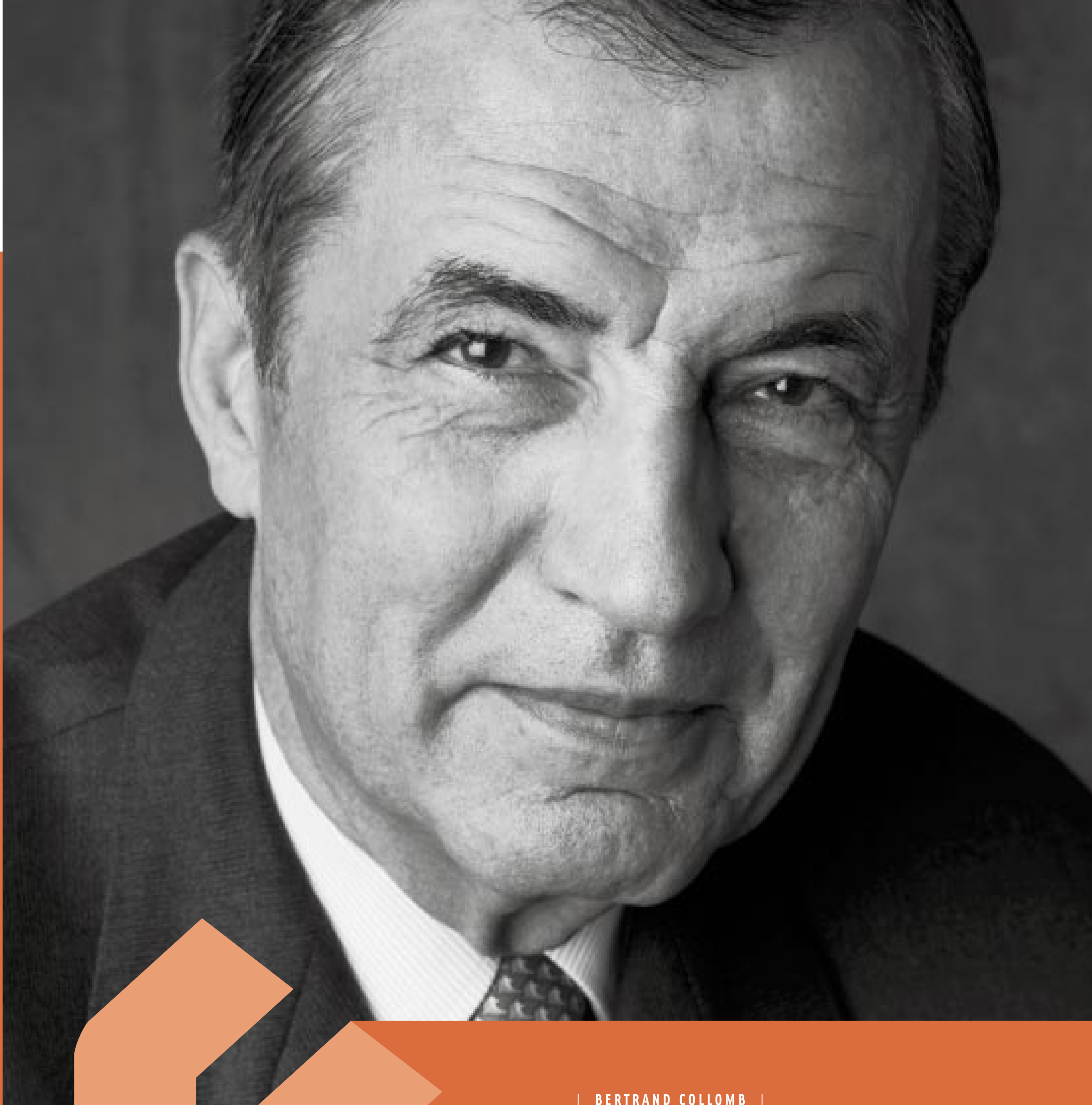


SALES BY DIVISION



EMPLOYEES BY DIVISION





| BERTRAND COLLOMB |
| CHAIRMAN |

The position we have reached as world leader in building materials must continue to be strengthened by performance improvement progress which involve all the Group's teams and rely on their full mobilization. "

Chairman's message

The world again faced a difficult year in 2003, marked by fragile political and economic balance, many doubts about the perspective of economic revival, and questions about the stability of the stock markets and about monetary volatility. Geopolitical perspectives following the war in Iraq and the fight against terrorism also occupied center stage in 2003.

In this uncertain global economic environment, our Group experienced contrasting market conditions between the first and second half of the year, mainly due to highly unusual weather variations. However, overall, the Group displays improved operating income on a like-for-like basis and a constant exchange rate, despite the rising cost of energy and pensions provisions. This reflects solid operational performance, and is the result of a consistent and vigorous implementation of our strategy.

As a result of the emphasis on international development over the last years we have obtained 36% of our 2003 operating income from markets in emerging countries. The Gypsum and Roofing Divisions, hurt in recent years by the American market and the German market respectively, both recorded significant progress.

The position we have reached as world leader in building materials must continue to be strengthened by performance improvements progress that involve all the Group's teams and rely on their full mobilization. This is part of the "Leader For Tomorrow" project, involving participation by 10,000 Lafarge managers in 2003-2004. This provides the opportunity to restate our Principles of Action, which define a Group vision that must combine growth and performance and reiterate our commitments: generate value for our customers, give our people every opportunity to contribute and to develop their talents, contribute to building a better world for our communities, and deliver the value creation that our shareholders expect.

This Group vision also comes within the scope of sustainable development, a concept which has only recently gained recognition but whose philosophy has long been well known to Lafarge. The emphasis placed on respect for cultural diversity and for the men and women who personify such diversity, embracing diversity as a great gift, respect for the environment, energy savings and conservation of natural resources, and reduction of CO_2 emissions has long been part of our objectives. More recently, we have developed partnerships with associations active in these areas, to help us make more progress, gain recognition for our actions and shoulder a responsible approach to globalization.

Likewise, at a time where many issues are raised about poor corporate management, Lafarge can be proud of having long ago implemented many corporate governance principles that are now recommended, and of having always emphasized prudent, ethical and honest conduct.

Of course progress remains to be made, and your Board sought to improve in 2003, in adopting a Director's charter and internal regulations, and changing the composition and duties of the committees. The Board also worked together with Group management and teams on meeting French and American legal requirements concerning internal control, and on preparing the steps toward international accounting standards.

Above and beyond any circumstantial effects, the strength of any industrial group depends on a relevant strategy, rigorous management, employee commitment, customer loyalty, the quality of its reputation and shareholder confidence. These points are all strong assets for our Group. The new management team, seamlessly established in 2003, will continue to develop these important points, to ensure the sustainable growth and success that you expect of Lafarge.

| **BERTRAND COLLOMB** | CHAIRMAN |

| BERNARD KASRIEL |
| CHIEF EXECUTIVE OFFICER |

"2004 will be a year of improvement. We expect robust growth in our operating income on ordinary activities, before currency fluctuations."

Interview with Bernard Kasriel, Chief Executive Officer

In 2002, the Group undertook to strongly reduce its debt. Were these commitments met in 2003?

We reduced our debt to a greater extent than our stated objective of € 1 billion, before currency fluctuations. We achieved this result through several factors: limited sustaining capital expenditures, better management of working capital requirements and disposals in the amount of some € 600 million. In addition, the rights issue carried out in 2003 enabled us to reduce the Group's debt even further, while allowing for small to medium size growth investments. And of course, the drop in the dollar and the pound in particular had a positive impact on our net debt, approximately 50% of which is in currencies other than the euro.

This has all had a significant impact on our financial ratios of course, particularly on the most demanding ratio, that of cash flow to debt, which rose from 19% in late 2002 to slightly over 25% in late 2003. This means that we are well on the way to returning to our target financial structure, which corresponds to a ratio of 28% or 29% by 2005.

How much of the rights issue went into small and medium size developments?

We launched an extension in the capacity of our Mexican cement plant. We also announced a new line of one million tonnes additional capacity in Chongqing, China. These two developments account for an investment of approximately € 150 million.

We also acquired the entire interest of EBRD in our Polish cement and aggregates businesses. And, we benefited from the opportunity to acquire slightly over 10% of our cement business in Korea from financial investors, thus giving us a majority interest. These two operations accounted for approximately € 150 million. We were opportunistic in these transactions for the benefit of our shareholders. And the flexibility provided by the rights issue enabled us to do just so.

Has the integration of Blue Circle lived up to its promise?

The economic difficulties on certain markets have impacted part of our operational performance improvement, as previously announced. However, the potential for further improvements, the likelihood of the currently unfavorable markets gradually returning to their normal trends and the growth opportunities created by our entry in new countries and regions, all confirm the strategic validity of the Blue Circle acquisition.

Interview with Bernard Kasriel, Chief Executive Officer

How do you see 2003?

Our 2003 environment was challenging, with continued recession in Germany and Venezuela, a cement price war in the Philippines and Germany, highly unfavorable weather conditions in the first half of the year and sharp rises in energy costs.

Despite this context, 2003 has confirmed our organic growth potential. On a like-for-like basis, our sales indeed increased by about 5%. This is due to our strong presence in cement on the emerging markets, to the Gypsum Division and the Roofing Division outside of Germany.

2003 also confirmed our capacity to continuously improve performance. Our management of fuel and fixed costs has allowed the Cement Division to maintain the operating margin, excluding additional pension costs. In the Gypsum Division, the good performance shown by our two new plants in the United States, the synergies made possible by the Gyproc acquisition in Germany and Poland, and growth achieved in all our Business Units have resulted in a significant increase in earnings. Lastly, a new year of strong cost reduction for the Roofing Division has led to improved earnings despite another year of recession in Germany.

We are therefore well placed to benefit from an upturn in the economy and to combine growth with value creation.

How can Lafarge make more progress in performance management?

Over the years, we have constantly moved forward with our methods and tools of performance improvement such as benchmarking tools, best practices, performance plans.

To accelerate this progress, we launched the "Leader For Tomorrow" project in 2003. By the end of 2004, 10,000 Group managers will have worked together in small groups to focus on the means for ever-greater efficiency. They will have set themselves short-term objectives aimed at changing the way they work. The goal of "Leader For Tomorrow" is not to make us change direction, but to make us shift gears, and move faster.

What is the outlook for 2004?

Presently, we do not see any major changes in trends to our markets. Overall our pricing environment should remain favorable with significant improvement in Germany and the Philippines. We face a challenge with higher energy and freight costs, and our capacity to manage these costs will be tested. However, past experience has shown our know-how in this field.

Given these conditions, we are confident in our capacity to generate sustained growth in our 2004 operating income on ordinary activities, before currency fluctuations, and we expect further improvements in our operating performance.

With our "Leader For Tomorrow" project, we have an impressive tool to accelerate performance."

In 2004, we will see continued growth in emerging countries and a further strengthening of our financial structure. We will also use our increased flexibility to realize selective acquisitions.

We therefore confirm our strategy, which combines continuous performance improvement, organic growth and growth through acquisitions. Organic growth is generated by cement in the emerging countries, and by the Gypsum Division and Roofing Division. The focus of our growth is on small to medium size acquisitions with strong synergies potential, where integration is rapid and value-creative. External growth will happen in emerging countries or through opportunistic investments in mature countries.

To sum up, today, Lafarge is a Group with a solid operating performance against a challenging economic environment and which presents significant growth and value creation potential for the future.

| **BERNARD KASRIEL** | CHIEF EXECUTIVE OFFICER |

The "Direction générale" and Executive Committee

| **BERNARD KASRIEL** | CHIEF EXECUTIVE OFFICER |

A graduate of the Ecole Polytechnique (1965) and Insead (1969), he also holds a MBA of Harvard (1970). Bernard Kasriel joined Lafarge in 1977 in the Sanitaryware Division, of which he became CEO until 1981. Appointed Group Executive Vice President in 1982, he was seconded from Lafarge to serve as President and Chief Operating Officer of National Gypsum (North American Gypsum wallboard producer) in Dallas between 1987 and 1989. He became Lafarge Group Managing Director in 1989, was appointed Vice Chairman and Chief Operating Officer in January 1995 and Chief Executive Officer in May 20, 2003.

| **MICHEL ROSE** | CHIEF OPERATING OFFICER |

Michel Rose is a graduate of the "Ecole des Mines de Nancy" (1965) and holds a MBA of the IMI in Geneva (1977). Michel Rose joined the Group in 1970 as a plant manager. He was subsequently in 1975 a departmental manager at the Group's Research Center, and then Group Internal Communications Director in 1978. He then headed the Group's activities in Brazil from 1980 to 1983, before being appointed Executive Vice President in 1984, in charge of Human Resources and Corporate communications and CEO of the Bioactivities Division. He was named Senior Executive Vice President in 1989, and was President and Chief Executive Officer at Lafarge Corporation in North America from 1992 to 1996. Back to France and until 2000, he was responsible for Lafarge's operations in the emerging countries. Since May 2003, he is managing the Cement Division jointly with Bruno Lafont.

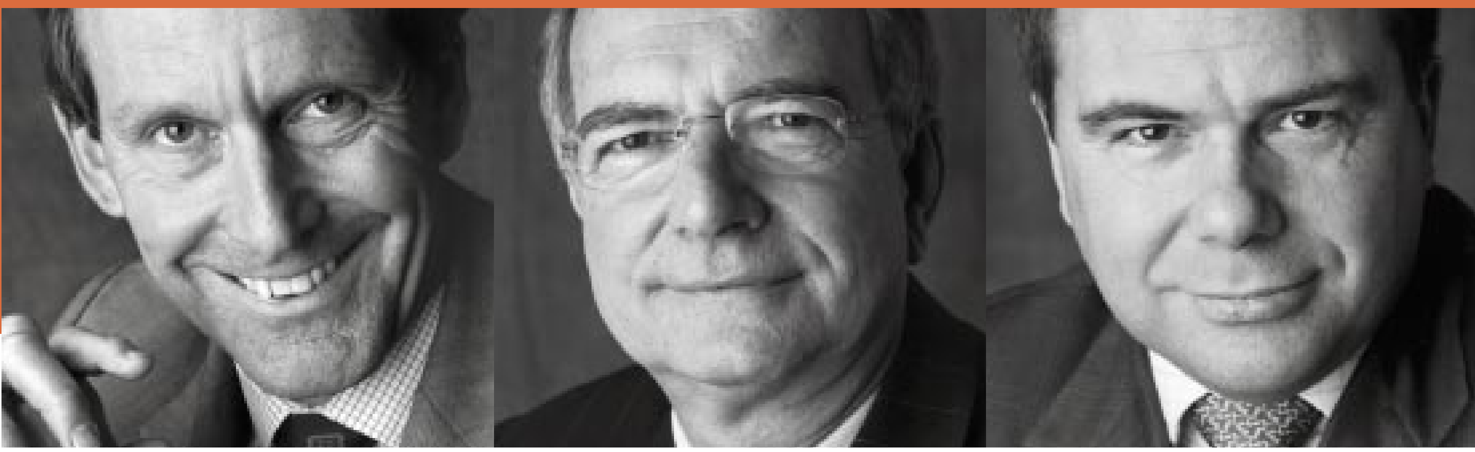
| **BRUNO LAFONT** | CHIEF OPERATING OFFICER |

Chief Operating Officer of Lafarge since May 2003, Bruno Lafont (1956) is a graduate of the school of Hautes Etudes Commerciales (HEC 1977, Paris) and the Ecole Nationale d'Administration (ENA 1982, Paris). Bruno Lafont started his career at Lafarge as an internal auditor in the Finance department in 1983. In 1984, he joined the Group's Sanitaryware Division as Chief Financial Officer of a subsidiary in Germany. He then was successively in charge of the Division's Finance Department (1986-1988) and the Development Department, based in Germany (1988-1989). In 1990, he was appointed Vice President for Lafarge Cement and Aggregates and Concrete operations in Turkey and the Eastern Mediterranean zone. He served as Executive Vice President, Finance from 1994 to 1998. Since 1998, Bruno Lafont was Executive Vice President, Gypsum Division. Bruno Lafont is managing the Cement Division jointly with Michel Rose, and has under his supervision the Aggregates and Concrete Division as well as Lafarge North America.

Other members of the Executive Committee

| **BERNARD KASRIEL** | **MICHEL ROSE** | **BRUNO LAFONT** |

Left to right | **JEAN-JACQUES GAUTHIER** *Executive Vice President, Finance* | **ULRICH GLAUNACH** *Executive Vice President, Roofing* |
| **CHRISTIAN HERRAULT** *Executive Vice President, Human Resources and Organization* | **CHARLES DE LIEDEKERKE** *Executive Vice President, Aggregates and Concrete (until April 12, 2004)* | **JEAN-CHARLES BLATZ** *Executive Vice President, Aggregates and Concrete (since April 12, 2004)* |
| **ISIDORO MIRANDA** *Executive Vice President, Gypsum* |
The comprehensive list of Group and Division Senior Managers operational and functional is available on www.lafarge.com



group commitments

Delivering the value creation that our shareholders expect

Corporate governance: effectiveness and transparency

Lafarge has always acted in the firm belief that effectiveness results from dialogue and the adoption of best practices. Acting on this belief, the Group has for over 30 years implemented corporate governance practices ahead of current practices. For Lafarge, compliance with recommendations on corporate governance provides opportunities to improve in a spirit of greater transparency and better control. Thus, the Board in 2003 formalized practices and commitments that will provide a stronger response to expectations in this area.

