SECOND QUARTER 2016

INTERIM REPORT

LafargeHolcim

Q2

LAFARGEHOLCIM SECOND QUARTER 2016

As used herein, the terms “LafargeHolcim”, “Holcim” or the “Group” refer to LafargeHolcim Ltd together with the companies included in the scope of consolidation. Holcim Ltd was renamed to LafargeHolcim Ltd following the merger with Lafarge S.A. on July 10, 2015.

For the purpose of the proposed merger, the 2014 pro forma information that was included in the Registration Document registered on May 11, 2015 reflected only the effect of the merger Lafarge/Holcim and its direct consequences (notably the divestments to CRH) as known at that time. Now with the merger completed, the pro forma financial information included on pages 3 to 15, in addition to the merger and the latest changes in the scope of the divestments achieved in the context of the merger Lafarge/Holcim, also reflects the impact of merger, restructuring and other one-offs, the deconsolidation of the Australian business operated under a joint-venture and the effect of the divestments achieved over the course of 2014 and 2015.

These figures do not take into consideration any purchase price accounting impact on operating EBITDA which mainly relates to inventory valuation.

Dear Shareholder,

Our focus on pricing and synergies is delivering visible earnings momentum, driving a 210 basis points year-on-year improvement in operating margins and a 6 percent increase in like-for-like Adjusted Operating EBITDA in Q2.

Without the effect of Nigeria, where our plants were affected by gas shortages, adjusted operating EBITDA would have increased by 13 percent in the quarter. Nigeria is a high growth market and we are adapting our plants to reduce our dependency on gas to restore supply and capture growth. We expect these measures to take effect by the end of the year.

With the recent divestments announced in India, Sri Lanka, China and Vietnam, we have exceeded our CHF 3.5 billion commitment for the whole of 2016 in a little over seven months. These transactions, all secured at good conditions, also help us to streamline and simplify our operations and allow us to maximize synergies in countries like Morocco, China and India. Following the successful execution of our divestment program to date, we are extending the program to CHF 5 billion. We expect to complete the remainder of this by the end of 2017.

Macroeconomic risks continue to affect some of our markets, however, we are delivering on our commitments and we remain on track to achieve our 2016 targets.

In the second quarter, a number of countries delivered good earnings growth, including the Philippines, Mexico, US, Algeria and Lebanon. In addition, China showed signs of recovery with cost control measures and targeted marketing strategies helping boost adjusted operating EBITDA in the quarter while, on the same measure, India made strong progress, through implementation of pricing and marketing strategies and delivery of synergies.

Challenging conditions in a few markets impacted Group results for the quarter. Nigeria alone accounted for a fall of CHF 96 million in adjusted operating EBITDA like-for-like in the quarter.

Cement prices increased by 2.2 percent quarter-on-quarter, demonstrating the effectiveness of our broad-based pricing strategy. This followed the 1.2 percent increase seen in the first three months of the year.

Globally, cement sales volumes were down 3 percent year-on-year on a like-for-like basis. In some markets this is due to a blend of geopolitical or macroeconomic reasons. As anticipated, price increases implemented during Q1 also had an effect on volumes in a few markets.

Synergies contributed CHF 170 million in the quarter, adding CHF 273 million for the first half and keeping us on track to achieve at least CHF 450 million of incremental synergies. In the quarter, significant value has been delivered as a result of synergies in the US and Brazil from reductions in fixed costs; commercial best practices in Latin America, notably in Mexico; and improved energy mix in China and India.

Adjusted Operating EBITDA of CHF 1.7 billion was up 6 percent on a like-for-like basis on the quarter. Synergies, ongoing cost containment, lower energy costs and pricing drove Adjusted Operating EBITDA margin improvement to 23.4 percent in Q2, up from 21.3 percent in the prior year period.

Operating free cash flow improved by 26.4 percent year on year. It stands at CHF –539 million at the end of the first half, impacted by the traditional seasonality of our working capital. Net debt stood at CHF 18.1 billion, a CHF 5.8 billion reduction on the total combined net debt at July 2015 before the cash received from the CRH transaction.

Group – Pro forma information

		Apr–June 2016	Apr–June 2015	±%	±% like-for-like
Sales of cement	million t	62.8	68.1	–7.8	–3.0
Sales of aggregates	million t	78.6	77.3	+1.8	+3.0
Sales of ready-mix concrete	million m^3	14.9	14.9	+0.3	+0.3
Net sales	million CHF	7,280	7,804	–6.7	–2.1
Operating EBITDA	million CHF	1,579	1,429	+10.5	+14.6
Operating EBITDA adjusted [1]	million CHF	1,705	1,662	+2.6	+6.0
Operating EBITDA margin	%	21.7	18.3		
Operating EBITDA margin adjusted [1]	%	23.4	21.3		
Cash flow from operating activities	million CHF	525	655	–19.7	–12.7

[1] Excluding merger, restructuring and other one-offs.

Group – Pro forma information

		Jan–June 2016	Jan–June 2015	±%	±% like-for-like
Sales of cement	million t	119.3	123.9	–3.7	–0.1
Sales of aggregates	million t	130.2	129.6	+0.5	+2.2
Sales of ready-mix concrete	million m^3	27.5	27.3	+0.9	+1.0
Net sales	million CHF	13,342	14,217	–6.2	–1.1
Operating EBITDA	million CHF	2,353	2,346	+0.3	+4.7
Operating EBITDA adjusted [1]	million CHF	2,529	2,711	–6.7	–2.9
Operating EBITDA margin	%	17.6	16.5		
Operating EBITDA margin adjusted [1]	%	19.0	19.1		
Cash flow from operating activities	million CHF	261	382	–31.6	–20.9

[1] Excluding merger, restructuring and other one-offs.

Divestments and capital allocatoin

Following the signature of recent agreements to divest assets in India, Sri Lanka, China and Vietnam, we have now secured more than our original objective of CHF 3.5 billion for 2016. Net of tax, the proceeds of the deals announced since the beginning of the year will result in a total net debt reduction of around CHF 3.5 billion. These proceeds will contribute to the achievement of our target to reduce net debt to around CHF 13 billion by the end of 2016.

Following the successful execution of our divestment program to date, we are extending the program to CHF 5 billion. We expect to complete the remainder of this (CHF 1.5 billion) by the end of 2017.

With divestments closing and our cash generation from synergies and reduced capex gaining momentum, our credit ratios will significantly strengthen, consistent with our commitment to maintain a solid investment grade rating throughout the cycle. We will return excess cash to shareholders through share buybacks or special dividends commensurate with a solid investment grade credit rating.