IMPLEMENTATION OF INTERNAL REGULATIONS

The members of the Board actively participated in the preparation of internal regulations in 2003. These regulations were adopted by the Board on December 10, 2003. They govern relations between management and the Board, ratify the separation of the duties of the Chairman and those of the Chief Executive Officer, and stipulate the cases where the Board's approval is mandatory for investments or disposals and certain financial transactions. The regulations also define the membership, missions, and operating procedures for the various committees, as well as the role of the Chairman and the Board. The Chairman of the Board monitors issues related to corporate governance. He chairs the meetings of the Board, coordinates its work and the work of its committees, and serves as liaison between the Board and the shareholders. He is regularly informed about the operations of the Group and its strategic goals. In 2003, the Board of Directors met on February 26 and May 20, held a special meeting on June 11 to approve the rights issue, and also met on September 3 and December 10. In addition to its normal work, the Board worked on the asset disposal program, on extending the maturity of the Group's debt, on the Director's charter, the internal regulations of the Board, and on the evaluation of Board procedures and operations.

DIRECTOR'S CHARTER AND INDEPENDENCE

This charter, which was approved by the Board on May 20, 2003, defines the rights and obligations of the Directors. Directors must perform their duties in good faith, with complete independence and in the manner they believe will provide the best contribution to the Group's success. Their independence is assessed by the Board based on the criteria proposed by the Bouton report in France and the criteria resulting from the Sarbanes-Oxley Act. More than half the Directors meet these criteria. In addition to the criteria for independence, the membership of the Board of Directors reflects the Group's desire to rely on a variety of complementary experiences, expertise and profiles.

Left to right

PATRICE LE HODEY
RAPHAËL DE LAFARGE
BERTRAND COLLOMB
BERNARD KASRIEL
ALAIN JOLY
ROBERT W.MURDOCH
MICHEL BON
HÉLÈNE PLOIX
JACQUES LEFEVRE
JUAN GALLARDO
MICHAEL BLAKENHAM
JEAN KELLER
MICHEL PÉBEREAU
BERNARD ISAUTIER
GUILHERME FRERING

THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Lafarge Board of Directors has fifteen members, selected to enable the Group to benefit from their experience and competence. Juan Gallardo was co-opted by the Board on September 3, 2003 at the proposal of the Nominations and Remunerations Committee as a replacement for Richard Haythornthwaite. Juan Gallardo has been a member of the International Advisory Board since 1996.

The duties of Chairman and Chief Executive Officer were separated on May 20, 2003, when Bertrand Collomb became Chairman of the Board and Bernard Kasriel became Chief Executive Officer.

In order to optimize its work and ensure efficiency in preparing its decisions, the Board has relied since 1975 on three committees, two of which changed names in 2003 to comply with the Bouton report. These committees are: the Nominations and Remunerations Committee, the Audit Committee, and the Strategy and Investment Committee. In order to take into consideration American rules governing membership of the Audit Committee, the Board restructured this committee in February 2004. It now consists of five members, Hélène Poix, Michel Bon, Patrice le Hodey, Jean Keller and Juan Gallardo, who are all independent. Two-thirds of the Nominations and Remunerations Committee are now independent directors.

ASSESSMENT OF THE BOARD AND ITS COMMITTEES

In accordance with the recommendations of the Bouton report, the Board has stipulated in its regulations a regular evaluation of its operations and the work of its committees. Thus, at the end of 2003, it conducted the first evaluation by its members. The evaluation assessed the level at which its organization and procedures met the needs of its missions. A questionnaire to assist in this assessment was adopted by the Board on December 10, 2003. This questionnaire was completed by each member of the Board in late 2003-early 2004. The principal issues raised in this evaluation included the structure of the Board, its organization and operations, its missions and powers, information provided to members and the operations of the three study committees. The results of this first evaluation were discussed during the Board meeting on February 25, 2004, and will be presented to the Shareholders' Meeting on May 25, 2004.

MANAGEMENT COMPENSATION

In accordance with its objective of transparency, Lafarge informs its shareholders of the criteria used in relation to the compensation of its executive and their retirement plans. The Nominations and Remunerations Committee, of which the Chairman and the Chief Executive Officer are not members, bases its recommendations to the Board on studies by outside consultants and on market practices. Compensation for the officers consists of a fixed portion and a performance-based portion, the details of which are provided in the "2003 Report on Form 20-F". Their benefits in stock options and retirement plans are also described in the "2003 Report on Form 20-F".

2003 was an important year in the continuing improvement of corporate governance, marked by our continuing efforts to achieve greater effectiveness and improved control.

> More detailed information on corporate governance is provided in Item 6 of the Group's "2003 Report on Form 20-F".

As part of its ongoing quest for progress and improvement, the Board of Directors conducted an assessment of its operations and of the committee works in late 2003.

Lafarge and its shareholders: a willingness for transparent communication

The Lafarge Group enjoys a relationship of trust with its individual and institutional shareholders based on transparency. Lafarge provides them with all the means for information, dialogue and exchange that are required to be fully aware of the Group's life. These tools are regularly updated to better meet shareholders expectations.

Listed on Euronext and the New York Stock Exchange (ADR) (*), the stock is widely covered by international financial analysts and is recognized by major international investors.

A DIVERSIFIED SHAREHOLDER BASE

With 100% of floating capital, the Lafarge shareholder base is diversified. It reflects the Group's international scope and is established in most of the regions of the world. Out of approximately 246,000 of the Group's shareholders, 757 are institutional investors and 245,000 are individual shareholders, of which 38,000 are Group employees.

COMPLETE, DEDICATED AND INTERACTIVE INFORMATION

The Group provides its investors and analysts with complete, dedicated and interactive information. Lafarge regularly distributes financial releases for investors and analysts in France and abroad, mainly through the press and on the Group's Internet site. The Group also publishes its annual and interim reports, its "Document de référence", a "Lafarge Facts and Figures" leaflet and, for its North American shareholders, the "Report on Form 20-F". This information is also available on www.lafarge.com, which is a complete source of information on the life of the Group and trends in the Group's share price. Individual shareholders also receive specific information. They have their own dedicated area on the web site, and they receive documents such as the "Shareholders' Guide" and the "Shareholders' Newsletter", published twice a year with supplements at the time of major events, as was the case with the rights issue that took place in July 2003.

In 2003, the Group's ongoing efforts to bring about change and make its communication more transparent took a new step forward, placing the Group in a better position to fulfill the requests from its investors and analysts. The meetings to present the Group's results are retransmitted by video, while those held in Paris are translated simultaneously, thus allowing shareholders much faster access to the information on the results.

(*) In December 2003, Lafarge applied for delisting from the London, Frankfurt and Düsseldorf Stock exchanges, due to the very limited liquidity of Lafarge shares on these markets for several years.

A dedicated team

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lafarge.com
shareholders information section

STRUCTURE OF THE GROUP'S SHAREHOLDER BASE

at December 31, 2003

GEOGRAPHIC BREAKDOWN OF INSTITUTIONAL INVESTORS

at December 31, 2003

Important dates

IN 2004 | 2005

Wednesday, April 28, 2004
publication of 1st quarter 2004 sales

Monday, May 3, 2004
information meeting for shareholders in Bordeaux

Tuesday, May 25, 2004
Annual General Meeting of Shareholders

Thursday, June 17, 2004
information meeting for shareholders in Marseilles

Thursday, July 22, 2004
publication of half-year 2004 sales

Thursday, September 9, 2004
publication of half-year results for 2004

Thursday, October 21, 2004
publication of sales for the first nine months of 2004

Tuesday, November 16, 2004
information meeting for shareholders in Lyons

Thursday, November 18, 2004
information meeting for shareholders in Nantes

Friday, January 28, 2005
publication of full-year sales for 2004

These dates are subject to modification during the year: up-to-date information can be found in the financial calendar and shareholders' calendar on www.lafarge.com.

LISTENING TO OUR SHAREHOLDERS

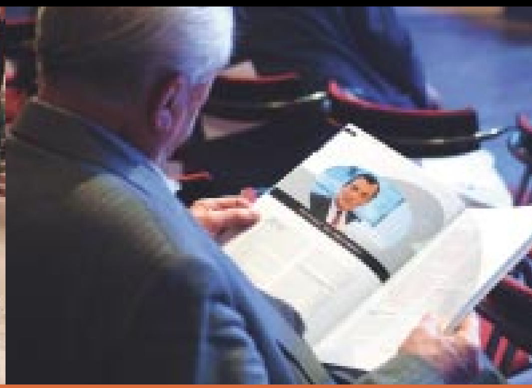
The services implemented by the Group in 2003 for the purpose of facilitating and improving communication with its shareholders have been extremely relevant and useful. The special toll-free number for France and the number for shareholders outside France enabled the Group to provide real-time, quality responses to shareholders' questions, particularly at the time of rights issue carried out in 2003. This possibility for direct exchange has contributed to better understanding of the logic and practical details of the transaction. Furthermore, the ten-person Shareholders Consultative Committee, set up in 1995, actively collaborates on the quality of Lafarge's communication with its individual shareholders. The committee met on several occasions during 2003, notably for the preparation of the May 20, 2003 Annual General Meeting and the publication of the interim results. Committee members are: Christophe Bréard, Francis Cauvin, Anne-Doris Dupuy, Nicole Issautier, Marcel Jayr, Patrick Liebaert, André Lienhart, Dominique de Préville, Daniel Robin and Gérard de Saint Rémy.

OPEN TO DIALOGUE

Lafarge holds regular meetings with both its individual and institutional shareholders. It also meets with analysts and journalists at the time of publication of the annual results in February and the interim results in September. In 2003, the Group also invited specialized analysts to a presentation of the Cement Division performance model at the research center of the Group in L'Isle d'Abeau near Lyons. General management and the investor relations team continued their program of regular meetings with institutional investors in Europe, Asia and North America, where the number of ADR holders registered a sharp increase in 2003. The Group also participated in the main conferences attended by the major building materials industry companies around the world. In addition to the Annual Shareholders' Meeting held at the Carrousel du Louvre in Paris on May 20, 2003, which is seen as an opportunity for genuine debate with shareholders and retransmitted by video in real time on www.lafarge.com, two meetings were also organized with the Group's individual shareholders. Lastly, Lafarge took part in the Actionaria specialized trade fair in November 2003 in Paris.

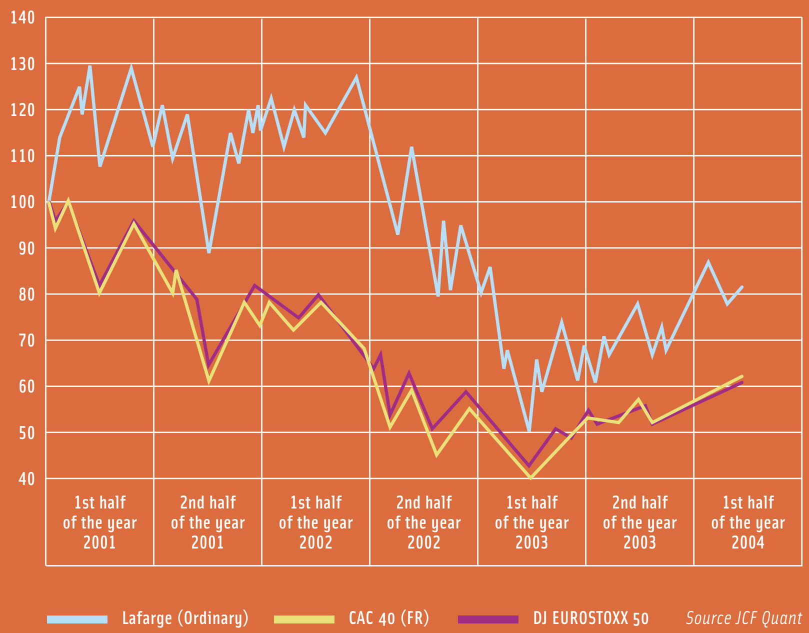
▼ Members of the Shareholders Consultative Committee | March 2004

▲ | ▼ Annual General Meeting of shareholders, May 20, 2003 in Paris



The Lafarge share

While the CAC 40 and the DJ Eurostoxx 50 ended 2003 at +16.1% and +15.7% respectively, the Lafarge share ended the year up 3.4%. The share's performance in the first half of the year marked a sharp contrast to that of the second half: after a first half of the year impacted by the publication of the 2002 results and an outlook for 2003 considered as disappointing, in an economic context marked by uncertainty linked to the American economy and the conflict in Iraq, the share benefited from the summer rally as did a good number of stocks, recording a strong performance in the fourth quarter and ending the year at € 70.60. The daily trading volume in our shares on Euronext Paris increased to an average of 1,175,809 shares traded, ranking it 17th among CAC 40 stocks. The amount of capital traded daily stood at €69 million.



Source JCF Quant

Financial commitments have been met

In 2003, Lafarge accelerated the strengthening of its financial structure, on track to come back to the situation it enjoyed prior to the acquisition of Blue Circle in late 2000. In addition to the contribution of the rights issue completed in July 2003 and the positive impact that exchange rate variations had on the foreign currency debt, the substantial reduction of the debt was achieved thanks to the good level of free cash flow, better management of working capital, strict control of sustaining capital expenditures, and over €0.6 billion of divestments completed under good conditions.

NET DEBT REDUCTION OF €3.2 BILLION

Excluding the impact of the rights issue and the favorable effect of exchange rates variations, debt was reduced by €1.2 billion. Debt reduction is thus significantly above the Group's target of €1 billion announced early in the year. The gearing ratio stood at 67%, as opposed to 110% the previous year. The ratio of net cash flow to debt also marked a strong improvement, up to 25.5% as opposed to 19.1% recorded the previous year.

Furthermore, Lafarge has pursued active management of the debt maturity, by proceeding with a bond exchange offer in November 2003, enabling it to issue €0.5 billion of ten-year bonds in exchange for an equivalent amount of bonds with closer due dates. Lastly, Lafarge has significantly reinforced its liquidity by setting up a five-year syndicated bank line in the amount of €1.4 billion to replace several lines which fell due in 2003 or 2004.

ACTIVE MANAGEMENT OF THE ASSETS PORTFOLIO

At the beginning of 2003, Lafarge had announced to dispose of non-strategic assets in the range of €400 to 600 million overall. In total, slightly over €600 million worth of assets were disposed of under good conditions. Primary disposals involved the minority stake in Matéris, the cement import activity in Florida and the minority equity interest held by the Korean subsidiary Lafarge Halla in the Korean cement company Tong Yang. Furthermore, Lafarge announced the sale (planned for summer 2004) of its minority stake in the Spanish cement company Cementos Molins. Investments themselves came to €1.2 billion, half related to sustaining capital expenditures and half in growth investments.

PURSUING A PROFITABLE GROWTH STRATEGY THANKS TO THE RIGHTS ISSUE

The rights issue which took place in July 2003 in the amount of €1.3 billion was over-subscribed 1.47 times, a clear sign of its success among shareholders and investors. 98% of the shares were subscribed on a irreducible basis, demand was therefore 25 time greater than the shares on offer for the 2% of the shares that could be subscribed on a reducible basis.

The funds raised provided the Group with the flexibility it required to pursue a profitable growth strategy and accelerate the strengthening of its financial structure. The funds have increased its capacity to gradually seize the opportunities for attractive small to medium size acquisitions or internal developments with high value creation potential.

| **JEAN-JACQUES GAUTHIER** |

| EXECUTIVE VICE PRESIDENT, FINANCE |

We have reduced debt by €3.2 billion and strongly improved our financial structure in 2003.”

These developments focus primarily on Cement activities throughout the world, and Aggregates in Europe and North America.

The Group has announced the extension of its cement plant in Chongqing in China, to double capacity by 2005, the construction of a new cement plant in Mexico, Latin America's second largest market, and the acquisition of the EBRD's minority shareholding in the Group's activities in Poland. Lastly, in early 2004, Lafarge increased its stake in the capital of the Korean Lafarge Halla Cement company, raising it to 50.1% by purchasing 10.2% of the company's shares held by an investment fund.

RESULTS IN LINE WITH EXPECTATIONS

In 2003, the Group achieved its objective to deliver a stable operating income on ordinary activities compared to 2002, excluding exchange rate impact and despite incremental pension costs. These results, reached in a challenging economic environment, once again reflect the Group's capacity to continuously improve its operational performance.

Generating value for our customers

France | Lafarge at Batimat 2003: 400 m² of the stand were covered in gypsum plasterboard, an example of PLA-tec know-how Architects, Françoise N'Thépé and Aldric Beckmann.

In continually expanding its knowledge of the markets and relying on its marketing and research and development teams, the Group is focusing its efforts on its customers. Through this process, at the heart of the "Leader For Tomorrow" project, the Group intends to become its customers' supplier of choice.

A STRATEGIC CHOICE: BRINGING RESEARCH AND MARKETING TOGETHER

The year 2003 was marked by the consolidation of research and marketing, now part of the same department, at the highest level of the Group. Combining marketing and research is designed to reduce the time involved in the innovation cycle and better adapt new products and services to the needs of the markets. It also aims at developing a better awareness of market expectations among researchers. This change pursues the first phase of reorganization of the research center carried out in 1999. Since that time, Lafarge's research activity has been based on a matrix structure built around four spheres of activities and three portfolio managers who are in charge of the projects of the Divisions, with whom they work in close collaboration.

Understanding nanostructures

Will the future of concrete depend on nanotechnologies, those techniques that probe structures to a thousandth of a micrometer and which, when researchers succeed in controlling them, can provide materials with new properties? In any case, the study of cement nanostructures has allowed Lafarge to develop the ultra-compact, extremely high performance concrete Ductal®. For Lafarge, nanotechnology research holds great promise. Along with other manufacturers in the field and a number of European universities and laboratories, the Group is launching a network called NANOCEM, whose objective is to gain in-depth understanding of the fundamentals of nanotechnology applied to cement and concrete. Nanoscopic phenomena control the macroscopic properties of cement and concrete.

From India to Kenya

**The Group's Cement Division in India created the "Home Building Center" a few years ago, an information center targeted primarily at individuals who want to build their own homes, but also at the service of architects and buiding contractors.
This concept, which is ideally suited to the emerging markets, was picked up by Kenya at the end of 2002. Hence Nairobi now has a building information center. In order to adapt to the local market, the public targeted by this center was extended to include masons and small craftsmen. This initiative received the Lafarge Innovation Award in the Transfer between Units category, a trophy aimed at rewarding "those that are bold enough to innovate and modest enough to copy the best".**

Lafarge Innovation Awards

Over the last few years, materials science has continued to evolve and stimulate the field of innovation. The application qualities of the new gypsum plasterboards - more resistant, with better soundproofing qualities, and yet lighter - owe a great deal to the implementation of new approaches based on micro-mechanics and image analysis. The formulation of modern concretes, which are scientifically composed of a large number of ever-increasingly highly specialized components, now make it possible to better meet the stringent requirements of our customers. Above and beyond the issues of resistance and setting time consistency, the application qualities demanded today relate to ease of use, aesthetic aspect and durability, with guarantees covering the expected lifetime of constructions that may exceed a century.

INNOVATING FOR TOMORROW'S MARKETS

In order to meet all these new demands, research needs to reinforce interaction with marketing and production. The Group's research programs today focus on several main directions. Examples are the ground-breaking innovations such as Ductal®, an ultra-high performance concrete and Agilia®, a self-placing concrete, the springboard for the Group's research teams who continue to prepare the concretes of the future, which will feature maintained workability, control over the setting and hardening process, high initial resistance, work site productivity, absence of cracking, and durability. This research is part of the Group's ambitious programs involving binders and aggregates. These efforts also have an impact on Lafarge's sustainable development policy. In order to reduce the global output of CO_2 from its materials, the Group is working, on the one hand, on the optimization of the manufacturing process in its plants and the use of alternative sources of raw materials and fuels and, on the other hand, on the use of substitutes with hydraulic properties, such as fly ash or steel production slag.

▲ United States | Gypsum | Library in Naples, Florida
Architects, Barany, Schmitt, Summers, Weaver and Partners Inc.

Italy | Roofing Components
Mock-up roof at a merchant, Verona ▼

The customer – first and foremost

Customer orientation is accompanied by the creation of new methods in the Divisions. In the Gypsum Division, the countries conduct "TMAY" interviews (Tell Me About You). These open, in-depth interviews with customers are not only organized by sales teams; they may also be conducted by finance, research or even industrial managers. Another example, in the Cement Division, Lafarge launched its Mauà Conferences in Brazil in 2003, information sharing sessions aimed at the Business Unit's best customers. These topic-based sessions are organized by renowned experts on subjects such as the economy, distribution, marketing and sales. These conferences provide the Business Unit with further opportunity to establish a partnership relationship with its customers.

▲ France | Cement | Pavillon de l'Arsenal in Paris, a Ductal® project
Architects, Finn Geispel and Giulia Andi, Lin Agency

▼ Norway | Roofing |
One-family house, Oslo

Architects, partners of choice for Lafarge

For over ten years, Lafarge has been pursuing partnerships with architects and has been working with designers, specifiers and users on the evolutions in its building materials. In 2001 the Group set up Creargos.com, an Internet site for specifiers and design offices, where 120,000 pages are consulted each month. Since 1999, Lafarge has been providing architects with the expertise of its Research and Development team and the resources of its Technology Center at L'Isle d'Abeau, enabling several architects to successfully complete innovative projects with Lafarge building materials. For example, Rudy Ricciotti and his Seonyu footbridge in Seoul, Edouard François and the Tower Flower in Paris have both worked with Ductal®. Other examples include Finn Geipel and Giulia Andi from the LIN agency for the scenography of the permanent exhibition at the Pavillon de l'Arsenal in Paris, Jean Nouvel and Julio Medem for the new buildings of the Queen Sophia Museum in Madrid. Jean-Marc Ibos and Myrto Vitart have made use of Agilia® for the local archives in Ille-et-Vilaine, the PLA-tec system has been used by Manuelle Gautrand for Citroën's future Paris showroom built in 2004 and by Beckmann - N'Thépé for Lafarge's stand at the Batimat trade fair in 2003. The Roofing Division organized an architecture prize in Brazil, the "Premio Nacional Tegula 2003", which attracted more than 700 participants, and launched a competition in Germany for the most outstanding roof projects.

MOVING TOWARDS MORE VALUE-ADDED PRODUCTS AND SERVICES

In 2003, all of the Divisions worked on segmentation of their markets. They also increased their "customer-oriented" initiatives. The Business Units in the Aggregates and Concrete Division conducted an on-the-spot telephone survey with customers who had been delivered the day before. In the Cement Division, half of the Business Units carried out a customer satisfaction survey in 2003. The Division also increased the number of its customer days, thus allowing plant employees to meet with customers. In France, Lafarge Ciments obtained ISO 9001 certification for all its activities in July 2003. The ISO 9001 standard guarantees that products and services comply with customer requirements and shows that their satisfaction increases with improvements to the processes linked to products and services. Lastly, in the United States, Lafarge North America was awarded the title of "supplier of the year" by the highly reputable "Independent Builders Supply Association".

In 2003, the Divisions also proposed a new range of solutions, products and services. The Roofing Division launched an innovative complete "Anti-storm pack" in France including roof tiles, underlays, fixings, roof ridge and hip, thus offering total protection in the regions exposed to strong winds. In mid-2003, the Roofing Division also successfully launched its "Absolut" chimney system in Germany, delivered to distributors on a palette, a highly appreciated logistical innovation. The Division also developed and launched Fides on the Dutch market. This product, which includes financial services and maintenance, is aimed at managers of low-rent apartment complexes. The Aggregates and Concrete Division also developed new services such as concrete pumping on small building sites in the United Kingdom. The Gypsum Division has set up several call centers to deal with all types of requests from existing customers, in France, the United States and elsewhere. The PLA-tec system, which provides tailor-made plasterboards in a variety of forms: flush or offset, with complex shapes (ellipses, domes, cones, etc...), is a major innovation that was launched on the French market in 2003. In the Cement Division, the year was marked by a number of exceptional projects. Lafarge is proud to have been involved in the Millau Viaduct (France), the construction of the world's highest bridge. The Millau Viaduct, which peaks at 340 meters, was designed by the architect

▼ France | Cement | The Millau Viaduct
Architect, Norman Foster | Building contractor, Eiffage

▼ Germany | Gypsum
Employee in the Lippendorf plant

Norman Foster and required 35,000 tonnes of very high quality cement with specific technical and aesthetic characteristics, defined in close collaboration with Eiffage and supplied by Lafarge.

In 2003, the Group launched a branding project to affirm its ambition to represent its brand to stand for its commitment to excellence as expressed in its Principles of Action. The new branding policy defines the principles to underline the distinctiveness of the Lafarge brand for its customers, shareholders, employees, partners and communities. The policy is designed to provide a framework and a common system ensuring that Lafarge is the Group's master brand. This will be reflected in the whole Group's identity system enabling each Division to develop its own branding and naming architecture for its products and services.

Sharing knowledge in the Cement and Roofing Divisions

Set up at the beginning of 2003 in the Cement Division, the Sequoia Intranet is a powerful tool for managing and sharing best practices within the marketing and sales community. This constantly updated knowledge base gathers all the Division's marketing plans, training programs and customer satisfaction surveys.

It also provides the tool for the different units to compare themselves with one another in spite of the wide variety of market situations. It includes the "Advance" performance program toolbox. In addition, the site provides users with access to a rich library gathering reference articles on all the key marketing and sales subjects.

The Roofing Division also created an efficient customer relation management tool. The Division's "Sonia" database is a highly useful aid in the segmentation process and in certain marketing-specific activities. The system is already used by a large number of Business Units throughout the world and its deployment continues in 2004.

Giving our people every opportunity to contribute and develop their talents

| **CHRISTIAN HERRAULT** |
| EXECUTIVE VICE PRESIDENT, HUMAN RESOURCES AND ORGANIZATION |

Changing behaviors to improve global performance, that is the major objective of our "Leader For Tomorrow" project.”

Initiated in 2002, the “Leader For Tomorrow” project was gradually deployed throughout 2003, with the objective of mobilizing the Group’s entire workforce of 75,000 employees.

DEVELOP OUR PERFORMANCE CULTURE BY CLEARLY STATING OUR VALUES

Changing behavior in order to improve global performance, that is the major objective of this project which will be taking place up until 2005.

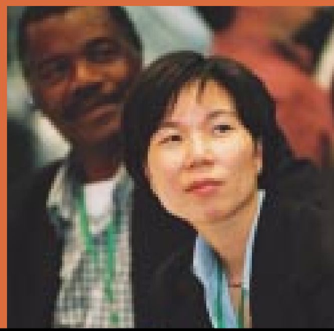
The Group has redefined its Principles of Action, which express its vision and its commitments and the way it acts: the Lafarge Way. The Lafarge Way clearly states the ambition of “making our people successful, focusing on performance improvement, with a “multi-local” organization, to build our performance culture”.

"Lafarge University"

In 2003, Lafarge announced the creation of its own university, providing training courses in Europe, on the American continent and in Asia. The first training sessions will be designed for the Group senior managers, approximately 1,200 persons.

The training programs will be based on four fundamental pillars:
- Group values and culture,
- Managerial skills and leadership,
- Functional skills: marketing, finance, human resources, purchasing...
- Multi-local management.

The training sessions began in the first half of 2004 with a program named "Lead The Group".



▲ "Leader For Tomorrow" Meeting in Barcelona, Spain

▼ "Leader For Tomorrow" Day in France

This project is founded on the Group's values and seeks to help change managerial behavior to adapt to its own evolution and changes in its surroundings, based on the rich dimension of the Group's human and cultural resources.

In making several acquisitions of many different sizes in the past years, Lafarge has indeed grown very international and incorporated highly diverse cultures. The Group must now accelerate continued change toward a "multi-local" organizational and operational model in which each Business Unit is responsible for success on its local market, yet uses and contributes permanently to the global experience of its Divisions and of the Group.

INVOLVING THE WHOLE ORGANIZATION

Four priorities have been identified. They are the basis for the mobilization of all Lafarge employees in each one of the Divisions and include:

- Customer orientation,
- Performance culture,
- A more effective organization,
- Developing people.

The 2003 meeting which gathered 1,000 Group leaders marked the launching of this mobilization on a wide scale. This is followed by the "Leader For Tomorrow" Days during which 10,000 Lafarge managers will have the opportunity of expanding their understanding of the Group's Principles of Action and of contributing, within their own Business Units, to preparing the action plans required to implement the four "Leader For Tomorrow" priorities. In all, over 200 days are planned, most of which will take place during the first six months of 2004.

The deployment of the "Leader For Tomorrow" project continues in 2004 and 2005, with other Group employees.

A more effective organization

Starting in 2004, each entity will set up a performance plan which will be added to the strategic review, to the organizational and human resources review, and to the budget. This completes the Group's management cycle.

▼ "Leader For Tomorrow" Meeting in Shanghai, China

▼ "Leader For Tomorrow" Day in South Korea

▼ "Leader For Tomorrow" Day in Cameroon

Customer orientation

The Group has set up a working group made up of managers from each one of the Divisions, to work together on exchange of experience and best practices to formalize the best approaches in this area. The working method takes its inspiration from the method used on performance, whose results widely contributed to the preparation of "Leader For Tomorrow".

Contributing to building a better world for our communities

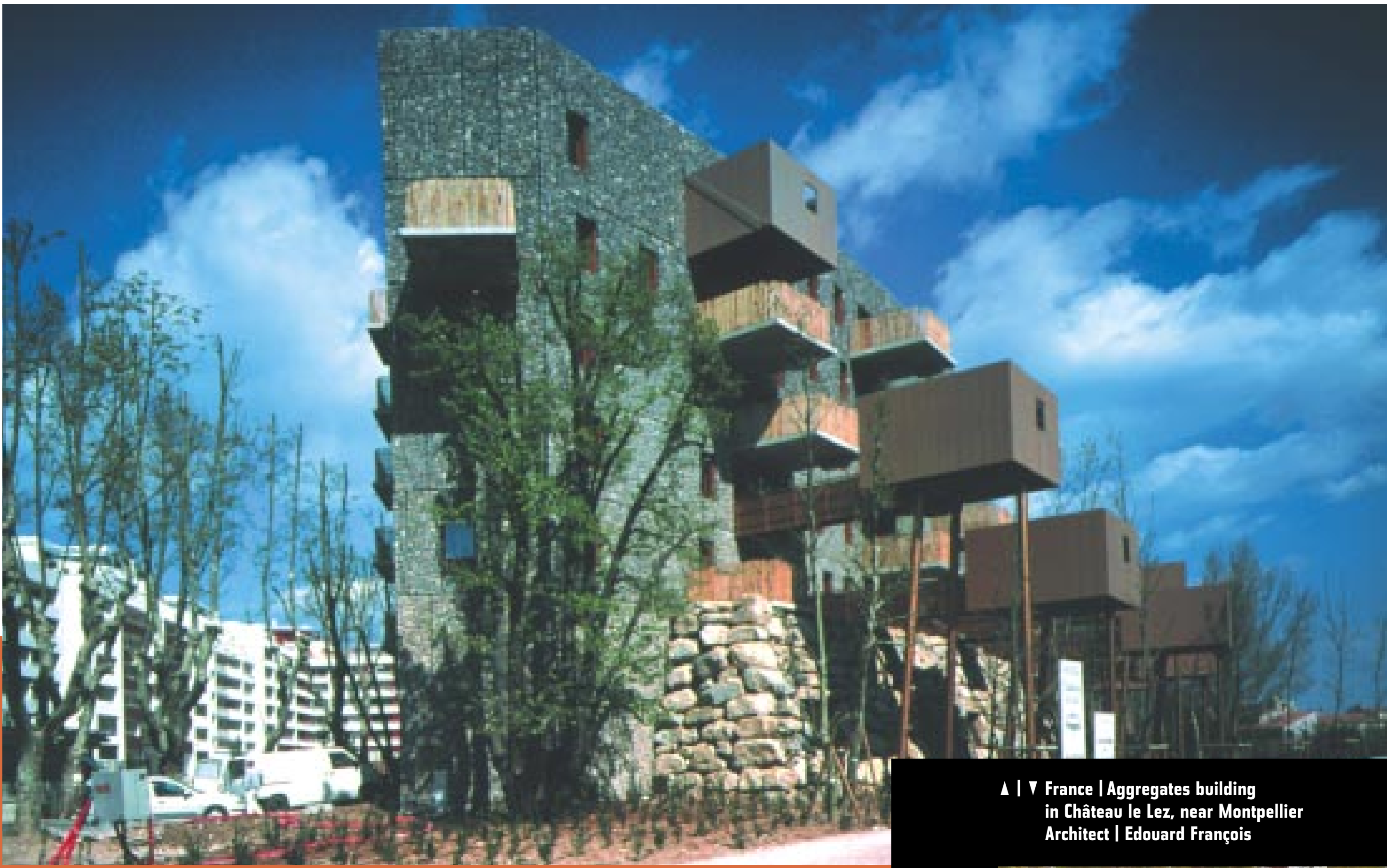
South Africa | The Eco-City project's mission is to build low-cost and affordable housing for low-earning households | The cement and concrete provided by Lafarge allowed for the construction of several houses in a village located in the suburbs of Johannesburg.

Sustainable development, interacting with the world around us

Lafarge emphasizes an approach to sustainable development which is based on dialogue and partnerships. In addition to consideration of the positive and negative impacts of Group activity, sustainable development is above all a responsible commitment whose objective is to ensure lasting performance through value creation in the economic, social and environmental dimensions.

A DIFFERENT WAY OF LOOKING AT THE GROUP, ITS MANAGEMENT AND ITS ENVIRONMENT...

Lafarge holds the conviction that its own performance can only be sustained if it brings together economic profitability, environmental quality, awareness and improvement of the living conditions in the communities where the Group is operating. Sustainable development aims at ensuring long-term company success. Since 2001, Lafarge has published a sustainability report in order to convey its contribution in this vital area. Sustainable development specific section has been created on the website lafarge.com, further illustrating the Group's determination to make its work and progress public. The third edition of the Environment brochure, published in 2003, covers over 80 case studies.