2016 Outlook

2016 will be a year of progress towards our 2018 targets.

In light of developments in selected countries during the first half, we expect demand in our markets to grow at between 1 – 3 percent for the full year. Based on the trends we see in pricing and synergies our full-year expectations remain unchanged.

For 2016 we expect:

– Capex to be below CHF 2 billion
– Incremental synergies of more than CHF 450 million of adjusted operating EBITDA
– Our pricing recovery actions and commercial excellence initiatives will demonstrate tangible results in 2016
– Net debt to decrease to around CHF 13 billion at year end, including the effect of our planned divestment program
– CHF 3.5 billion divestment program to be completed
– At least a high single digit like-for-like increase in adjusted operating EBITDA

We are committed to maintaining a solid investment grade rating and commensurate to this rating, returning excess cash to shareholders, notably with a progressive dividend policy.

We confirm our commitment to the 2018 targets announced in November 2015.

Asia Pacific

LafargeHolcim delivered good Q2 performance in Asia Pacific, driven by volume growth and positive variable cost development, which helped deliver an 18.4 percent increase in Adjusted Operating EBITDA, on a like-for-like basis.

The economy in China benefited from government stimulus, though growth remains lower than in recent years. Across South East Asia, lower commodities prices and sluggish recovery of global trade are still weighing on growth. In Malaysia, public spending has been limited by lower oil revenues while the cost of borrowing has risen. Meanwhile, solid domestic consumption and government spending has helped boost the Philippines' economy. In India, robust economic activity continues, assisted by a reduction in interest rates in the period.

For LafargeHolcim, volume increases were seen in growth markets – namely Philippines, Bangladesh, Vietnam and Sri Lanka. Progress in China was supported by segmented market strategy and in Australia by strong residential demand on the East Coast as well as road infrastructure projects. These countries reported an increase in Adjusted Operating EBITDA, further positively impacted by energy savings and benefits of lower clinker import costs.

India delivered strong earnings in the quarter, with adjusted operating EBITDA up 36.5 percent on a like-for-like basis. Growth in LafargeHolcim's operations in India came as a result of the roll out of pricing strategy and marketing activities plus synergies and tighter cost management – especially on fuel and logistics.

Markets in Indonesia and Malaysia experienced overcapacity, which led to pressure on prices, as well as slow government spending on infrastructure. The Westport plant in New Zealand was closed at the end of June and the market will be served in future by imported cement. The South Korea business was successfully divested in April 2016.

Asia Pacific – Pro forma information

		Apr–June 2016	Apr–June 2015	±%	±% like-for-like
Sales of cement	million t	30.6	32.4	–5.6	–0.9
Sales of aggregates	million t	8.6	8.1	+5.7	+18.5
Sales of ready-mix concrete	million m^3	4.2	4.0	+4.8	+4.8
Net sales	million CHF	2,194	2,334	–6.0	–0.1
Operating EBITDA	million CHF	420	363	+15.6	+22.7
Operating EBITDA adjusted [1]	million CHF	438	392	+11.8	+18.4
Operating EBITDA margin	%	19.2	15.6		
Operating EBITDA margin adjusted [1]	%	20.0	16.8		
Cash flow from operating activities	million CHF	368	398	–7.4	+0.5

[1] Excluding merger, restructuring and other one-offs.

Asia Pacific – Pro forma information

		Jan–June 2016	Jan–June 2015	±%	±% like-for-like
Sales of cement	million t	60.7	60.6	+0.1	+2.6
Sales of aggregates	million t	15.9	15.9	+0.2	+14.0
Sales of ready-mix concrete	million m^3	8.0	7.7	+3.8	+3.8
Net sales	million CHF	4,341	4,549	–4.6	+0.4
Operating EBITDA	million CHF	760	785	–3.2	+1.9
Operating EBITDA adjusted [1]	million CHF	782	816	–4.2	+0.8
Operating EBITDA margin	%	17.5	17.3		
Operating EBITDA margin adjusted [1]	%	18.0	17.9		
Cash flow from operating activities	million CHF	419	359	+16.8	+26.3

[1] Excluding merger, restructuring and other one-offs.

Europe

Despite a decline in net sales on a like-for-like basis in Q2, LafargeHolcim delivered solid performance in Europe with decisive action on cost management and ongoing focus on synergies across the region contributing to an 8.3 percent growth in Adjusted Operating EBITDA, on a like-for-like basis.

In terms of economic activity, EU countries entered the period on a slight upward trend, but uncertainty caused by the UK referendum vote affected confidence and growth rates towards the end of the quarter. Negative policy rate moves put European banks under pressure, while Spain's hung election provided more uncertainty. Despite some upward movements in energy prices, low oil and gas revenues continue to weigh on the Russian economy.

In France, resilient demand for ready-mix concrete and aggregates, combined with more stable prices mitigated the impact of severe floods and social disturbances. Belgium, Switzerland and Germany improved earnings, the latter mitigating the impact of pricing pressures through effective management of fixed and variable costs. The UK delivered healthy earnings for Q2 though there was a slowdown in growth rates in the lead up to the 23 June EU referendum.

Though prices held up in Azerbaijan and Russia, overall earnings declined in the quarter versus the prior year as the countries continued to face tough economic conditions caused by low global demand for oil. Poland saw volume growth but a challenging price environment had an effect on Adjusted Operating EBITDA. After many quarters of healthy growth, earnings for Romania slowed somewhat in Q2.

In Spain, our business had to deal with the effects of ongoing political uncertainty following national elections which led to a slowdown in government investment. Cost reduction measures have been accelerated in Spain.

Europe – Pro forma information

		Apr–June 2016	Apr–June 2015	±%	±% like-for-like
Sales of cement	million t	11.9	12.1	–2.4	–2.4
Sales of aggregates	million t	33.7	33.0	+2.4	+2.4
Sales of ready-mix concrete	million m^3	5.0	5.1	–1.3	–1.3
Net sales	million CHF	1,968	2,022	–2.7	–3.1
Operating EBITDA	million CHF	442	372	+18.9	+19.2
Operating EBITDA adjusted [1]	million CHF	458	423	+8.1	+8.3
Operating EBITDA margin	%	22.4	18.4		
Operating EBITDA margin adjusted [1]	%	23.2	20.9		
Cash flow from operating activities	million CHF	337	234	+43.6	+43.8

[1] Excluding merger, restructuring and other one-offs.

Europe – Pro forma information

		Jan–June 2016	Jan–June 2015	±%	±% like-for-like
Sales of cement	million t	19.6	20.1	–2.7	–2.7
Sales of aggregates	million t	59.0	58.7	+0.5	+0.5
Sales of ready-mix concrete	million m^3	9.1	9.1	–0.6	–0.6
Net sales	million CHF	3,465	3,574	–3.1	–3.3
Operating EBITDA	million CHF	547	503	+8.6	+8.3
Operating EBITDA adjusted [1]	million CHF	576	584	–1.4	–1.7
Operating EBITDA margin	%	15.8	14.1		
Operating EBITDA margin adjusted [1]	%	16.6	16.4		
Cash flow from operating activities	million CHF	202	37	+444.4	+434.7

[1] Excluding merger, restructuring and other one-offs.

Latin America

Earnings in Latin America (Adjusted Operating EBITDA up 16.6 percent on a like-for-like basis) were boosted in Q2 by a mix of more favorable pricing and cost reductions, despite lower volumes. Performance was strong in Mexico driven by price increases and customer strategy.

On the broader economic front, a moderate recovery in energy prices helped stabilize Latin America's oil exporting countries, though structural issues in Brazil led to a deeper downturn in that country. Argentina's economy is feeling the effects of macroeconomic reforms and continued to contract, while Mexico, Colombia and other Central American countries are growing slightly, in particular on the back of strong remittances from workers in the USA and some infrastructure projects.

Improvements in financial performance were seen across most markets including Argentina, El Salvador, Chile and Costa Rica. In Argentina, a decline in volumes due to structural adjustments and bad weather in April, was more than offset by cost savings and favorable pricing. Earnings in Ecuador advanced in the quarter despite a drop in volumes caused by the impact of low oil prices, national liquidity problems and heavy rains. The economy of Ecuador also continues to be impacted by the effects of April's earthquake. In response to the natural disaster, the local LafargeHolcim business has developed affordable housing solutions for people whose homes were destroyed or damaged by the quake.

Regional performance was negatively impacted by difficult market conditions in Brazil. Falling cement volumes and downward pricing pressure contributed to a decline in earnings in Brazil during Q2. Brazil will remain a challenging market in 2016 and our business has taken a number of management measures to adapt to the rapidly changing landscape.

Latin America – Pro forma information

		Apr–June 2016	Apr–June 2015	±%	±% like-for-like
Sales of cement	million t	5.8	6.9	–15.6	–15.6
Sales of aggregates	million t	1.6	1.9	–17.1	–21.9
Sales of ready-mix concrete	million m^3	1.7	1.8	–7.3	–7.3
Net sales	million CHF	684	807	–15.3	–5.0
Operating EBITDA	million CHF	205	193	+5.9	+15.0
Operating EBITDA adjusted [1]	million CHF	211	196	+7.5	+16.6
Operating EBITDA margin	%	29.9	23.9		
Operating EBITDA margin adjusted [1]	%	30.8	24.3		
Cash flow from operating activities	million CHF	8	51	–85.2	–90.3

[1] Excluding merger, restructuring and other one-offs.

Latin America – Pro forma information

		Jan–June 2016	Jan–June 2015	±%	±% like-for-like
Sales of cement	million t	11.8	13.6	–13.2	–13.2
Sales of aggregates	million t	3.3	3.8	–10.9	–10.9
Sales of ready-mix concrete	million m^3	3.4	3.6	–6.7	–6.7
Net sales	million CHF	1,366	1,616	–15.5	–3.3
Operating EBITDA	million CHF	410	446	–8.1	+0.4
Operating EBITDA adjusted [1]	million CHF	421	451	–6.7	+2.0
Operating EBITDA margin	%	30.0	27.6		
Operating EBITDA margin adjusted [1]	%	30.8	27.9		
Cash flow from operating activities	million CHF	22	102	–78.9	–104.1

[1] Excluding merger, restructuring and other one-offs.

Middle East Africa

Earnings in the Middle East Africa region for Q2 were down 17.6 percent (Adjusted Operating EBITDA on like-for-like basis). Excluding Nigeria, regional earnings on the same measure would have been up 7.9 percent.

The economic situation in the region remains mixed with the relatively low fuel prices continuing to hold back some oil-dependent countries. The broader macroecomic situation in Nigeria worsened following the devaluation of the naira while in South Africa growth remained weak due, in part, to low global commodity prices. Construction activity continued to be solid in Algeria and Egypt though other Middle East countries suffered from security concerns.

Strong contributions from Algeria, Egypt, Lebanon and Morocco in the quarter – which saw earnings growth supported, in part, by positive pricing and product mix evolution and volume increases in some markets – more than offset declines in markets like South Africa and Zambia.

The negative effect in the region was attributable to Nigeria. Despite a growing market, lower prices versus last year and severe gas shortages caused by attacks on pipelines drove the decline in adjusted operating EBITDA in the quarter. The devaluation of the naira in June added to the cost base for LafargeHolcim operations in the country. We are adapting our equipment to use sources of fuel other than gas, such as petcoke, coal and alternative fuels. These changes should take effect by the end of the year. Combined with the effect of a new kiln, due to come on line later this year, these measures are expected to improve the trend in EBITDA going forward.

Middle East Africa – Pro forma information

		Apr–June 2016	Apr–June 2015	±%	±% like-for-like
Sales of cement	million t	10.9	11.2	–2.3	–2.3
Sales of aggregates	million t	2.4	3.0	–19.1	–19.1
Sales of ready-mix concrete	million m^3	1.7	1.5	+13.6	+13.6
Net sales	million CHF	1,081	1,226	–11.8	–7.0
Operating EBITDA	million CHF	322	413	–21.9	–18.5
Operating EBITDA adjusted [1]	million CHF	329	416	–21.0	–17.6
Operating EBITDA margin	%	29.8	33.7		
Operating EBITDA margin adjusted [1]	%	30.4	33.9		
Cash flow from operating activities	million CHF	153	203	–24.8	–22.5

[1] Excluding merger, restructuring and other one-offs.