▲ | ▼ France | Aggregates building in Château le Lez, near Montpellier
Architect | Edouard François

Towards sustainable architecture

Today, 90% of the ecological impact of a building is related to its use and only 10% to the production of the materials which have gone into its construction. Over 80% of the building's CO_2 emissions are produced by its use (lighting, heating, air-conditioning). Each building material has a role to play in reducing energy consumption, by contributing to better inertia and thermal insulation. Above and beyond the production and implementation of its products, Lafarge has committed to promoting a more responsible construction integrating environmental (reduced ecological impact) and social concerns (safety, health, aesthetics, comfort...). This perspective leads Lafarge to work closely with specifiers, design departments, architects and customers on the use of different construction choices.

… BASED ON DIALOGUE AND PARTNERSHIP

Openness, dialogue and partnerships are the foundations of Lafarge's approach to sustainable development. Lafarge's choice to set up partnerships with a limited number of non-governmental organizations stems from the objective to better understand local communities' expectations in order to provide suitable responses. The Group now works closely with WWF on environmental issues, with CARE on health issues in developing countries, and with Habitat for Humanity.

… AND CLEAR MANAGEMENT COMMITMENTS

On the worldwide scale, the Group confirmed its citizen commitment by signing the UN Global Compact in early 2003. This pact commits multinational firms to respecting nine principles ranging from human rights, labor standards to the environment. Lafarge is also part of the Global Business Coalition on HIV/AIDS and in 2001 signed the Global Corporate Citizenship.

TAKING INTO ACCOUNT THE ECONOMIC CHALLENGES OF SUSTAINABLE DEVELOPMENT

Optimizing the use of raw materials, encouraging the use of recycled materials or alternative fuels means both respecting the environment and proposing solutions to reduce manufacturing costs. Although not a new concern, it is gradually guiding Group operations and motivating increasingly more employees. The challenge here is the constant quest for competitiveness and durable activity. Lafarge is a Group with long-term investments, a Group whose businesses work locally in countries with varying levels of development, and in a sector which makes a significant impact on the environment… all reasons why Lafarge has long incorporated the economic, social and environmental dimensions of sustainable development into its strategy, its Principles of Action and its performance programs in all of its Divisions.

▲ **United Kingdom | Transporting aggregates by using a waterway**

▲ **United Kingdom | Crushing construction waste to preserve natural resources**

GLOBAL ENVIRONMENTAL POLICY, LOCAL IMPLEMENTATION

Lafarge's concern with environmental issues goes back a long way. Early issues involved dust emission control in the 1970's. The first quarries were rehabilitated in the 1980's. Formal environmental policy making started in 1995, and its scope has since gradually widened and is regularly updated, as in 2003.

Partners' opinions

Issues of concern to the Group on the subject of sustainable development take into account the changes in the expectations of the parties affected by our activities. This requires in-depth, ongoing dialogue. On November 28, 2003, a first meeting was held with twelve qualified stakeholders' representatives - a new and important step in Lafarge's approach.

Today, Lafarge's environmental policy covers alternative fuel use, materials recycling, natural resource savings, and the reduction of dust and transport-related noise and nuisance. Reduced CO_2 emissions – to fight against climate change – the preservation of biodiversity, sustainable architecture, and supplier implementation of Group environmental requirements are also part of the environmental policy.

Lafarge has set up specific environmental reporting and can follow and communicate on the progress made on actions currently underway. In 2003, the Group met the objectives set for the evolution of its performance on the environmental indicators set in 2000. For several of these indicators, such as the number of quarries with rehabilitation plans to Lafarge standards, or the rate of recycled raw material use, Lafarge has even gone beyond its objectives. Details on these actions are presented in the 2003 Sustainability Report.

Local WWF partnerships

Within the scope of the worldwide partnership with WWF, Lafarge Business Units have launched many local initiatives, working with WWF organizations in their countries. These agreements are based on in-the-field dialogue with WWF experts. As an example, in 2003, Lafarge Canada and WWF announced a new conservation project in the Bow river valley in the Alberta Rockies in Canada. WWF China and Lafarge China are working with local participants on a panda habitat watch project in a reserve close to the Lafarge cement plant in Szechwan.

A PIONEERING PARTNERSHIP WITH WWF

In March 2000 Lafarge entered a 5-year worldwide partnership with WWF, the environmental protection organization. The first industrial group to have signed such an agreement, Lafarge has committed to an ambitious project based on continuous improvement of its environmental performance, strengthened environmental policy and practices, and developing WWF's Forest Landscape Restoration project. Today, Lafarge has finalized its quarry rehabilitation policy, set up environmental performance indicators, and has committed to reducing CO_2 emissions, all of which is described in its Sustainability Reports. In 2003, the Lafarge/WWF partnership entered a second phase which aims at widening the basis for further developments.

▲ **Aerial view of a forest in Northern Canada | Lafarge has a partnership with WWF on forest ecosystem restoration**

▲ **Kenya | HIV/AIDS prevention center for the families of Lafarge employees**

▲ **Building of a house in partnership with Habitat for Humanity**

BETTING ON INTEGRATION AND MULTI-CULTURAL STRENGTH... AND WINNING

The Group has grown and been enriched by the many cultures that are now part of it, which it must integrate. Here too, the concepts of sustainable development and corporate responsibility help define common objectives and best practices, yet leave a great deal of autonomy to local managers. For the past two years, significant efforts have been made to improve health and safety at work for Lafarge employees. In June 2003, Group management and employee representatives on the European Group Committee signed a joint statement on the subject of health and safety and the reduction of accidents at work, which strengthens the Group "Health and Safety Management System" deployed in early 2003. In compliance with the International Labor Organization's recommendations, this system includes a self-evaluation tool to measure the efforts made on each site. More than 30% of Lafarge Business Units already implement this tool and have recorded significant improvement in their accident frequency and severity rate results. As one example, the Cement Division has lowered the frequency rate of lost time accidents by 30%.

PUBLIC HEALTH POLICY WITH CARE

Public health issues are not normally the responsibility of private business. Yet Lafarge has undertaken to work with local authorities, playing an important role where flagrant shortcomings and urgent needs exist. In 2003, when the Group published its public health guidelines, HIV/AIDS Africa guidelines stood at the top of the list, to fight the HIV/AIDS epidemic in Africa. The terms of the Group's program to fight against HIV/AIDS have been defined on the regional level by an African Health Committee made up of representatives from each sub-Saharan African unit, a medical adviser, a CARE representative and a Lafarge Group representative. CARE is a NGO dedicated to fighting and preventing all forms of poverty in the world, with whom Lafarge signed a 5-year partnership agreement after two years of work and exchange. This policy seeks to efficiently fight against the HIV/AIDS epidemic and reduce the spread of HIV/AIDS contamination to employees, their families and neighboring communities.

A NATURAL PARTNERSHIP WITH HABITAT FOR HUMANITY

Habitat for Humanity is an NGO whose goal is to provide low-cost, decent housing to the world's needy. For many years now, several Group Business Units have worked with Habitat for Humanity, providing labor and building materials free of charge. Lafarge North American production sites are one good example. In 2001, aware that most of its sites had developed strong relations with local Habitat for Humanity groups, Lafarge North America signed a five-year partnership with Habitat for Humanity International, representing a financial commitment equivalent to US$ 1 million in building materials and financial assistance. Lafarge North America exceeded its commitment in less than three years. Currently, the Group and Habitat for Humanity continue to form local partnerships and will be signing an even more far-reaching agreement, leaving the decision to commit and the implementation to the local Business Units. One example - Lafarge Venezuela and Habitat for Humanity signed a cooperation agreement in October 2003 for the construction of 250 homes, a project designed to provide housing for victims of the floods in the Vargas region. In South Korea, Group subsidiaries have supplied 984 tonnes of cement and 6,300 wallboards required to build 40 homes. In Romania, Lafarge Romcim and Habitat for Humanity have signed a five-year partnership agreement.

Lafarge has committed to reducing CO_2 emissions

On 6 November 2001, as part of the WWF partnership, Lafarge made a significant commitment to reducing CO_2 emission, thus contributing to the fight against climate change. The goal set calls for a 20% reduction of CO_2 emissions per tonne of cement in the world, over the 1990-2010 period. This reduction corresponds to a 15% decrease by 2010 of the absolute level of CO_2 emissions in the industrialized countries. However, WWF uses a different calculation model that takes into account the CO_2 emitted by alternative fossil fuels, which provides a value of 10% reduction in the industrialized countries. Based on this 10% commitment, WWF has welcomed Lafarge to its Climate Savers program. As of late 2002, overall emission reduction was -10.8% and -11.2% for absolute emissions in the industrialized countries.

> For more detailed information, please see our 2003 Sustainability Report and visit the Web site www.lafarge.com.

Meaningful involvement in local life

Extraction is often poorly accepted by neighboring residents, making it difficult to obtain new permits for quarry operation. By listening to, working and dialoguing with local stakeholders, each party's interests can be upheld. Such is the case with the Baudreix quarry in south-western France, which Lafarge Granulats sought to acquire in 1995, when the operating permit expired. Local residents opposed renewal of the permit. However, by presenting a project for the creation of a leisure activity area from the gravel pit, Lafarge won the respect of the local authorities and worked as a partner on local development. Today, the leisure activity area welcomes 30,000 visitors each year. The town has enjoyed revived activity, and Lafarge obtained an 18-year license to operate...

France | Aggregates
Leisure activity area in Baudreix

group business strategy

cem

IN 2003

SALES > €6,383 MILLION

WORKFORCE > 35,984 employees

117 cement plants and 24 grinding stations in 43 countries (*)

(*) Consolidated companies (global and proportional methods) at 12/31/2003

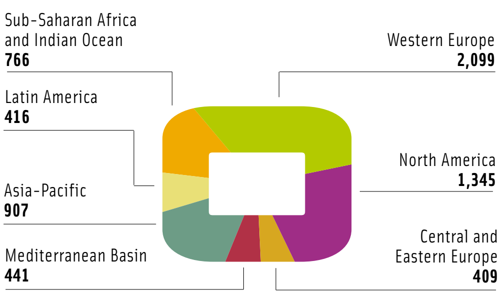
France | The Millau Viaduct | Architect, Norman Foster | Building contractor, Eiffage

| BRUNO LAFONT AND MICHEL ROSE |
| CHIEF OPERATING OFFICERS
AND JOINT PRESIDENTS OF THE CEMENT DIVISION |

"The global approach to our cement business, as described in our "Advance" performance program, will enable us to significantly improve our value creation."

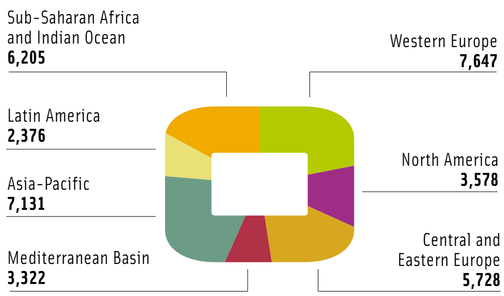
SALES BY GEOGRAPHIC AREA

Sales in million euros at 12/31/2003
by destination and after elimination of consolidation



EMPLOYEES BY GEOGRAPHIC AREA

Consolidated figures at 12/31/2003



What about growth in the Cement Division?

Over the last few years, we have carried out a number of small and medium size acquisitions, all over the world and of course Blue Circle, which was a decisive step towards our position as current world cement leader. In just five years the Division has doubled in size and is now present in 43 countries, with balanced geographical presence throughout the world. Currently, we conduct approximately 50% of our operations in emerging countries with strong growth prospects. We will continue to pursue this development strategy based on internal growth in the markets where we operate and on acquisitions in a cement industry that still presents significant potential for restructuring. Asia and – to a lesser extent – Russia, are two strong growth areas where we will be primarily concentrating our efforts.

What about Blue Circle? Has this acquisition carried out in 2001 lived up to expectations ?

We confirm today the strategic interest of this acquisition. Blue Circle has helped the Group to achieve leadership positions in potentially attractive countries such as Greece, Malaysia, the United Kingdom, Chile and also Nigeria. The merger may be considered as being complete and, we believe, a success. The synergies are there to see and we will be doing better than expected in this domain. However, we have had to face up to an unfavorable environment in the Philippines, due to a price war, and in Nigeria and the United States, hit by a downward trend in the markets. This means that it is going to take us a little longer than originally expected to reach our profitability targets and to take full advantage of all the identified synergies.

Is 2003 the year of performance ?

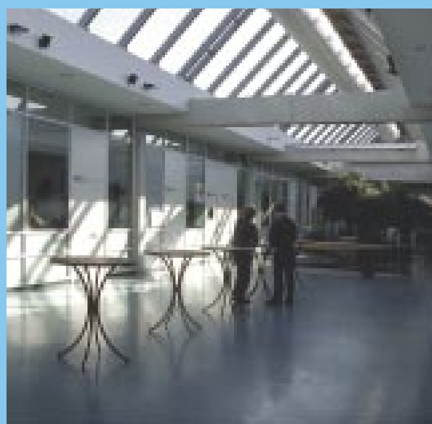
Over the next few years we are going to be concentrating our efforts on the performance dimension, which is essential if we want to become the undisputed leader in the cement business. We currently stand among the world leaders, yet size is not the only criteria to being the foremost leader. We must also make significant and rapid progress in our global performance. That is what our performance program, "Advance", which covers all aspects of our business, is all about: strategy, industrial, sales, marketing, but also sustainable development and people mobilization. Only this global approach will allow us to increase our value creation and improve our operating margin by at least an average 1% per year. Lastly, thanks to the "Leader For Tomorrow" project currently being implemented in the Group, we can now pass on to a new stage. We will share expertise between our four Divisions better and we will use this capitalization of experience to develop a specific performance culture for our Group.

▲ Poland | Kujawy cement plant

▼ France | The Atrium in the Western European Technical Center

A center of expertise in the heart of Europe

Cement, a material with complex behavior that lends itself to various uses, requires real expertise to produce. Dedicated to cement products, the "Western European Technical Center" became operational in October 2003. Located in Lafarge's Technology Center at L'Isle d'Abeau, near Lyons, the Center groups together the technical and cement development teams for France, Spain, Italy, the United Kingdom and Morocco, a total of 90 people from eight different countries. Its scope of activity covers 27 cement plants and 8 grinding stations in a region which is facing major challenges in the development of building materials. Highly involved in plant improvement initiatives within the scope of the "Advance" program, this Technical Center provides essential assistance and expertise to the Business Units in its area.



Over the past five years, Lafarge has enjoyed growth four times greater than that of the cement market. 2003 was a good year for the Cement Division, which saw its sales rise by over 5% with a very good fourth quarter and an operating income on ordinary activities at 1,466 million euros, marking a 4% increase on a like-for-like basis.

A STRATEGY OF INTERNAL DEVELOPMENT

In Eastern Europe, approximately €90 million have been invested in the renovation of the Kujawy plant in Poland. In Bangladesh, a country with strong growth prospects but which currently imports all its cement requirements, Lafarge seized the opportunity to form a joint-venture with Cementos Molins to build a plant with a 1.2 million-tonne capacity in northern Bangladesh. In Mexico, another growing market, the Cement Division invested in a new, 600,000-tonne capacity plant, around 70 kilometers from Mexico City. Lastly, close to Tetouan in Morocco, the Division successfully started up a new, more modern, more automated cement plant in the second half of 2003, employing half of the employees from the old plant. Lafarge Morocco accompanied this development with a redeployment and reinsertion plan for the employees of the old plant. The workers that were not taken on by the new cement facilities were assisted by Lafarge Morocco to create small companies and were offered suitable training programs. Such an industrial and human redeployment was a first for Moroccan industry.

Western Europe enjoyed good growth in 2003, despite slight erosion in the United Kingdom and French markets and basic stability in the Italian market. Lafarge enhanced its technical and development operations in the region with its new Western European Technical Center for Western Europe, which is now fully operational. The Division has thus reinforced its technological and Research and Development resources, serving the Western Europe Business Units where important challenges are taking place in building materials.

MASTERING INTERNATIONAL GROWTH

Lafarge has developed real expertise in mergers and acquisitions. In 2003, the Cement Division continued its policy of selective expansion based on the capacity to create value and made emerging countries a priority. In October 2003, Lafarge acquired 75% of the capital of Ural Cement, a cement plant located in Russia's Ural region. Thanks to this second cement plant in Russia, the Division has strengthened its position on a dynamic market which has been growing at a rate of over 15% annually for the past five years.

In addition, the acquisitions carried out prior to 2003 have started to produce their expected returns. This is the case in South Korea, South Africa and also Jordan, where investments in Lafarge's two plants and quality efforts have made it possible to double Lafarge's income since the arrival of the Group in 1999. In Egypt, the synergies stemming from the acquisition of Blue Circle have started to bring results: Lafarge's joint-venture with Titan gives it a more local organization and better geographical coverage of the market.

In Asia, the Division made an important investment in China, with the construction of a second production line at its Chongqing cement plant, which will double production capacity by 2005. Lafarge has also become the majority shareholder in Lafarge Halla Cement, South Korea's fourth largest cement producer. These investments would have had to be postponed without the rights issue launched by the Group in the summer of 2003.