Middle East Africa – Pro forma information

		Jan–June 2016	Jan–June 2015	±%	±% like-for-like
Sales of cement	million t	21.7	21.7	+0.3	+0.3
Sales of aggregates	million t	6.0	5.4	+10.2	+10.2
Sales of ready-mix concrete	million m^3	3.1	2.8	+12.0	+12.0
Net sales	million CHF	2,130	2,390	–10.9	–5.7
Operating EBITDA	million CHF	574	767	–25.1	–21.3
Operating EBITDA adjusted [1]	million CHF	584	780	–25.1	–21.3
Operating EBITDA margin	%	27.0	32.1		
Operating EBITDA margin adjusted [1]	%	27.4	32.6		
Cash flow from operating activities	million CHF	352	452	–22.2	–20.5

[1] Excluding merger, restructuring and other one-offs.

North America

LafargeHolcim posted earnings growth in North America in Q2 driven by pricing combined with synergy benefits. Adjusted Operating EBITDA on a like-for-like basis for Q2 was up 6.6 percent. The quarter saw a normalization of demand patterns after strong growth in Q1 helped by favorable weather conditions versus the prior year. This is reflected in the year-to-date performance for North America which delivered a 14.8 percent increase in Adjusted Operating EBITDA on a like-for-like basis.

More generally, the US economy remained strong in Q2 buoyed by consumer spending. However, the Federal Reserve halted its rate rise cycle on the back of May’s employment data. In Western Canada, economic activity is still weak on the back of relatively low oil prices.

In the US, increased confidence continued to fuel demand in the construction market, particularly in the residential and non-residential sectors. Aggregate and cement volumes for LafargeHolcim increased during the quarter though ready-mix concrete volumes declined. Eastern Canada was slightly ahead for the quarter on Adjusted Operating EBITDA. Despite demand growth in British Columbia, Western Canada continued to feel the effects of lower investments as a result of the oil-price driven economic downturn in Alberta and Saskatchewan and the North Dakota export market. The fires in Fort McMurray, which is home to many oil sand companies, also had an impact on demand.

North America – Pro forma information

		Apr–June 2016	Apr–June 2015	±%	±% like-for-like
Sales of cement	million t	5.3	6.1	–12.8	–0.4
Sales of aggregates	million t	32.3	31.3	+3.3	+3.3
Sales of ready-mix concrete	million m^3	2.4	2.5	–6.0	–6.0
Net sales	million CHF	1,538	1,512	+1.7	+0.7
Operating EBITDA	million CHF	390	357	+9.3	+7.8
Operating EBITDA adjusted [1]	million CHF	393	364	+8.0	+6.6
Operating EBITDA margin	%	25.4	23.6		
Operating EBITDA margin adjusted [1]	%	25.6	24.1		
Cash flow from operating activities	million CHF	52	(42)	+223.6	+215.2

[1] Excluding merger, restructuring and other one-offs.

North America – Pro forma information

		Jan–June 2016	Jan–June 2015	±%	±% like-for-like
Sales of cement	million t	8.8	9.0	–2.7	+5.8
Sales of aggregates	million t	46.0	45.8	+0.3	+0.3
Sales of ready-mix concrete	million m^3	3.9	4.0	–1.9	–1.5
Net sales	million CHF	2,404	2,287	+5.1	+3.9
Operating EBITDA	million CHF	390	332	+17.5	+15.1
Operating EBITDA adjusted [1]	million CHF	396	338	+17.1	+14.8
Operating EBITDA margin	%	16.2	14.5		
Operating EBITDA margin adjusted [1]	%	16.5	14.8		
Cash flow from operating activities	million CHF	(183)	(256)	+28.7	+31.6

[1] Excluding merger, restructuring and other one-offs.

Beat Hess

Chairman of the Board of Directors

Eric Olsen

Chief Executive Officer

August 5, 2016

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income of LafargeHolcim Group

Million CHF	Notes	January–June 2016	January–June 2015	April–June 2016	April–June 2015
NET SALES		13,342	8,646	7,280	4,731
Production cost of goods sold		(7,994)	(4,899)	(3,982)	(2,597)
GROSS PROFIT		5,348	3,747	3,298	2,134
Distribution and selling expenses		(3,084)	(2,259)	(1,745)	(1,219)
Administration expenses		(1,050)	(661)	(567)	(335)
OPERATING PROFIT		1,214	827	987	580
Other income	7	41	442	35	4
Other expenses	8	(17)	(21)	(13)	(17)
Share of profit of associates and joint ventures		69	64	48	45
Financial income	9	89	60	44	36
Financial expenses	10	(513)	(331)	(243)	(160)
NET INCOME BEFORE TAXES		882	1,041	857	487
Income taxes		(462)	(351)	(374)	(176)
NET INCOME FROM CONTINUING OPERATIONS		420	690	484	311
Net income from discontinued operations		32	0	15	0
NET INCOME		452	690	499	311
Net income attributable to:					
Shareholders of LafargeHolcim Ltd		293	573	400	263
Non-controlling interest		159	117	99	49
Net income from discontinued operations attributable to:					
Shareholders of LafargeHolcim Ltd		32	0	15	0
Non-controlling interest		0	0	0	0
Earnings per share in CHF					
Earnings per share		0.48	1.61	0.66	0.74
Fully diluted earnings per share		0.48	1.61	0.66	0.74
Earnings per share from continuing operations in CHF					
Earnings per share		0.43	1.61	0.64	0.74
Fully diluted earnings per share		0.43	1.61	0.64	0.74
Earnings per share from discontinued operations in CHF					
Earnings per share		0.05	–	0.02	–
Fully diluted earnings per share		0.05	–	0.02	–

Consolidated statement of comprehensive earnings of LafargeHolcim Group

Million CHF	Notes	January–June 2016	January–June 2015	April–June 2016	April–June 2015
NET INCOME		452	690	499	311
OTHER COMPREHENSIVE EARNINGS					
Items that will be reclassified to the statement of income in future periods					
Currency translation effects					
– Exchange differences on translation		(1,150)	(2,039)	(544)	(727)
– Realized through statement of income		(20)	(45)	(20)	1
– Tax effect		(1)	3	5	(4)
Available-for-sale financial assets					
– Change in fair value		(1)	0	5	0
– Realized through statement of income		0	0	0	0
– Tax effect		0	0	0	0
Cash flow hedges					
– Change in fair value		0	3	17	(1)
– Realized through statement of income		3	0	3	0
– Tax effect		2	0	(3)	(1)
Net investment hedges in subsidiaries					
– Change in fair value		0	12	0	10
– Realized through statement of income		0	0	0	0
– Tax effect		(3)	0	(3)	0
SUBTOTAL		(1,170)	(2,067)	(540)	(722)
Items that will not be reclassified to the statement of income in future periods					
Defined benefit plans					
– Remeasurements		(288)	5	(61)	85
– Tax effect		61	(7)	22	(14)
SUBTOTAL		(227)	(3)	(39)	70
TOTAL OTHER COMPREHENSIVE EARNINGS		(1,397)	(2,069)	(579)	(651)
TOTAL COMPREHENSIVE EARNINGS		(945)	(1,379)	(79)	(339)
Attributable to:					
Shareholders of LafargeHolcim Ltd		(990)	(1,278)	(113)	(250)
Non-controlling interest		46	(101)	35	(89)