Yves de Clerck,
REGIONAL PRESIDENT, CENTRAL EUROPE

"When we invest in plants in Central Europe, we comply with European standards, with state-of-the-art equipment. What's more, our arrival in these countries - whether it be in Serbia, the Ukraine or even Slovenia - is accompanied by a transfer of expertise.
In these countries where customer culture is not particularly developed, we immediately set up a sales department, a technical assistance service, a quality control laboratory and product and customer service consistency principles that immediately represent considerable progress. Lastly, our sites boast very high quality technical support, provided by both our Technical Center in Vienna and the joint IT service that supplies all the countries in the area.

“In Central Europe, we invest to European standards and we not only transfer our know-how, but also our approach to quality and customer service.”

Our added value also comes from the human dimension and the talent pool that the countries of Central Europe represent.
For example, two of the four current managers of our Business Unit in Serbia come from Central Europe. They are two Czech citizens who saw Lafarge arrive in their country ten years ago and who are now capitalizing on this experience to develop a corporate culture on a new market."

Philippe Rollier,
PRESIDENT AND CHIEF EXECUTIVE OFFICER OF LAFARGE NORTH AMERICA

In 2003, our cement business made major strides in getting to know its customers thanks to the systematic application of segmentation developed as part of the "Advance" program.

"Advance" has helped us to better understand and serve the needs of our North American customers.

We now know each and every customer's profile. The Cement marketing department, set up when Blue Circle America was integrated, creates a range of products and services at the request of each customer at any given moment. This approach involves the Group's other sectors such as production and distribution. It puts all of Lafarge North America in tune with its customers' needs, thus ensuring greater competitiveness. We are already seeing the results of this effort and I am convinced that we have only begun to approach the subject.

GLOBAL PERFORMANCE, A KEY CHALLENGE FOR THE DIVISION

Launched in the eight regions of the Cement Division in 2003, the "Advance" global performance program relies on benchmarks and experience-sharing throughout the entire Division, collecting data from its 43 Business Units and 117 cement plants. The "Advance" program proposes structured and improved tools which include: systematic evaluation of performance in all the key areas of the cement business, a new management cycle, knowledge-sharing tools and best practices, training courses and others, all of which provide the Division with a common language understood by every Business Unit. In addition to industrial performance, the Division intends to take advantage of the "Advance" program to improve its performance and operating efficiency in all aspects of the business: strategy, marketing and sales, industrial, sustainable development and people mobilization. The "Advance" program has led Business Units to make clear progress since it was launched in 2003. For instance, it has been used in Kujawy, in Poland, to compare the performance of the new line opened in September 2003 with that of the Division's other sites and to define guidelines for improvement. Energy cost reduction has been another performance lever in a number of countries. In 2003 for example, Spain was granted the necessary authorizations to use alternative fuels. In Morocco, Venezuela and Chile, the Business Units were authorized to use scrap tires for fuel. In Brazil, all the Group's plants have made significant progress in the use of alternative fuels.

STRONGER CUSTOMER BASED MOBILIZATION

The Cement Division has placed customer orientation at the top of its priorities. In addition to its sales and marketing teams, the Division intends to generalize a customer orientation culture throughout its organization and among all its employees. The Division's entire workforce must be mobilized around this priority to make it possible to create a totally customer-centered organization. Customer orientation also involves a series of specific actions: listening to and segmentation of customer needs, ensuring quality, value-added service, innovation, measurement of customer satisfaction and loyalty.

In 2003, the Division strengthened its marketing structures at the central level and in its different Business Units. Work continued on differentiating products and services on mature markets. Thanks to Durabat®, a cement suited for construction works in harsh natural environments, and Ductal®, the first ultra-high performance concrete with advanced compressive strength, the Cement Division has an extensive portfolio of innovative products. At the local level, the Division has multiplied initiatives to meet the needs of its different categories of customers as closely as possible. In North America, production of high-quality special cements started up at the Seattle site in 2003. Austria launched a product for use in tunnels, while colored mortars were proposed on the German market. In Brazil, a state-of-the-art call center, already familiar to customers, was further perfected with the creation of a toll-free number for connecting customers directly to the Business Unit's management. In the Antilles, a new self-service system was introduced for bulk cement, resulting in reduced loading times and simplified invoicing.

The "Advance" performance program is based on five pillars

1 | Strategy: to operate and grow on attractive markets.

2 | Marketing and sales: to be the number one supplier for our customers.

3| Industrial: to establish the competitiveness of a world leader.

4 | Sustainable development: in order to continue profitable growth strategy while taking environmental issues and stakeholders' expectations into account.

5 | People mobilization: to develop and share a culture of performance.

"Advance" in Africa

The "Advance" program was launched in April 2003 for Africa, at a meeting of the executive committees of the region's nine countries. In these countries, the "Advance" program is used to accelerate improvement in the performance of the new Business Units which are now part of the Group, whose presence has doubled in Africa in the past four years. In logistics, an area of significant cost in the cement business, Kenya has worked with Greece and the United States to improve its costs.

In Malawi, the Business Units has set up an "Advance Room", where local performance indicators are permanently posted with the objective of reaching world leadership performance. Thanks to benchmarks with the other continents, a number of priorities have been identified and already encourage a better use of resources. So "Advance" is the driving force behind a greater mobilization of the entire workforce with respect to global performance.

▲ Nigeria | Employee in the Shagamu cement plant

▼ Malaysia | Launch of the "Advance" performance program in Kuala Lumpur

François Jacques,
MARKETING SENIOR VICE PRESIDENT, CEMENT DIVISION

"2003 was highlighted by a significant improvement in marketing skills and tools at the service of all the Business Units. A very high-level marketing team was set up at Division level. Marketing positions have been or are being created in 16 of the Division's biggest units. To a larger extent, we have established - through a segmentation effort that has involved all countries and all the Division's distribution channels - a truly common, customer-centered language.

"The Division's marketing role expanded and became more professional in 2003."

Lastly, all the Business Units have prepared marketing plans this year. As a result, the Division marketing community has grown considerably and become more professional.
It now possesses a specific tool for managing the body of knowledge and exchange of best practices on our Intranet network set up in 2003. The Division is also installing a system for providing decision-making information and assistance to the sales and marketing forces."

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and
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IN 2003

SALES > €4,465 million

WORKFORCE > 20,547 employees

655 quarries and 1,073 concrete plants in 22 countries[(*)]

(*) Consolidated companies (global and proportional methods) at 12/31/2003

United States | The Washington Convention Center, Washington DC | Architect, Tom Ventulett

| JEAN-CHARLES BLATZ |

| EXECUTIVE VICE PRESIDENT, AGGREGATES AND CONCRETE |

The Division added geographic coverage in 2003 with growth in North America and France, where it is preparing to replace alluvial reserves with hard rock reserves.”

How do you see 2003?

The Aggregates and Concrete Division had to face a challenging economic context and the sharp drop in the dollar had a significant impact on our results expressed in euros. Nevertheless, we continued our search for growth opportunities in the aggregates industry. The environment was highly competitive, particularly in France and the United States. We also continued to optimize and consolidate our concrete and aggregates networks.

Emerging countries performed well. What do you attribute such good performance to?

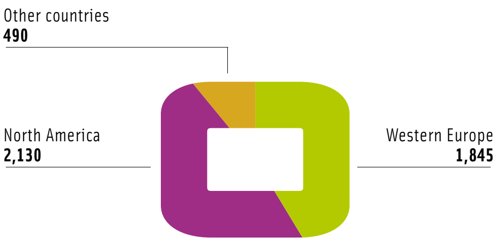
This clearly demonstrates the relevance of our strategy, since the good performance in countries we have recently integrated results both from optimization of our activities portfolio and timely implementation of our performance programs, which were often more quickly set up and produced more spectacular effect in the "new" countries than in the mature markets.

Given this context, can the "Leader For Tomorrow" project help you move further forward?

"Leader For Tomorrow" provides us with the opportunity to focus on behavior. Because performance cannot be reduced to toolboxes, and development of leadership behavior is vital to the success of our performance programs. We will also be launching several initiatives to reinforce customer awareness and satisfaction.
For the Business Units who will be integrating the project and expressing it with their own priorities, "Leader For Tomorrow" should enable tangible progress and ensure real leadership – a clear distinction with respect to our competitors.

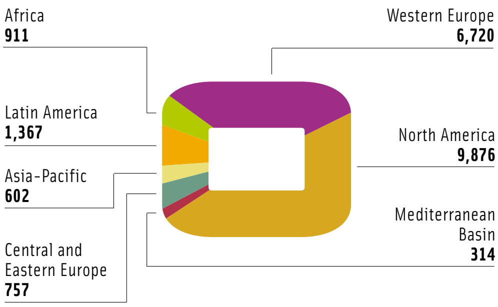
SALES BY GEOGRAPHIC AREA

Sales in million euros at 12/31/2003
by destination and after elimination of consolidation



EMPLOYEES BY GEOGRAPHIC AREA

Consolidated figures at 12/31/2003



INCREASED ROLE OF EMERGING COUNTRIES

In 2003, the Aggregates and Concrete Division had to face declining markets in mature countries such as France, the United Kingdom, the United States and Canada. Operating income on ordinary activities, which stood at €283 million in 2003, decreased by 9% on a like-for-like basis, despite new improvements in the operational performance of concrete activity. The Division has however achieved stunning success in emerging countries. Thanks to application of the Top and Rock performance programs, for concrete and aggregates respectively, South Africa, Malaysia, Poland and Turkey have turned around and achieved excellent performance.

After having tripled in size over the last ten years, the Division has completed its geographical coverage in 2003 for its aggregates activity, with small scale investments in North America (including operations in Alabama and in the Great Lakes area), South Africa and France, where it is preparing to replace alluvial reserves with hard rock reserves.

NEW DEVELOPMENT DIRECTIONS

The Aggregates and Concrete Division works with a very wide range of customers, particularly in the aggregates business, and the marketing approach deployed within the Division is crucial to its activity. In 2003, all the Business Units improved their action plans based on systematic segmentation of their customers. Quality and quantitative customer satisfaction surveys were combined with the "Daily Telephone Survey", a indicator of the quality of the level of customer service. This on-the-spot survey is aimed at a sample of customers who were delivered the day before the call, and the survey gathers customer perception, on the worksite, of the quality of the delivery, so as to rapidly correct any factors requiring improvement. Furthermore, implementation of a new concrete pumping service on small building sites in the United Kingdom has contributed to increasing customer loyalty. Turkey and South Africa have successfully introduced concrete mixing trucks equipped with a conveyor belt to facilitate delivering concrete to work sites, and this service will be expanded to Greece in 2004.

2003 was also marked by advances in the development of high value-added products, such as the Agilia® self-placing range of concretes, decorative concretes (colored, de-activated, polished floors), and technical (light and heavy concretes, fluid, cut or high resistance concretes)... Sales of these special concretes are rising by 15% per year. In France, sales of value-added products accounted for nearly 20% of the total volume of sales in 2003 (16.8% in 2002). In the United Kingdom, the

Agilia®, a successful product range

Agilia® is a range of self-placing or self-leveling concretes with high fluidity that enables them to be poured into the nooks and crannies of formwork or molds and to spread throughout easily and effortlessly. Their inherent fluidity also eliminates the need for other physically taxing or noisy steps such as vibration, required by classic concretes. As a result, Agilia® is much faster to use, and ensures customers of construction cost reductions due to the improved productivity it provides. The Agilia® range offers 11 self-placing and self-leveling concretes and occupies a significant position in the Aggregates and Concrete Division's products portfolio. This high performance concrete requires a zero-defect process, from the choice of raw materials through to granular composition and the quality of the formwork. Today, Lafarge is the only manufacturer who has consistently mastered this self-placing concrete, with reliable quality and over time, in every country where Lafarge is present. Launched in 1999, Agilia® continues to make progress at the rate of 50% per year, even on the most advanced markets like the French market. The range is now present in Canada, the United States, Turkey, France and the United Kingdom.

United States | Hotel Bourbon in New Orleans, Louisiana, an Agilia® project Architect, Williams and Associates

France | Aggregates | Employees in the Pravilles quarry

volumes of Agilia® sold tripled as compared to 2002. In North America, the pilot Agilia® plant in New Orleans also proved successful after only nine months of activity. In late 2003, sales of Agilia® in the world accounted for 400,000 m^3 and continue to grow by more than 50% per year.

Development of these value-added products has also focused the Division's research and development efforts on a program designed to improve the consistency of the concretes. The program itself led to several actions in 2003: an on-site operator training project, launch of a research program at the Central Research Laboratory to better understand the impact of aggregates on concrete consistency, and, implementation - in every Business Unit - of a set of methods and tools to improve concrete consistency. Actions designed to optimize concrete formulation by introducing automated dosages on the work site have taken place in Turkey, resulting in reduced costs for raw materials. The aggregates research program focuses on their application in the self-placing Agilia® concretes, in the "standard" concretes, and in the long term, in road building works.

Also in the field of aggregates, alternative solutions through recycling are enjoying growth. This market, an emerging market in many countries, already accounts for 10% of sales in the United Kingdom. In road building activity in North America, the savings generated by the use of recycled materials such as asphalt shingles comes to $6.6 million since 2002.

STRENGTHS ARISING FROM A "MULTI-LOCAL" ORGANIZATION

The Aggregates and Concrete Division includes nearly 2,000 sites throughout the world. Along with the transfer of best practices among Business Units, internal benchmarking is a genuine performance improvement lever. Operating review plans, launched in 2000, have been applied across the board. These operating review plans bring several operational managers and performance team representatives together for a quarry visit over several days. During this visit, the entire quarry process is reviewed and reported on in a jointly-established report. The operations review plans serve as a true training exercise and experience transfer task. Another example are the performance weeks, which bring Division managers involved in performance programs to work together twice a year.

Gérard Kuperfarb,
PERFORMANCE SENIOR VICE PRESIDENT, AGGREGATES AND CONCRETE DIVISION

"Our competitors are small and local. We are a group on a multinational scale, yet if our units behave locally like small companies, we lose our international advantage.
It is therefore in our best interest to share our best practices and to apply them throughout. We have to help the local managers to be better informed about what goes on in a concrete plant across the world. Today, we are increasingly sharing our expertise thanks to the performance programs which enable us to compare our plants and our practices within the Division.
One example is the case of sub-contracting concrete transportation, which was first developed in France then transferred to Chile, at the time of the acquisition de Blue Circle. Working on performance also means managing differently, and maintaining good results in a declining market. In 2003, in a period when demand was slowing down, the Lafarge Concrete team in France succeeded in improving its performance, in particular by developing sales of value-added products."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IN 2003

SALES > €1,510 million

WORKFORCE > 11,901 employees

156 plants in 33 countries(*)

(*)Consolidated companies (global and proportional method) at 12/31/2003

The Netherlands | Roofs composed of concrete roof tiles and metal sheets in Zeewolde

| **ULRICH GLAUNACH** |
| EXECUTIVE VICE PRESIDENT, ROOFING DIVISION |

Number one in the world, our market positioning is unique: we are the only ones to offer complete roofing systems.”

How did the Division develop in 2003?

We particularly conducted a number of small and medium size investments in Northern Italy and Thailand in clay roof tiles, in Malaysia, Serbia-Montenegro and also in Romania and India for concrete roof tiles. We also opened a new chimney plant in Poland. These developments were made to support our growth in regions with high potential such as Southeast Asia and Central Europe and, in general, to balance our international presence.

The Roofing Division has also been very active in the field of product offers.

Each year, our roofing solutions meet the needs of 1.5 million homes and we sell 2.8 million meters of chimneys a year – enough for more than 150,000 houses! Our target is to be the customers' supplier of choice for roofing solutions. To achieve this, we need to increasingly segment our product range, adapting it to our different customer groups. Our positioning is unique: we are the only truly global player, number one in our market supplying complete roof systems, including components. The contribution from the roofing components business – a high value-adding activity – to the Division's sales of roof products and systems grew from 14% to 19.6% between 1999 and 2003.

And performance?

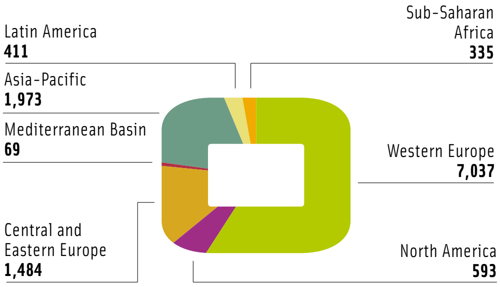
Our Division continued to reinforce its industrial performance program and also implemented a marketing and sales performance initiative. A clay roof tile program was added in 2003. We now have a fully operational benchmarking and a reporting system with a common language for all our Business Units throughout the world. This multi-local approach will be a source of substantial progress. Furthermore, the "Leader For Tomorrow" project will enable us to build our performance culture.
In addition, we successfully pursued our cost control efforts and the restructuring of our operations, notably in Germany, the Division's leading market.

SALES BY GEOGRAPHIC AREA

Sales in million euros at 12/31/2003
by destination and after elimination of consolidation

EMPLOYEES BY GEOGRAPHIC AREA

Consolidated figures at 12/31/2003



BUILDING AN INTERNATIONAL DIMENSION

In line with the Group's strategy, the Roofing Division conducted several small and medium size acquisitions in 2003, to consolidate its international dimension. Its activities in Asia, Africa, North America and South America accounted for 26% of the Division's operating income in 2003, while Germany's contribution declined from 31% to 25%.