Consolidated statement of financial position of LafargeHolcim Group

Million CHF	Notes	30.6.2016	31.12.2015	30.6.2015
Cash and cash equivalents		3,922	4,393	2,253
Accounts receivable		4,626	4,222	2,559
Inventories		2,899	3,060	1,658
Prepaid expenses and other current assets		911	884	359
Assets classified as held for sale	11	2,762	772	3,259
TOTAL CURRENT ASSETS		15,119	13,331	10,088
Long-term financial assets		629	770	462
Investments in associates and joint ventures		2,959	3,172	1,550
Property, plant and equipment		33,855	36,747	17,632
Goodwill		16,307	16,490	5,752
Intangible assets		1,217	1,416	486
Deferred tax assets		848	764	442
Other long-term assets		721	608	379
TOTAL LONG-TERM ASSETS		56,537	59,967	26,703
TOTAL ASSETS		71,656	73,298	36,792
Trade accounts payable		3,241	3,693	1,613
Current financial liabilities		6,834	6,866	3,138
Current income tax liabilities		502	598	460
Other current liabilities		2,739	3,074	1,457
Short-term provisions		491	602	192
Liabilities directly associated with assets classified as held for sale	11	1,032	0	882
TOTAL CURRENT LIABILITIES		14,839	14,832	7,743
Long-term financial liabilities	13	15,280	14,925	8,172
Defined benefit obligations		2,297	1,939	774
Deferred tax liabilities		3,285	3,840	1,083
Long-term provisions		2,270	2,041	824
TOTAL LONG-TERM LIABILITIES		23,131	22,744	10,853
TOTAL LIABILITIES		37,970	37,577	18,596
Share capital		1,214	1,214	654
Capital surplus		25,527	26,430	7,353
Treasury shares		(75)	(86)	(85)
Reserves		2,748	3,807	7,799
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF LAFARGEHOLCIM LTD		29,414	31,365	15,721
Non-controlling interest		4,272	4,357	2,475
TOTAL SHAREHOLDERS’ EQUITY		33,686	35,722	18,196
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY		71,656	73,298	36,792

Consolidated statement of changes in equity of LafargeHolcim Group

Million CHF	Share capital	Capital surplus	Treasury shares
EQUITY AS AT JANUARY 1, 2016	1,214	26,430	(86)
Net income			
Other comprehensive earnings			
TOTAL COMPREHENSIVE EARNINGS			
Payout		(909)	
Change in treasury shares			11
Share-based remuneration		6	
Capital paid-in by non-controlling interest			
Change in participation in existing Group companies			
EQUITY AS AT JUNE 30, 2016	1,214	25,527	(75)
EQUITY AS AT JANUARY 1, 2015	654	7,776	(82)
Net income			
Other comprehensive earnings			
TOTAL COMPREHENSIVE EARNINGS			
Payout		(424)	
Change in treasury shares			(4)
Capital paid-in by non-controlling interest			
Change in participation in existing Group companies			
EQUITY AS AT JUNE 30, 2015	654	7,353	(85)

	Retained earnings	Available-for-sale reserve	Cash flow hedging reserve	Currency translation adjustments	Total reserves	Total equity attributable to shareholders of LafargeHolcim Ltd	Non-controlling interest	Total shareholders' equity
	14,988	(13)	(10)	(11,158)	3,807	31,365	4,357	35,722
	293				293	293	159	452
	(227)	(1)	5	(1,061)	(1,284)	(1,284)	(113)	(1,397)
	66	(1)	5	(1,061)	(991)	(990)	46	(945)
						(909)	(134)	(1,043)
	(8)				(8)	2		2
						6		6
							15	15
	(60)				(60)	(60)	(12)	(72)
	14,986	(14)	(5)	(12,219)	2,748	29,414	4,272	33,686
	18,438	(13)	(5)	(9,338)	9,082	17,430	2,682	20,112
	573				573	573	117	690
	(3)		3	(1,851)	(1,851)	(1,851)	(218)	(2,069)
	570		3	(1,851)	(1,278)	(1,278)	(101)	(1,379)
						(424)	(138)	(561)
	4				4			
							2	2
	(8)				(8)	(8)	31	23
	19,004	(13)	(2)	(11,189)	7,799	15,721	2,475	18,196

Consolidated statement of cash flows of LafargeHolcim Group

Million CHF	Notes	January–June 2016	January–June 2015	April–June 2016	April–June 2015
NET INCOME		452	690	499	311
Income taxes		462	351	374	176
Other income	7	(41)	(442)	(35)	(4)
Other expenses	8	17	21	13	17
Share of profit of associates and joint ventures		(69)	(64)	(48)	(45)
Financial expenses net	9,10	424	271	199	125
Depreciation, amortization and impairment of operating assets		1,138	644	591	319
Other non-cash items		195	120	113	89
Change in net working capital		(1,244)	(855)	(549)	(256)
CASH GENERATED FROM OPERATIONS		1,334	735	1,157	732
Dividends received		113	87	91	63
Interest received		80	64	37	47
Interest paid		(633)	(256)	(359)	(166)
Income taxes paid		(586)	(371)	(349)	(217)
Other expenses		(46)	(40)	(51)	(26)
CASH FLOW FROM OPERATING ACTIVITIES (A)		261	220	525	434
Purchase of property, plant and equipment		(850)	(614)	(483)	(328)
Disposal of property, plant and equipment		51	38	37	22
Acquisition of participation in Group companies		(4)	(188)	0	(1)
Disposal of participation in Group companies		374	264	397	8
Purchase of financial assets, intangible and other assets		(137)	(300)	(6)	(117)
Disposal of financial assets, intangible and other assets		225	808	163	715
CASH FLOW FROM INVESTING ACTIVITIES (B)		(342)	8	107	298
Payout on ordinary shares	15	(909)	(424)	(909)	(424)
Dividends paid to non-controlling interest		(101)	(119)	(80)	(88)
Capital paid-in by non-controlling interest		15	4	15	4
Movements of treasury shares		2	0	(2)	(6)
Net movement in current financial liabilities		(97)	482	(1,009)	424
Proceeds from long-term financial liabilities	13	4,300	1,442	4,071	653
Repayment of long-term financial liabilities	13	(3,362)	(1,328)	(2,685)	(688)
Increase in participation in existing Group companies		(10)	(2)	(7)	(2)
CASH FLOW FROM FINANCING ACTIVITIES (C)		(162)	55	(606)	(127)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		(243)	283	26	605
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE PERIOD (NET)		3,771	1,941	3,449	1,575
(Decrease) Increase in cash and cash equivalents		(243)	283	26	605
Currency translation effects		(59)	(175)	(6)	(131)
CASH AND CASH EQUIVALENTS AS AT THE END OF THE PERIOD (NET) [1]		3,469	2,049	3,469	2,049

[1] Cash and cash equivalents at the end of the period include bank overdrafts of CHF 378 million (2015: CHF 234 million) disclosed in current financial liabilities, cash and cash equivalents of CHF 86 million (2015: CHF 31 million) disclosed in assets classified as held for sale and bank overdrafts of CHF 160 million disclosed in liabilities directly associated with assets classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As used herein, the terms “LafargeHolcim”, “Holcim” or the “Group” refer to LafargeHolcim Ltd together with the companies included in the scope of consolidation. Holcim Ltd was renamed to LafargeHolcim Ltd following the merger with Lafarge S.A. on July 10, 2015.

1. Basis of preparation

The unaudited consolidated half-year interim financial statements of LafargeHolcim Ltd, hereafter “interim financial statements”, are prepared in accordance with IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation and presentation of the interim financial statements are consistent with those used in the consolidated financial statements for the year ended December 31, 2015 (hereafter “annual financial statements”).

The interim financial statements should be read in conjunction with the annual financial statements as they provide an update of previously reported information.

Due to rounding, numbers presented throughout this report may not add up precisely to the totals provided. All ratios and variances are calculated using the underlying amount rather than the presented rounded amount.

The preparation of interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management’s best judgment at the date of the interim financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate during the period in which the circumstances change.

2. Changes in the scope of consolidation

2.1 Business combinations and divestments during the current reporting period

The Group signed an agreement with a consortium of private equity funds Glenwood and Baring Asia for the divestment of Lafarge Halla Cement corporation in South Korea. This transaction was closed on April 29, 2016 for a total consideration of CHF 528 million and resulted in a net gain before taxes of CHF 10 million.

2.2 Update on the merger between Holcim and Lafarge

The merger between Holcim and Lafarge announced publicly on April 7, 2014 became effective on July 10, 2015 after completion of the public exchange offer filed by Holcim Ltd for all the outstanding shares of Lafarge S.A.

As at June 30, 2016, the purchase price allocation exercise is ongoing and therefore the fair values assigned to the identifiable assets acquired and liabilities assumed remain provisional, pending finalization of the valuation of those assets and liabilities. The changes in the purchase price allocation during the first half-year 2016 amount to CHF 523 million, of which CHF 115 million in the second quarter 2016, and are mainly due to the decrease of the fair value of property, plant and equipment and the increase in fair value of contingent liabilities. The final fair values of the net assets acquired will be presented in the third quarter interim report.

2.3 Business combinations and divestments during the previous comparative reporting period

Divestments

On March 30, 2015, LafargeHolcim sold its entire remaining shareholding of 27.5 percent in Siam City Cement Public Company Limited in Thailand via a private placement in capital markets for a total consideration of CHF 661 million, which was settled on April 2, 2015.

On January 5, 2015, LafargeHolcim disposed of Holcim (Česko) a.s. in Czech Republic, Gador cement plant and Yeles grinding station in Spain for CHF 243 million to Cemex.

Acquisition

On January 5, 2015, LafargeHolcim acquired control of a group of companies from Cemex which operate in Western Germany and the Netherlands for a total cash consideration of CHF 210 million.

3. Seasonality

Demand for cement, aggregates and other construction materials and services is seasonal because climatic conditions affect the level of activity in the construction sector.

LafargeHolcim usually experiences a reduction in sales during the first and fourth quarters reflecting the effect of the winter season in its principal markets in Europe and North America and tends to see an increase in sales in the second and third quarters reflecting the effect of the summer season. This effect can be particularly pronounced in harsh winters.

4. Principal exchange rates

The following table summarizes the principal exchange rates that have been used for translation purposes.

		Statement of income Average exchange rates in CHF		Statement of financial position Closing exchange rates in CHF		
		January–June 2016	January–June 2015	30.6.2016	31.12.2015	30.6.2015
1 Euro	EUR	1.10	1.06	1.09	1.08	1.04
1 US Dollar	USD	0.98	0.95	0.98	0.99	0.93
1 British Pound	GBP	1.41	1.44	1.32	1.47	1.47
1 Australian Dollar	AUD	0.72	0.74	0.73	0.72	0.71
100 Brazilian Real	BRL	26.64	31.90	30.21	24.99	29.70
1 Canadian Dollar	CAD	0.74	0.77	0.76	0.71	0.75
1 Chinese Renminbi	CNY	0.15	0.15	0.15	0.15	0.15
100 Algerian Dinar	DZD	0.90	0.99	0.88	0.92	0.94
1 Egyptian Pound	EGP	0.12	0.13	0.11	0.13	0.12
1,000 Indonesian Rupiah	IDR	0.07	0.07	0.07	0.07	0.07
100 Indian Rupee	INR	1.46	1.51	1.45	1.50	1.46
100 Moroccan Dirham	MAD	10.07	9.74	10.00	10.00	9.58
100 Mexican Peso	MXN	5.44	6.25	5.28	5.69	5.95
1 Malaysian Ringgit	MYR	0.24	0.26	0.24	0.23	0.25
100 Nigerian Naira	NGN	0.48	0.50	0.35	0.50	0.47
100 Philippine Peso	PHP	2.09	2.13	2.09	2.10	2.06

On June 20, 2016, Nigeria’s central bank decided to switch to a market driven currency system which led to a devaluation of the Nigerian Naira of 30 percent. This devaluation had no material impact on the Group financial statements.