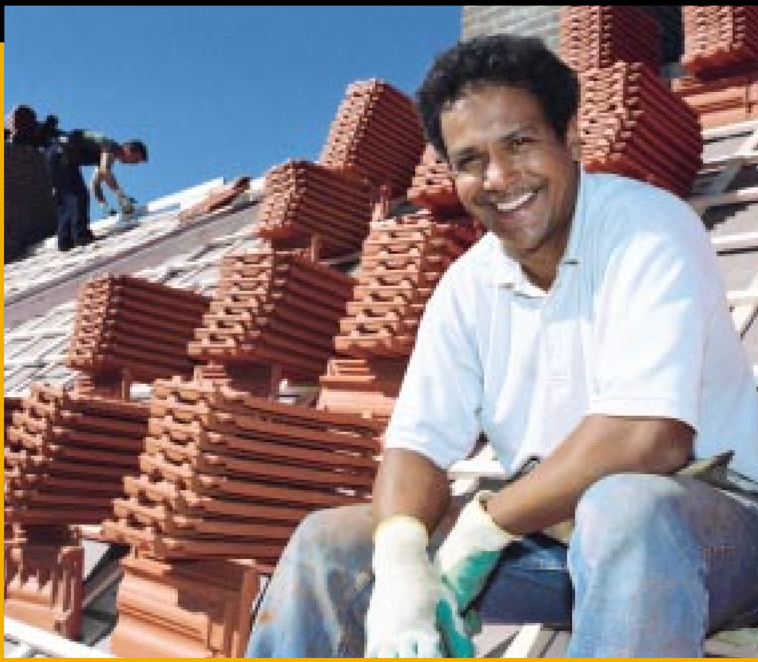
In the clay roof tile activity, the Roofing Division is building a plant in Northern Italy and has acquired a plant in Thailand's Rayong region with a production capacity of one million square meters of tiles. Thailand has thus become an important export base for the Roofing Division supplying Southeast Asian countries.

The Division has started up a concrete roof tile plant in Malaysia, the country's biggest and most modern plant, significantly extending production capacity in Malaysia. The Division's first plant in India was opened in January 2004. Located in Bangalore in a region with a highly dynamic economy, this site has a capacity of 5 million tiles per year. It was designed to meet the increase in local demand for high quality roofing materials. In Central Europe, the Bramac group – a joint-venture with Wienerberger, a company that specializes in concrete roof tiles - built its first plant in Romania, which will allow the Division to pursue its expansion strategy on a market where demand for roofing systems continues to grow. In North America, the MonierLifetile concrete roof tiles plant – the subsidiary of the Roofing Division and joint-venture with Boral - which was inaugurated in late 2002 in Denver (Colorado), has already posted good results in its first year of operation. Built to meet growing demand from the market, this site has gone along with the changes in consumption habits: ten years ago, 95% of roofing in the Denver region was made of wood or asphalt shingles. Today, 25% of all new roofs sold are made of tiles.

The launch of Avius in the Netherlands

To meet demand for complete roofing solutions, the Division launched its first offer in the Netherlands under the brand of Avius in 2003. This offer targets the Business Unit's different customer groups with solutions that not only include the tiles and roofing components (gutters, insulation, ventilation systems) but also a range of services: financing, guarantees and also specific services such as energy-saving recommendations. For the Dutch subsidiary, this launch marked the culmination of a lengthy project, carried out in conjunction with associations of roofers, architects and even housing companies, to develop the appropriate offer. This move from a product-based approach towards a complete system solution also entailed training for the sales team.

The Netherlands | Roofing | Renovation project with clay roof tiles in Oisterwijk



Malaysia | Housing area "The Dales Tambun", Ipoh in Perak state

CREATING VALUE

The Division's growth strategy is based on value creation. The cost-management efforts and the vast restructuring task implemented in all the Division's operations, in particular in Germany, have brought results. Sales rose by 3% in 2003 with a very dynamic fourth quarter. The Division reported a 14.4% increase in operating income on ordinary activities on a like-for-like basis, highlighting growth in its operational performance in 2003. Additional growth is expected in 2004.

In terms of its product range, the Division provides complete systems to its various customer groups, rather than an accumulation of isolated products, especially as far as the renovation market – its main growth sector – is concerned. With a view to analyzing market trends and requirements, in 2003 all the Business Units conducted a segmentation of their customers into six categories specified by the Division at global level. Certain Business Units, such as in the Netherlands, were already proposing some specific product ranges in 2003. Lastly, the Division implemented a customer-orientation process in approximately ten countries in 2003 that reinforces the performance and is measured through the prism of customer satisfaction. This approach should become standard in 2004.

In the industrial domain, with the objective of creating more value for the clay roof tile business, the Division coordinates the activity of approximately thirty European plants that not only manufacture for their own local market but also for those in neighboring countries.

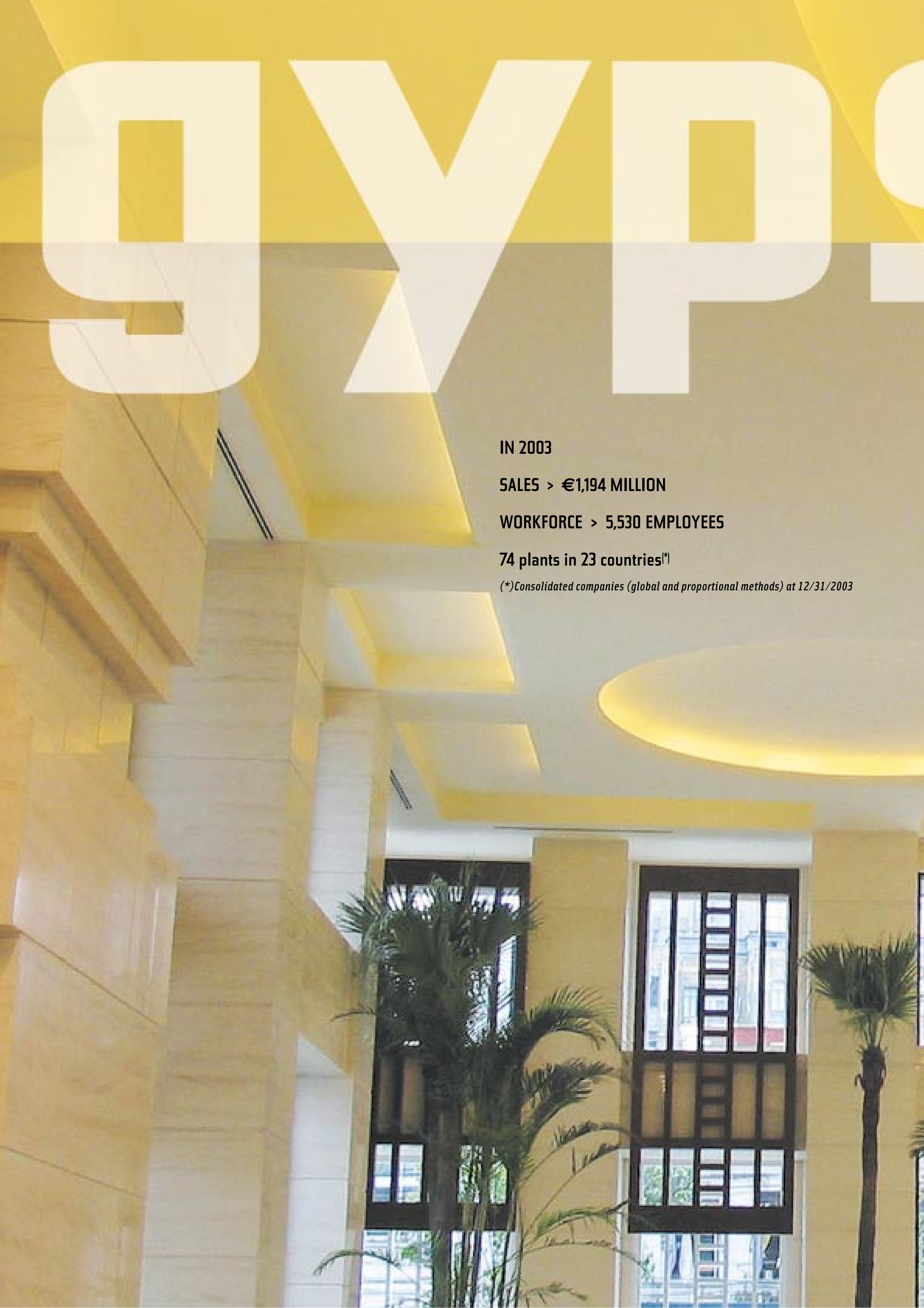
At the same time, the Division is also conducting an ambitious approach to innovation. For example, in 2003, the French Business Unit Lafarge Couverture was awarded two awards at Batimat, the international building industry trade fair held in Paris every two years: the silver medal in the innovation competition for its rolling-out and cutting equipment for underlays and the silver design trophy for its new "Contemporary Tiles" collection.

Jean-Christophe Barbant,

CHIEF OPERATING OFFICER, ROOFING DIVISION

The Roofing Division's marketing and sales performance program was implemented in approximately fifteen countries in the last of six months. It provides a range of benchmarking tools and is run by a network of clearly identified performance teams set up in the various countries. Thanks to the systematic development of performance plans by the Business Units, the program will gain even more clarity and consistency. The challenge for the Division is both human and cultural. In order to boost our performance, we have to change culture by providing our customers with complete roofing solutions...".

gyps



IN 2003

SALES > €1,194 MILLION

WORKFORCE > 5,530 EMPLOYEES

74 plants in 23 countries(*)

(*)Consolidated companies (global and proportional methods) at 12/31/2003

China | Bund Center Hotel in Shanghai | Architect, Portman Construction Designing Office

| **ISIDORO MIRANDA** |
| EXECUTIVE VICE PRESIDENT, GYPSUM DIVISION |

“We want to be the leader in plasterboard systems and complementary interior solutions.”

Is 2003 a year off with respect to the Gypsum Division's strategy of external growth by acquisition?

I would prefer to say that after a period of very strong growth by acquisition in Europe, Asia and the United States, 2003 was for us a year of consolidation and emphasis on performance. We have sought to strengthen our positions and improve the profitability of our assets. To do so, we have implemented our best practices. For me, one of the highlights of 2003 was without a doubt the increasing care and attention paid to our customers, using, as one example, the OTIFIC indicator (On Time, In Full, Invoice Correctly). Plasterboard is indeed a product whose form, characteristics and installation techniques can vary sharply from one country to another. This specific nature of plasterboard has led the Division to creating close, local partnerships with customers, distributors and of course the installation firms.

How is your business changing?

For us, plasterboard is the most important product in terms of sales. We are working on widening our product ranges by offering highly varied technical solutions, and by developing systems rather than products, such as thermal and acoustical insulation and fire-resistant systems. Above all, we are moving increasingly towards solutions which improve the aesthetics and the ease of installation. The upmarket prefab product line which we launched in 2003 under the brand name PLA-tec beautifully illustrates this trend which is enabling us to take positions in high value-added market segments.

Today, the Lafarge Gypsum Division is number 3 worldwide. What are the future prospects?

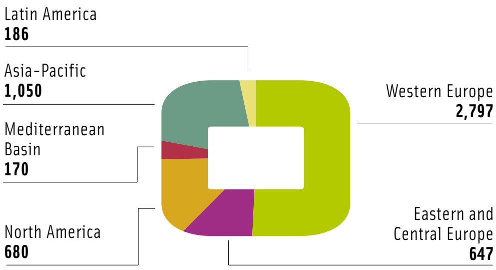
We want to be the leader in plasterboard systems and complementary interior solutions. This means that our plants have to produce quality products at low cost, and that we have to organize our marketing priorities. It also means that we must pursue our international expansion by seeking balanced geographical coverage and quality positions in each country we are present in. Each one of our production units has to suit the market it supplies, with respect to localization, size, product range and logistics. Above all, a leader has to be innovative. And we have the resources to do so, thanks in particular to our leading edge technical development center and our outstanding research teams. Innovation is the key factor to our future growth – we want new products to account for 20% of our sales.

SALES BY GEOGRAPHIC AREA

Sales in million euros at 12/31/2003
by destination and after elimination of consolidation

EMPLOYEES BY GEOGRAPHIC AREA

Consolidated figures at 12/31/2003



DEVELOPMENT AND PERFORMANCE

The Gypsum Division is a leading world player which has enjoyed successful growth particularly in Europe, Asia and the United States. In 2003, Division sales increased by more than 6%. Every region experienced growth, spurred by a dynamic fourth quarter. 2003 operating income on ordinary activities recorded strong growth, displaying a 56% increase on a like-for-like basis. In 2003, the Division continued to strengthen its international positions and emphasized its Business Units' industrial and commercial performance. In Poland, three years after the creation of Lafarge Nida Gips, the start-up of the brand new production plant Gacki II has tripled local capacity and lowered production costs. The Division has become one of the foremost players in Germany, Poland and central Europe, with the 2003 acquisition of the Gyproc plasterboard activity. Integration of the two German Gyproc plants has doubled activity on the German market and provided us with a more balanced approach to the different distribution segments. In North America, which accounts for 50% of the world plasterboard market, the acquisition of the Newark industrial site has added to the Division's positions in north-eastern United States, in the New York and New Jersey area. The use of synthetic gypsum, a by-product of the production of electricity which today accounts for one-third of the Division's gypsum consumption, is also a source of performance, as well as increased recycling. In France, the Auneuil plant near Paris signed an agreement for recycling gypsum block scrap from the demolition and renovation work sites in Ile-de-France. The Gypsum Division launched its new performance program named "FIRST", which focuses primarily on the industrial and commercial aspects of the business. The "Leader For Tomorrow" project currently being deployed in the Group will accelerate the application of "FIRST" and the transfer of experience and expertise on which it is based.

"Leader For Tomorrow" Day in China

Ten years of presence in Asia

The Gypsum Division's establishment and growth in Asia is a good example of its international development strategy. Ten years ago, the Gypsum Division was practically an exclusively European player. The first Lafarge location in Asia, Lafarge Prestia Thailand, goes back to 1993. The new subsidiary was quickly very profitable, and the Gypsum Division pursued development in the region, with the creation of a plasterboard production plant in Shanghai, China, in 1996, followed by the acquisition of two plasterboard firms in Korea in 1998. In 2000, a new step was taken, with the creation of a joint venture with the Australian firm Boral, creating Lafarge Boral Gypsum in Asia (LBGA), which manages the activities of the two groups in Asia, and enables Lafarge to enter new countries. In 2001, Siam Gypsum Industry in Thailand joined LBGA. Today LBGA holds the leadership of the plasterboard market in Asia (not including Japan).

PARTNER CUSTOMERS

One of the Gypsum Division's key assets is the close partnerships it has established with its clients, distributors and installers. These strong local relations enable the Division to approach the market with systems which are targeted to the different market segments. This is the case for the supply of solutions for the health sector construction needs which was offered in France in 2003. This offer concentrated all the technical solutions that met the many different requirements of the entire health sector (aesthetics, acoustics, wet rooms, impact resistance, load resistance). In just two months of existence, this offer won ten major hospital contracts in France. Another example is the PLA-tec system, which originated in Germany and was launched in France in 2003. The PLA-tec system provides

Italy | Pirelli headquarters in Milano | Architect, Studio Gregotti

plasterboard installation firms with the services of a design department combined with a tailor-made plasterboard cutting and production workshop. With the PLA-tec system, professionals can implement complex decorative works such as cornices, corbelling, domes etc., rapidly and at low cost. In late 2002, the creation of a Formulated Products business grouping coatings, gypsum block glues and industrial, technical and building plasters is also part of this constant quest for proximity to the Division's customers and their work habits.

INNOVATION, A MAJOR CHALLENGE

To leave the commodities market and boost growth, the Gypsum Division is counting strongly on innovation, with the objective of 20% new products in portfolio. It has significant research and development resources to help it reach this goal. The technical development center in Avignon, France has an acoustics laboratory, a fire test unit, climatic chambers and large-scale presses and frames. In 2003, the Division launched a high-performance fire-resistant plasterboard product in Europe, a very high performance acoustical product in Germany and an aesthetic, dust-resistant ceiling offer for individual housing in Thailand. Innovation also applies to industrial process. A Gypsum Division project team has developed the concept of a flexible, modular plasterboard plant which is particularly suited to emerging countries, and the first one has already been installed.

Bernard Lekien,

OPERATIONAL SENIOR VICE PRESIDENT OF LAFARGE PLÂTRES, FRANCE AND BELGIUM

"One of the main challenges in our business is knowing how to apply our actions for improving performance in a highly changing market environment. Some of the indicators that we use, such as the OTIFIC client satisfaction indicator, are truly differentiating.

Our customers like working with us because we are capable of moving forward with them, and of measuring any gap in real time. Ever since we implemented the performance plans, the way our managers and employees look at results has changed. Above and beyond the purely financial aspect, we have levers which are going to allow us to develop our business and our practices.