5. Information by reportable segment

January–June	Asia Pacific 2016	Asia Pacific 2015	Europe 2016	Europe 2015
Capacity and sales				
Million t				
Annual cement production capacity[1]	153.6	161.7	77.8	77.8
Sales of cement	60.7	35.2	19.6	11.9
Sales of aggregates	15.9	11.3	59.0	39.7
Million m³				
Sales of ready-mix concrete	8.0	5.2	9.1	6.7
Statement of income and statement of financial position				
Million CHF				
Net sales to external customers	4,269	3,204	3,205	2,342
Net sales to other segments	72	31	260	172
TOTAL NET SALES	4,341	3,234	3,465	2,514
Operating profit (loss)	486	408	246	159
Operating profit margin in %	11.2	12.6	7.1	6.3
Operating EBITDA	760	600	547	355
Operating EBITDA margin in %	17.5	18.5	15.8	14.1
EBITDA	636	533	496	337
Net operating assets[1]	10,960	12,065	11,872	12,246
Total assets[1]	18,808	19,685	17,881	18,165
Total liabilities[1]	7,042	7,260	9,312	9,474

[1] Prior-year figures as of December 31, 2015.
[2] The amount of CHF 7,301 million (2015: CHF 6,354 million) consists of borrowings by Corporate from third parties amounting to CHF 21,004 million (2015: CHF 20,345 million) and elimination of cash transferred to regions of CHF 13,703 million (2015: CHF 13,991 million).

April–June	Asia Pacific 2016	Asia Pacific 2015	Europe 2016	Europe 2015
Sales				
Million t				
Sales of cement	30.6	18.6	11.9	7.1
Sales of aggregates	8.6	6.1	33.7	22.3
Million m³				
Sales of ready-mix concrete	4.2	2.7	5.0	3.9
Statement of income				
Million CHF				
Net sales to external customers	2,155	1,605	1,836	1,351
Net sales to other segments	38	33	132	66
TOTAL NET SALES	2,194	1,638	1,968	1,417
Operating profit (loss)	288	166	282	185
Operating profit margin in %	13.1	10.1	14.3	13.1
Operating EBITDA	420	265	442	276
Operating EBITDA margin in %	19.2	16.2	22.4	19.5
EBITDA	365	233	410	266

	Latin America		Middle East Africa		North America		Corporate/Eliminations		Total Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	41.9	39.5	62.5	62.6	32.3	32.3			368.1	374.0
	11.8	12.1	21.7	4.0	8.8	5.6	(3.2)	(1.2)	119.3	67.6
	3.3	2.4	6.0	0.7	46.0	17.8			130.2	72.0
	3.4	3.2	3.1	0.3	3.9	2.8			27.5	18.2
	1,366	1,438	2,098	288	2,404	1,374			13,342	8,646
			32	85			(363)	(287)		
	1,366	1,438	2,130	373	2,404	1,374	(363)	(287)	13,342	8,646
	308	345	413	84	145	44	(384)	(213)	1,214	827
	22.6	24.0	19.4	22.4	6.0	3.2			9.1	9.6
	410	434	574	109	390	181	(328)	(209)	2,353	1,471
	30.0	30.2	27.0	29.2	16.2	13.2			17.6	17.0
	357	371	532	98	335	151	110	481	2,466	1,972
	3,815	3,694	8,132	9,523	11,920	12,064	613	177	47,312	49,770
	5,076	5,096	11,962	12,512	15,703	15,364	2,225	2,475	71,656	73,298
	3,126	3,497	4,516	4,632	6,672	6,359	7,301[2]	6,354[2]	37,970	37,577

	Latin America		Middle East Africa		North America		Corporate/Eliminations		Total Group	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	5.8	6.2	10.9	2.1	5.3	3.5	(1.8)	(0.6)	62.8	36.9
	1.6	1.3	2.4	0.4	32.3	12.4			78.6	42.4
	1.7	1.6	1.7	0.2	2.4	1.7			14.9	10.2
	684	732	1,066	167	1,538	877			7,280	4,731
			15	38			(184)	(137)		
	684	732	1,081	205	1,538	877	(184)	(137)	7,280	4,731
	152	158	225	51	268	115	(229)	(95)	987	580
	22.2	21.6	20.8	25.0	17.4	13.1			13.6	12.3
	205	203	322	64	390	185	(200)	(93)	1,579	899
	29.9	27.7	29.8	31.1	25.4	21.1			21.7	19.0
	177	172	303	58	364	163	41	53	1,660	944

Reconciling measures of profit and loss to the consolidated statement of income of LafargeHolcim

Million CHF	Notes	January–June 2016	January–June 2015	April–June 2016	April–June 2015
OPERATING PROFIT		1,214	827	987	580
Depreciation, amortization and impairment of operating assets		1,138	644	591	319
OPERATING EBITDA		2,353	1,471	1,579	899
Other income	7	41	442	35	4
Other expenses (excluding depreciation, amortization and impairment of non-operating assets)	8	(14)	(19)	(10)	(16)
Share of profit of associates and joint ventures		69	64	48	45
Other financial income	9	18	14	8	12
EBITDA		2,466	1,972	1,660	944
Depreciation, amortization and impairment of operating assets		(1,138)	(644)	(591)	(319)
Depreciation, amortization and impairment of non-operating assets	8	(3)	(2)	(3)	(1)
Interest earned on cash and cash equivalents	9	71	46	35	24
Financial expenses	10	(513)	(331)	(243)	(160)
NET INCOME BEFORE TAXES		882	1,041	857	487

6. Information by product line

Million CHF	Cement[1]		Aggregates	
January–June	2016	2015	2016	2015
Statement of income and statement of financial position				
Net sales to external customers	8,557	5,315	1,281	699
Net sales to other segments	593	373	552	405
TOTAL NET SALES	9,150	5,688	1,833	1,103
– of which Asia Pacific	3,481	2,520	249	218
– of which Europe	1,529	947	898	639
– of which Latin America	1,162	1,240	23	20
– of which Middle East Africa	1,888	349	57	9
– of which North America	1,222	685	606	216
– of which Corporate/Eliminations	(133)	(53)		
OPERATING EBITDA	2,031	1,257	223	152
– of which Asia Pacific	705	527	39	47
– of which Europe	328	191	146	105
– of which Latin America	388	415	0	1
– of which Middle East Africa	548	112	6	0
– of which North America	302	163	83	28
– of which Corporate/Eliminations	(240)	(152)	(52)	(29)
Operating EBITDA margin in %	22.2	22.1	12.1	13.8
Net operating assets[2]	37,316	39,635	6,008	6,391

[1] Cement, clinker and other cementitious materials.
[2] Prior-year figures as of December 31, 2015.