Our performance indicators, which are used at every level in the company, from the industrial vehicle driver at the factories' shipping docks to the IT manager at company headquarters, have truly become genuine management tools, since they indeed enable each and every one to understand the challenges involved in his or her actions and to identify his or her contribution to the overall company results."

financial information

2003 Review of operations and financial results

The following text is summarized from the "2003 Report on Form 20-F". Its purpose is to inform the reader about the main events occured in 2003 in the Group and its Divisions.

Sales declined by 6.5% between 2002 and 2003, from 14,610 million euros to 13,658 million euros. Our sales from continuing operations at constant exchange rates grew by 4.6% after a significant recovery in North America in the second half and sustained levels of growth throughout the year in many emerging markets. Changes in the scope of consolidation at constant exchange rates had a net negative impact of 255 million euros, or -2.1%. Positive scope changes amounted to 156 million euros, while negative scope changes amounted to 411 million euros primarily reflecting the impact of divestments of certain cement operations in Spain in 2002 and Florida in 2003, as well as various Aggregates and Concrete activities in North America. Currency fluctuations had a significant negative impact of 9.0% reflecting in particular the appreciation of the euro against the U.S. dollar, the pound sterling, the Canadian dollar, the Malaysian ringgit, the Brazilian real, the Nigerian naira, the Venezuelan bolivar and several other currencies in countries in which the Group has operations.

Operating income on ordinary activities declined by 9.3% between 2002 and 2003, from 2,132 million euros to 1,934 million euros. The decline was primarily due to the significant appreciation of the euro against most other world currencies recorded in the year which had a negative impact of 185 million euros. Changes in the scope of consolidation accounted for a net decrease of 46 million euros and are essentially due to the divestments of cement operations in 2002 in Spain and in 2003 in Florida. At constant scope and exchange rates, operating income on ordinary activities from our ongoing operations recorded a limited increase of 1.7%. As a percentage of sales, operating income on ordinary activities represented 14.2% in 2003, compared to 14.6% in 2002. Excluding the effect of the 99 million euros increase in pension cost, operating income on ordinary activities, expressed as a percentage of sales, would have been 14.9% in 2003.

By Division, sales and operating income in 2003 were as follows:

CEMENT

76% of total operating income on ordinary activities

€ million	Dec 31, 2003	Dec 31, 2002	% variance 2003 / 2002	Excluding foreign exchange, and scope effects	Excluding foreign exchange, scope effects and before inter divisional sales elimination
Sales	6,383	6,948	- 8.1%	+ 5.1%	+ 5.3%
Operating income on ordinary activities	1,466	1,606	- 8.7%	+ 4.0%	

Sales rose by 5.3% excluding foreign exchange, scope effects, and before inter divisional sales elimination during 2003 (-3.4% in Quarter 1, +3.0% in Quarter 2, +7.7% in Quarter 3 and +11.4% in Quarter 4). After a rather stable first half, the second half of 2003 saw a good level of sales across the Division. The fourth quarter was very strong at 11.4%, versus a particularly poor last quarter in 2002, with the majority of countries recording growth in volumes and many seeing pricing improvements. All geographical regions ended the year recording growth in sales. Volumes sold by Lafarge in 2003 totaled 108 million tonnes. Western Europe remains the Group's largest cement market with 28% of volumes sold, followed by Asia with 21%.

Operating income on ordinary activities of the Cement Division declined by 8.7% to 1,466 million euros in 2003 compared to 1,606 million euros in 2002. At constant scope of consolidation and exchange rates, operating income on ordinary activities rose by 4.0%. Currency fluctuations had a negative impact of 9.3% or 149 million euros. Changes in the scope of consolidation had a negative impact of 3.4% or 48 million euros. As a percentage of the Division's gross sales, operating income on ordinary activities represented 21.2% in 2003, compared to 21.4% in 2002.

Western Europe – Operating income on ordinary activities: € 606 million *(€ 656 million in 2002)*

Sales

Despite a mixed picture in Western Europe an overall increase in sales was recorded at constant scope and exchange rate. Greece showed a strong level of growth in the run up to the Olympic games coupled with a very buoyant residential housing market. Spain completed 2003 with solid growth in sales. After the severe price war impacting sales throughout the year, prices stabilized in Germany in the last quarter albeit at a low level. In France in a weak market the decline in volumes has been offset by a good level of pricing. In the United Kingdom, sales were down for the year with weaker volumes due to a slowdown in infrastructure spending and residential house building and with prices seeing some pressure from imports. In Western Europe, volumes sold totaled 31 million tonnes down 7% principally as a result of the divestment of operations in Southern Spain.

Operating income on ordinary activities in Western Europe declined by 7.6% to 606 million euros compared to 656 million euros in 2002. Currency fluctuations had a negative impact of 12 million euros. The effect of changes in the scope of consolidation resulting from the divestment of the cement operations in Andalusia in 2002 amounted to 30 million euros. Operating income on ordinary activities at constant scope of consolidation and exchange rates declined by 1% compared to 2002 primarily reflecting the impact of a highly competitive pricing environment in Germany and the weak market environment in the United Kingdom. In the United Kingdom operating income on ordinary activities was further impacted by a 7 million euros increase in pension costs. These adverse effects were partly compensated by the strong level of domestic sales in Greece in the run up to the Olympic games, improved margins in France, and solid sales growth in Spain. Improved industrial performance throughout the region contributed positively.

North America – Operating income on ordinary activities: € 247 million *(€ 330 million in 2002)*

Sales

After a poor first half beset by unfavorable weather conditions, sales in North America recovered strongly in the second half due to the backlog in demand. Prices however remained under some pressure and declined for the year as a whole particularly in the Southeast, Northeast and Mississippi River districts. In Canada demand was strong for the year overall, with the Western provinces showing the most favorable trends. A solid increase in prices was achieved in Canada in the year.

Operating income on ordinary activities in North America declined by 25.2% to 247 million euros compared to 330 million euros in 2002. Currency fluctuations had a negative impact on operating income on ordinary activities of 40 million euros. The scope effect resulting from the divestment of our operations in Florida amounted to 7 million euros. At constant scope and exchange rates, operating income on ordinary activities in North America was down by 13%. Higher volumes and higher prices in Canada were offset by an increase in pension costs of 14 million euros and weaker U.S. prices, particularly in the Southeast, Northeast and Mississippi River regions. Manufacturing costs improved year-on-year due to a reduction in maintenance costs, as well as to the absence of the exceptional costs incurred in 2002 for the startup of the Sugar Creek, Missouri, and Roberta, Alabama plants and the strike at the Bath plant in Ontario.

Emerging countries – Operating income on ordinary activities: € 613 million *(€ 620 million in 2002)*

Sales

Good levels of sales growth at constant scope and exchange rate were recorded in all emerging countries. In Central Europe strong growth was recorded in Romania. In Asia, favorable market conditions allowed strong growth in domestic sales in South Korea and China, and strong sales were also achieved in Malaysia after the very poor previous year. Positive pricing trends in India helped to offset lower volumes.

In the Philippines a significant improvement in prices was achieved in the fourth quarter confirming the end to the price war experienced over the last twelve months. In Morocco, Jordan and across much of Africa, strong sales were reported. In Latin America, strong growth in sales was reported in Chile and positive pricing trends were seen in Brazil and Venezuela. In emerging countries, volumes progressed by 7% to 59 million tonnes.

Operating income on ordinary activities in emerging markets declined by 1.1% to 613 million euros compared to 620 million euros in 2002, representing 42% of the Cement Division's operating income on ordinary activities, compared to 39% in 2002. Currency fluctuations and changes in the scope of consolidation had a negative impact of respectively 97 and 11 million euros. Operating income on ordinary activities at constant scope and exchange rates grew by 20%.

In Central and Eastern Europe, operating income on ordinary activities grew by 4.7% to 90 million euros compared to 86 million euros in 2002. The negative impact of currency fluctuations and of changes in the scope of consolidation on the region's operating income on ordinary activities amounted respectively to 11 and 6 million euros. Operating income on ordinary activities at constant scope and exchange rates grew by 28%, with strong margin improvement in Romania and to a lesser extent in Russia, Serbia and Slovenia. In Poland, where we opened a new production line at the Kujawy plant in summer 2003, the adverse volume and price effects were entirely offset by reductions in manufacturing costs. In the Czech Republic, operating income on ordinary activities was unfavorably affected by the decline in volumes and deterioration in prices which occurred both on the domestic market and in Germany, the main export market.

In the Mediterranean Basin, operating income on ordinary activities increased by 8.0% to 121 million euros compared to 112 million euros in 2002. The negative impact of currency fluctuations and of changes in the scope of consolidation on the region's operating income on ordinary activities amounted respectively to 14 and 4 million euros. Operating income on ordinary activities at constant scope and exchange rates grew by 29% with well oriented markets in Jordan and in Morocco. In Egypt and in Turkey, operating income on ordinary activities was favorably affected by a progressive improvement in prices.

In Latin America, operating income on ordinary activities declined by 18.8% from 202 million euros in 2002 to 164 million euros in 2003. The negative impact of currency fluctuations and of changes in the scope of consolidation on the region's operating income on ordinary activities amounted respectively to 45 and 4 million euros. At constant scope and exchange rates, operating income on ordinary activities grew by 7% with improved margins in Brazil despite slower demand. In Venezuela, the local turmoil and bolivar devaluation resulted in operating income on ordinary activities being down by 42%. In Honduras, a weak local market and unfavorable foreign exchange impact resulted in operating income on ordinary activities declining by 35%. A decline was recorded in Chile as the result of the negative foreign exchange impact. In Mexico, operating income on ordinary activities remained stable compared to 2002.

In Africa and the Indian Ocean, operating income on ordinary activities increased by 12.5% from 120 million euros in 2002 to 135 million euros in 2003. The negative impact of currency fluctuations and changes in the scope of consolidation on the region's operating income on ordinary activities amounted respectively to 9 and 1 million euros. At constant scope of consolidation and exchange rates, operating income on ordinary activities grew by 23% with improvements particularly noticeable in Nigeria and South Africa. In Nigeria where the new Ewekoro plant started in the second part of the year we benefited from favorable pricing conditions, but our operations were penalized by a general strike and the poor performance of the Shagamu plant. In South Africa the strengthening of the rand and increased margins have resulted in operating income on ordinary activities being up by 39%. Operating income on ordinary activities in Kenya was down primarily as a result of the negative currency fluctuation. Cameroon increased its operating income on ordinary activities.

In Asia, operating income on ordinary activities increased by 3.0% from 100 million euros in 2002 to 103 million euros in 2003. The negative impact of currency fluctuations on the region's operating income on ordinary activities amounted to 18 million euros. The positive impact of changes in the scope of consolidation amounted to 4 million euros. At constant scope of consolidation and exchange rates, operating income on ordinary activities increased by 21% with strong growth in Malaysia, South Korea and Indonesia. Operating income on ordinary activities benefited from significant volume growth in Malaysia, from favorable market conditions in South Korea, improved margins in Indonesia and plant performance improvements with improved kiln reliability in Indonesia and the Philippines in particular. The small loss incurred in Indonesia in 2002 was reversed to record an operating profit. In India, improved industrial performance had a positive effect on margins, but operating income on ordinary activities was adversely affected by higher local taxes, while the impact of the fall in volumes was entirely compensated by improved pricing. Despite plant performance improvements, operating income on ordinary activities in the Philippines was weak due to deteriorated pricing. In China operating income on ordinary activities benefited from the favorable effect of changes in the scope of consolidation with the full year operation of the Dujiangyan plant and the acquisition in 2003 of the Chongqing plant.

AGGREGATES AND CONCRETE

15% of total operating income on ordinary activities

€ million	Dec 31, 2003	Dec 31, 2002	% variance 2003 / 2002	Excluding foreign exchange, and scope effects	Excluding foreign exchange, scope effects and before inter divisional sales elimination
Sales	4,465	4,768	- 6.3%	+ 3.8%	+ 3.8%
Operating income on ordinary activities	283	336	-15.8%	- 9.3%	

- **Aggregates – Operating income on ordinary activities: €191 million** (€246 million in 2002)
- **Concrete – Operating income on ordinary activities: €92 million** (€90 million in 2002)

Sales rose by 3.8% excluding foreign exchange, scope effects, and before inter divisional sales elimination for the full year 2003 (-0.6% in Quarter 1, +3.3% in Quarter 2, +6.5% in Quarter 3 and +4.1% in Quarter 4). Aggregates volumes at current scope rose by 3% to 214 million tonnes in 2003. Concrete volumes at current scope were down by 3% to 34 million cubic meters.

Operating income on ordinary activities of the Aggregates and Concrete Division declined by 15.8% between 2002 and 2003, from 336 million euros to 283 million euros. Currency fluctuations had a negative impact of 7% or 27 million euros. The net effect of changes in the scope of consolidation, primarily resulting from divestments in North America and from the withdrawal from Germany, amounted to 3 million euros. At constant scope of consolidation and exchange rates, operating income on ordinary activities declined by 9%. As a percentage of the Division's gross sales, operating income on ordinary activities represented 6.3% in 2003, compared to 7.0% in 2002. Operating income on ordinary activities for aggregates totaled 191 million euros down 22.4% from 246 million euros in 2002. Currency fluctuations had a negative impact of 8% being 23 million euros. Operating income on ordinary activities for concrete totaled 92 million euros, up 2.2% from 90 million euros in 2002. Currency fluctuations had a negative impact of 4 million euros.

Western Europe

Sales in Western Europe rose at constant scope and exchange rate, driven by the United Kingdom and Spain. In the United Kingdom, sales growth came from good pricing in aggregates and from the asphalt and paving activities, which benefited from major contracts in progress, although there was a modest slowdown in the fourth quarter. Concrete sales in the United Kingdom also showed a good level of growth throughout the year. Spain continues to have record sales. In France, the overall aggregates and concrete market declined in 2003 with the exception of the South East region.

Operating income on ordinary activities dropped by 10.1% to 133 million euros with the decline occurring essentially in France where operating income on ordinary activities was impacted by the weaker market and an increase in production costs. In the United Kingdom operating income on ordinary activities was down as a result of the negative currency fluctuation, otherwise operating income on ordinary activities grew as operating margins improved in the concrete activities.

North America

Sales: in North America, aggregates and concrete sales ended the year higher than 2002 at constant scope and exchange rate as a result of strong volumes in the fourth quarter, which offset the impact of poor weather conditions in the early part of the year and slower construction activity in the United States. Price increases in aggregates and concrete were achieved across Canada and in most markets in the United States.

Operating income on ordinary activities was down by 29.2% to 126 million euros. The impact on operating income on ordinary activities of the weakening of the dollar against the euro amounted to 24 million euros or 11%. The net effect of changes in the scope of consolidation on operating income on ordinary activities was 2 million euros. The increase in pension costs, which totaled 15 million euros, contributed to the decline in operating income on ordinary activities. The remainder of the decline in operating income on ordinary activities resulted in particular from weak business conditions during the first half of the year as well as the exit cost of our highway paving in New Mexico. All regions, with the exception of the Western United States, saw a significant improvement in the last quarter.

Elsewhere in the world

Operating income on ordinary activities continued to improve to 24 million euros in 2003 versus to 10 million euros in 2002. In South Africa, operating income on ordinary activities continued to grow strongly due to the combined effect of improved performance and of the rand's appreciation against the euro. In Turkey, the operating loss was reduced, with margins favorably affected by continued improvements in performance.

ROOFING

7% of total operating income on ordinary activities

€ million	Dec 31, 2003	Dec 31, 2002	% variance 2003 / 2002	Excluding foreign exchange, and scope effects	Excluding foreign exchange, scope effects and before inter divisional sales elimination
Sales	1,510	1,538	- 1.8%	+ 3.0%	+ 3.0%
Operating income on ordinary activities	142	132	+ 7.6%	+14.4%	

Sales increased by 3.0% excluding foreign exchange, scope effects, and before inter divisional sales elimination for the full year 2003 (-3.2% in Quarter 1, -0.6% in Quarter 2, +5.5% in Quarter 3 and +9.1% in Quarter 4.)

Operating income on ordinary activities was up 7.6% to 142 million euros from 132 million euros in 2002 as a result of cost management efforts and extensive restructuring carried out across the operations, particularly in Germany. Currency fluctuations had a negative impact of 6 million euros. As a percentage of the division's gross sales, operating income on ordinary activities represented 9.4% in 2003, compared to 8.6% in 2002.

Western Europe

Sales in Western Europe were marginally down for the full year for concrete tiles, but rose for clay tiles. The fourth quarter saw strong sales in most countries for both concrete and clay tiles. Good levels of sales growth were recorded in the United Kingdom, Italy, the Czech Republic and Hungary for all products. France experienced a decline in sales of concrete tiles. In Germany concrete tile sales were down for the year, with the weak start at the beginning of the year being partially offset by favorable trends in the second half.

Sales of roofing components increased by 3.9% now representing 17% of the Division's sales. Chimney sales rose by 6%.

Operating income on ordinary activities in Western Europe rose by 1.9% to 105 million euros. In Germany, following extensive restructuring, operating income on ordinary activities increased by 33.3% from 33 million euros to 44 million euros despite a persistent weak market. In other Western European countries operating income on ordinary activities declined from 70 million euros in 2002 to 61 million euros in 2003. In the United Kingdom operating income on ordinary activities benefited from a strong sales development. However this was more than offset by the impact of unfavorable market trends in France and in the Netherlands. In addition, higher pressure on prices in Austria and Benelux hampered improvements in margins.

North America and other countries

Sales in the United States continued to grow at constant scope and exchange rate driven by a strong housing market. In Asia strong sales were recorded in Malaysia and a positive improvement was achieved in Japan.

Operating income on ordinary activities outside Western Europe, increased to 37 million euros in 2003 from 29 million euros in 2002. Major contributors were Central and Eastern Europe, in particular the Czech Republic, and North America.

GYPSUM

4% of total operating income on ordinary activities

€ million	Dec 31, 2003	Dec 31, 2002	% variance 2003 / 2002	Excluding foreign exchange, and scope effects	Excluding foreign exchange, scope effects and before inter divisional sales elimination
Sales	1,194	1,146	+ 4.2%	+ 6.4%	+ 6.6%
Operating income on ordinary activities	84	51	+ 64.7%	+ 55.8%	

Sales rose by 6.6% excluding foreign exchange, scope effects, and before inter divisional sales elimination for the full year 2003 (+1.9% in Quarter 1, +1.6% in Quarter 2, +9.5% in Quarter 3 and +14.1% in Quarter 4.)

Operating income on ordinary activities grew by 64.7% from 51 million in 2002 to 84 million in 2003. This remarkable growth follows the significant improvement achieved in 2002, after the very difficult year in 2001. Currency fluctuations had no impact on our operating income on ordinary activity. The positive scope effect resulting from the acquisition of Gyproc in Germany amounted to 3 million euros. At constant scope, operating income on ordinary activities increased by 56%. This was primarily due to the reduction of losses in North America, helped by better pricing and a better operational performance from our factories. As a percentage of the division's gross sales, operating income on ordinary activities represented 7.0% in 2003, compared to 4.4% in 2002.

Western Europe

Sales: in Western Europe, strong sales growth was recorded in the United Kingdom which had a very buoyant wallboard market throughout the year. Good growth was seen in France and an improvement in Germany despite a declining market.

Operating income on ordinary activities in Western Europe improved by 11.9% to 66 million euros up from 59 millions in 2002. At constant scope of consolidation and exchange rates, operating income on ordinary activities increased by 7%. Benefiting from better volumes and improved industrial performances, operating income on ordinary activities in France improved despite an increase in energy costs, while, in the United Kingdom, operating income on ordinary activities recorded a noticeable increase due to the buoyant market and better performance. In Germany, we benefited from the action plan launched in 2002 together with the acquisition of Gyproc. Operating losses were reduced despite difficult market conditions.

North America

Sales: in the United States, the strong end of the year confirmed the recovery seen in the third quarter with good demand from residential construction. Prices reached 105 U.S. dollars per thousand square feet (1,000 square feet is roughly 93 square meters) in December, the highest level since 2000 although annual average prices were only up to 97 U.S. dollars per thousand square feet compared to 96 U.S. dollars in 2002.

Operating income on ordinary activities: a combination of manufacturing performance improvements, the idling of the Wilmington plant and price increases reduced the operating loss in 2003 to 14 million euros, compared to a loss of 28 million euros in 2002. With improved plant performance we were able to supply the increased demand for wallboard. Prices recovered, by the end of the year, to levels not seen since 2000, but this favorable effect was partly offset by higher natural gas prices and fuel costs. The two high speed plants at Silver Grove and Palatka performed well, allowing a significant decrease in operating costs.

Other countries

Operating income on ordinary activities rose to 32 million euros in 2003, compared to 20 million euros in 2002. Most of this improvement was attributable to Poland, which benefited from the combined effects of increased volumes following the Gyproc acquisition, the recovery of prices and lower selling and administrative expenses. After a few months of ramp-up and after the closure of the old Gacki plant, the new Gacki plant performed well. Our operating income on ordinary activities in the Asia Pacific region increased slightly with increased volumes and improved profitability in most countries offset by currency fluctuations.

Other (including Specialty products and holdings)

Operating income on ordinary activities of our other operations decreased by 48 million euros between 2002 and 2003, from a profit of 7 million euros to a loss of 41 million euros. In the United Kingdom our holdings were adversely affected by an increase in pension costs of 62 million euros.

OTHER INCOME STATEMENT ITEMS

Non-recurring items:
€122 million (€-309 million in 2002).

Gains on disposals, net represented a net gain of 299 million euros in 2003, compared to 216 million euros in 2002. The most significant capital gains were earned on:

- The sale of certain cement assets in North America which generated capital gains of 111 million euros;
- The sale of our stake in Matéris which generated capital gains of 122 million euros.

Other income (expenses), net, represented a net loss of 177 million euros in 2003, compared to a net loss of 525 million euros in 2002. The most significant expense items were the costs relating to exceptional amortization of 35 million euros and to restructuring charges of 65 million euros split between Roofing at 29 million euros, Cement at 24 million euros, Aggregates and Concrete at 11 million euros and Gypsum at 1 million euros. In 2002, other income (expenses), net, included a provision of 300 million euros recorded to cover the risks related to the European Commission decision against our Gypsum activities in Europe, and in anticipation of the German competition authority's (BundesKartellamt) decision to fine our subsidiary Lafarge Zement for its Cement activities in Germany, both of which Lafarge has appealed against.

Net interest expenses:
€568 million (€521 million in 2002).
Financial expenses, net, increased by 9.0% between 2002 and 2003, from 521 million euros to 568 million euros. Financial expenses, net, is comprised of financial expenses on net indebtedness and other financial income and expenses including in particular foreign exchange gains and losses. Financial expenses on net indebtedness decreased by 12% between 2002 and 2003, from 577 million euros to 505 million euros as the result of the significant decrease in our net indebtedness. The average interest rate on our debt was 5.8% on December 31, 2003 as compared to 5.2% on December 31, 2002.
Other financial income and expenses were a net loss in 2003 of 63 million euros compared to a net gain of 56 million euros in 2002. In 2003 we were adversely affected by a 75 million euros foreign exchange loss, while in 2002 we benefited from a foreign exchange gain of 66 million euros.

Income tax:
€425 million (€448 million in 2002).
Income tax decreased by 5.1% between 2002 and 2003, from 448 million euros to 425 million euros. The effective tax rate for 2003 of 28.6% decreased by 5.8 points compared to the effective tax rate for 2002 of 34.4%. This is mainly due to the exceptional provision of 300 million euros that was recorded in 2002 (in connection with the competition law issues discussed above) and which is not tax deductible.

Income from equity affiliates:
€37 million (€33 million in 2002).
Share of net income in equity affiliates grew by 12.1% between 2002 and 2003, from 33 million euros to 37 million euros. The share of net income in equity affiliates in our Cement division amounted to 42 million euros, of which Molins accounted for 27 million euros. The share of net income in equity affiliates in our Roofing and Gypsum Divisions amounted to 20 million euros. The share of the net loss of Carmeuse North America amounted to 33 million euros.

Amortization of goodwill:
€135 million (€158 million in 2002).
Amortization of goodwill declined by 14.6% between 2002 and 2003, from 158 million euros to 135 million euros. This decrease primarily reflects the impact of currency fluctuations.

Minority interests:
€237 million (€273 million in 2002).
Minority interests decreased by 13.2% between 2002 and 2003, from 273 million euros to 237 million euros, reflecting primarily the negative impact of currency fluctuations on our reported results.

Net income, Group share:
€728 million (€456 million in 2002).
Net income increased by 59.6% between 2002 and 2003, from 456 million euros to 728 million euros, reflecting primarily the impact of the 2002 exceptional provision of 300 million euros. Net income represented 5.3% of sales in 2003, compared to 3.1% in 2002.

Earnings per share:
€4.92 (€3.52 in 2002).
Earnings per share were up 39.8% at 4.92 euros compared to 3.52 euros in 2002. The average number of shares outstanding during the year was 147.9 million, as compared to 129.6 million in 2002.

CASHFLOW STATEMENT

Net cash provided by operating activities increased by 298 million euros in 2003 to 2,089 million (€1,791 million in 2002).

The increase is mainly due to a decrease in working capital requirements between December 31, 2002 and December 31, 2003. In this area we have launched specific actions to optimize our resources.

Net cash used in investing activities amounted to €673 million in 2003 (€774 million in 2002).

Capital expenditure and investments totaled €1,184 million in 2003 (€1,513 million in 2002) in line with the target of €1.2 billion set earlier in the year.

Sustaining capital expenditure was controlled strictly with the ongoing upgrading of existing industrial operations around the world, limited to e536 million (€704 million in 2002).

Capital expenditures for new capacity totaled €213 million (€380 million in 2002), of which the most significant were cement projects such as the new line at Ewekoro in Nigeria and our greenfield plant at Tetouan in Morocco. The construction of the new plant in Mexico is now well underway, but limited expenditure was incurred in 2003.

Acquisitions totaling €435 million (€429 million in 2002), of which the most significant were the Cement Division's acquisition of the EBRD's stake in Lafarge Polska for 84 million euros, of Molins' 2.64% stake in Cimpor for 72 million euros and of Chongqing in China for 60 million euros. The Gypsum Division acquired Gyproc in Germany and Poland early in the year for 42 million euros.

Disposals of €603 million (€725 million in 2002) were made during 2003, thus being at the top end of the Group's commitment to realize divestments in 2003 in the range of 400 to 600 million euros. The most significant disposals included the Group's stake in Matéris for 190 million euros (excluding the licence payment), cement operations in the United States for 142 million euros, Lafarge Halla's 25% stake in Tong Yang, South Korea for 49 million euros and various aggregates and concrete operations in North America for 36 million euros.

BALANCE SHEET STATEMENT

Total equity as at December 31, 2003 stood at €10,494 million (€9,270 million end of December 2002).

The increase from December 31, 2002, reflects in particular the impact of the rights issue made in July 2003. This rights issue raised 1,262 million euros net of issuance expenses and resulted in the creation of 31,831,528 new shares. The income generated in the year also contributed significantly to the increase in total equity which was partially offset by dividends paid and the translation losses due to the continuing of the strengthening of the euro during 2003.

Net consolidated debt totaled 7,061 million euros down 3,155 million euros at the end of December 31, 2003 from 10,216 million euros at the end of December 31, 2002. Excluding the proceeds from the rights issue and the impact of currency fluctuations, the Group achieved a 1.2 billion euros reduction in net debt well in excess of its objective of 1 billion euros. The gearing ratio at year end was reduced from 110% in 2002 to 67% in 2003 and the ratio of cash flow from operations to net debt improved from 19.1% in 2002 to 25.5% in 2003.

OUTLOOK

Looking forward, we do not expect to see any major turnaround in our markets in 2004 compared to the average for 2003, except for the progressive return to normality of cement prices in Germany and in the Philippines and generally well-oriented pricing conditions expected in our other markets. In Western Europe we believe that our major markets will remain broadly stable in 2004 compared to 2003, with the exception of Greece, where the demand can be expected to decrease following the completion of the projects for the Olympic games. In North America we do not expect a boom year for construction in 2004 and in the United States in particular, we believe construction activity should achieve only marginal growth as residential construction starts to cool down. In 2004, we expect to see growth in emerging markets and more specifically from Asia, Central Europe and Africa.

With respect to our industrial performance, we believe we have improved our planning cycle and have the appropriate tools and organization to share our knowledge and experience better throughout our entire operations. We expect this to help us deliver continuous performance improvements and thus to mitigate the impact of the energy cost increases we expect to see in 2004 through reduced energy consumption and improvements in the fuel source mix.

As far as pension costs are concerned, we expect another increase in our expense of approximately 25 million euros in 2004.

We intend to pursue the strengthening of our financial structure in the future, through our capacity to generate strong cash flows and our ongoing focus on working capital management associated with a strict monitoring of sustaining capital expenditures and further selective divestments.

We also intend to pursue our development strategy through small and medium size growth projects with attractive returns, primarily in Cement worldwide and in Aggregates in Europe and North America.

Consolidated financial statements

CONSOLIDATED STATEMENTS OF INCOME

(in million euros, except per share data)	*At December 31*		
	2003	**2002**	**2001**(a)
Sales	**13,658**	**14,610**	**13,698**
Cost of goods sold	(9,088)	(9,734)	(9,258)
Selling and administrative expenses	(1,750)	(1,775)	(1,578)
Gross operating income	**2,820**	**3,101**	**2,862**
Depreciation	(886)	(969)	(928)
Operating income on ordinary activities	**1,934**	**2,132**	**1,934**
Gains on disposals, net	299	216	274
Other income (expenses), net	(177)	(525)	(152)
Operating income	**2,056**	**1,823**	**2,056**
Financial expenses, net	(568)	(521)	(544)
Income before income tax, share of net income of equity affiliates, amortization of goodwill and minority interests	**1,488**	**1,302**	**1,512**
Income tax	(425)	(448)	(368)
Income before share of net income of equity affiliates, amortization of goodwill and minority interests	**1,063**	**854**	**1,144**
Share of net income of equity affiliates	37	33	18
Amortization of goodwill	(135)	(158)	(142)
Minority interests	(237)	(273)	(270)
Net income	**728**	**456**	**750**
Earnings per share (euros)	**4.92**	**3.52**	**5.97**
Diluted earnings per share (euros)	**4.77**	**3.49**	**5.85**
Average number of outstanding shares (in thousands)	**147,949**	**129,629**	**125,616**

(a) Revised for the change in presentation of equity affiliates.

The notes to the consolidated financial statements are an integral part of the financial statements.
They can be found in the "2003 Annual Report on Form 20-F" available upon request to the Investors and Shareholders relations service.

CONSOLIDATED BALANCE SHEETS

Assets

At December 31

(in million euros)	2003	2002	2001
Goodwill, net	4,149	4,633	4,974
Intangible assets, net	2,823	2,835	3,225
Property, plant and equipment, net	10,402	11,667	13,353
Investments in equity affiliates	383	652	439
Other investments	481	462	671
Long term receivables	810	919	900
Long term assets	**19,048**	**21,168**	**23,562**
Inventories, net	1,422	1,591	1,776
Accounts receivable-trade, net	1,754	1,816	2,230
Other receivables	977	955	1,133
Cash and cash equivalents	1,634	1,109	1,201
Current assets	**5,787**	**5,471**	**6,340**
TOTAL ASSETS	**24,835**	**26,639**	**29,902**

Shareholders' equity and liabilities

At December 31

(in million euros)	2003	2002	2001
Common stock	669	532	521
Additional paid-in capital	5,798	4,546	4,324
Retained earnings	4,053	3,548	3,389
Cumulative translation adjustments	(2,335)	(1,645)	(352)
Shareholders' equity	**8,185**	**6,981**	**7,882**
Minority interests	2,191	2,155	2,551
Other equity	118	134	163
Total equity	**10,494**	**9,270**	**10,596**
Deferred taxes	**870**	**979**	**937**
Provisions	**1,857**	**1,922**	**1,688**
Long-term debt	**7,370**	**10,271**	**11,041**
Accounts payable, trade	1,234	1,205	1,467
Other payables	1,685	1,938	2,310
Current portion of long-term financial debt	985	524	1,350
Short-term bank borrowings	340	530	513
Current liabilities	**4,244**	**4,197**	**5,640**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**24,835**	**26,639**	**29,902**

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million euros)	2003	2002	2001
NET CASH PROVIDED BY OPERATING ACTIVITIES			
Net income	**728**	**456**	**750**
Adjustments to reconcile net income to net cash provided by operating activities:			
Minority interests	237	273	270
Depreciation and amortization of goodwill	1,021	1,127	1,070
Share of net income of equity affiliates less dividend received	(11)	(17)	-
Gains on disposals, net	(299)	(216)	(274)
Deferred income taxes and tax provisions	15	92	(59)
Others, net	108	241	(89)
Changes in operating working capital items	290	(165)	174
Net cash provided by operating activities	**2,089**	**1,791**	**1,842**
NET CASH USED IN INVESTING ACTIVITIES			
Capital expenditures	(864)	(1,149)	(1,455)
Investment in consolidated companies(1)	(218)	(337)	(4,537)
Investment in non consolidated companies	(102)	(27)	(81)
Disposals(2)	603	725	1,537
Net (increase) decrease in long-term receivables	(92)	14	(143)
Net cash used in investing activities	**(673)**	**(774)**	**(4,679)**
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES			
Proceeds from issuance of common stock	1,438	260	1,513
(Increase) decrease in treasury stock	-	(4)	-
Increase (decrease) in other equity	-	-	2
Dividends paid (including those paid to minority interests in subsidiaries)	(395)	(388)	(337)
Proceeds from long-term debt	173	642	5,596
Repayment of long-term debt	(2,042)	(751)	(4,746)
Increase (decrease) in short-term debt	(40)	(685)	282
Net cash (used in) provided by financing activities	**(866)**	**(926)**	**2,310**
(Decrease) Increase in cash and cash equivalents	**550**	**91**	**(527)**
Net effect of foreign currency translation on cash and cash equivalents	(105)	(183)	(12)
Treasury stock reclassification	80	-	-
Cash and cash equivalents at beginning of year	1,109	1,201	1,740
Cash and cash equivalents at end of year	**1,634**	**1,109**	**1,201**
(1) Net of cash and cash equivalents of companies acquired	*25*	*-*	*256*
(2) Net of cash and cash equivalents of companies disposed of	*4*	*1*	*2*

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