Other construction materials and services		Corporate/Eliminations		Total Group	
2016	2015	2016	2015	2016	2015
3,505	2,632			13,342	8,646
278	268	(1,423)	(1,045)		
3,783	2,900	(1,423)	(1,045)	13,342	8,646
801	643	(190)	(147)	4,341	3,234
1,548	1,301	(511)	(372)	3,465	2,514
283	284	(101)	(107)	1,366	1,438
287	28	(103)	(14)	2,130	373
835	618	(260)	(146)	2,404	1,374
29	26	(259)	(260)	(363)	(287)
99	62			2,353	1,471
15	26			760	600
72	60			547	355
22	18			410	434
20	(3)			574	109
5	(10)			390	181
(36)	(28)			(328)	(209)
2.6	2.2			17.6	17.0
3,989	3,743			47,312	49,770

Million CHF	Cement[1]		Aggregates	
April–June	2016	2015	2016	2015
Statement of income				
Net sales to external customers	4,531	2,844	766	403
Net sales to other segments	336	206	316	224
TOTAL NET SALES	4,867	3,051	1,083	627
– of which Asia Pacific	1,739	1,271	135	113
– of which Europe	910	559	502	351
– of which Latin America	580	630	11	11
– of which Middle East Africa	951	190	31	6
– of which North America	757	432	403	147
– of which Corporate/Eliminations	(71)	(31)		
OPERATING EBITDA	1,214	714	203	125
– of which Asia Pacific	381	231	26	23
– of which Europe	271	156	104	73
– of which Latin America	195	195	0	0
– of which Middle East Africa	305	64	4	1
– of which North America	251	131	107	41
– of which Corporate/Eliminations	(189)	(64)	(39)	(14)
Operating EBITDA margin in %	24.9	23.4	18.7	20.0

[1] Cement, clinker and other cementitious materials.

Other construction materials and services		Corporate/Eliminations		Total Group	
2016	2015	2016	2015	2016	2015
1,983	1,484			7,280	4,731
137	124	(789)	(554)		
2,120	1,608	(789)	(554)	7,280	4,731
420	332	(101)	(78)	2,194	1,638
841	709	(286)	(201)	1,968	1,417
145	145	(51)	(54)	684	732
151	16	(53)	(8)	1,081	205
547	393	(170)	(94)	1,538	877
15	13	(128)	(120)	(184)	(137)
162	61			1,579	899
12	10			420	265
66	47			442	276
10	8			205	203
13	(1)			322	64
32	12			390	185
28	(14)			(200)	(93)
7.6	3.8			21.7	19.0

7. Other income

Million CHF	January–June 2016	January–June 2015	April–June 2016	April–June 2015
Dividends earned	4	1	4	1
Net gain on disposal before taxes	12	441	6	3
Other	25	0	25	0
TOTAL OTHER INCOME	41	442	35	4

In 2016, the position “Net gain on disposal before taxes” mainly includes a gain on the disposal of Lafarge Halla Cement Corporation in South Korea of CHF 10 million.

In 2015, the position “Net gain on disposal before taxes” mainly included:

- a gain before taxes on the disposal of LafargeHolcim’s entire remaining stake in Siam City Cement Public Company Limited of CHF 371 million and
- a gain before taxes on the disposal of Holcim (Česko) a.s. in Czech Republic and LafargeHolcim’s Gador cement plant and Yeles grinding station in Spain to Cemex of CHF 61 million.

Additional information is disclosed in note 2.

8. Other expenses

Million CHF	January–June 2016	January–June 2015	April–June 2016	April–June 2015
Depreciation, amortization and impairment of non-operating assets	(3)	(2)	(3)	(1)
Other	(14)	(19)	(10)	(16)
TOTAL OTHER EXPENSES	(17)	(21)	(13)	(17)

9. Financial income

Million CHF	January–June 2016	January–June 2015	April–June 2016	April–June 2015
Interest earned on cash and cash equivalents	71	46	35	24
Other financial income	18	14	8	12
TOTAL	89	60	44	36

The position “Other financial income” relates primarily to interest income from loans and receivables.

10. Financial expenses

Million CHF	January–June 2016	January–June 2015	April–June 2016	April–June 2015
Interest expenses	(448)	(260)	(239)	(134)
Fair value changes on financial instruments	(5)	(1)	(4)	(1)
Unwinding of discount on provisions	(15)	(9)	(8)	(5)
Net interest expense on retirement benefit plans	(25)	(12)	(12)	(8)
Other financial expenses	(43)	(27)	(16)	(14)
Foreign exchange gain (loss) net	6	(59)	26	(16)
Financial expenses capitalized	16	37	8	18
TOTAL	(513)	(331)	(243)	(160)

The positions “Interest expenses” and “Other financial expenses” relate primarily to financial liabilities measured at amortized cost, including amortization on bonds and private placements.

The position “Financial expenses capitalized” comprises interest expenditures on large-scale projects during the reporting period.

11. Assets and related liabilities classified as held for sale

On July 11, 2016, the Group announced it had entered into a letter of agreement with Nirma Limited subject to the approval by the Competition Commission of India (CCI) for the divestment of its interest in Lafarge India Pvt. Limited for an enterprise value of USD 1.4 billion. Lafarge India Pvt. Limited owns three cement plants (11 million tonnes), 72 Ready-Mix plants and two aggregate plants. Lafarge India Pvt. Limited was classified as held for sale on March 31, 2016 further to the supplementary order received from the CCI which require the Group to comply with the sale of its interest in Lafarge India Pvt. Limited. Lafarge India Pvt. Limited is disclosed in the reportable segment Asia Pacific.

The Group signed an agreement for the divestment of its 25 percent interest in the joint venture Al Safwa Cement Company in Saudi Arabia to El-Khayyat Group for total proceeds of CHF 125 million. This transaction is expected to close in the course of the third quarter 2016 and is subject to customary closing conditions. Accordingly, the investment in the joint venture Al Safwa Cement Company as well as the related long-term loans were classified as held for sale on March 31, 2016. The joint venture Al Safwa Cement Company is not allocated to a reportable segment.

On March 17, 2016, the Group signed an agreement with SNI, its historical partner in Morocco, to enlarge its joint venture by merging Lafarge Ciments and Holcim (Maroc) S.A. The transaction which would result in loss of control of Holcim (Maroc) S.A. was effected on July 4, 2016 as a result of the shareholders of Lafarge Ciments and Holcim (Maroc) S.A. agreeing to merge the two companies on that date by an exchange of shares, the new merged company being renamed as LafargeHolcim Maroc. The approval of the Moroccan regulatory authority was already given on June 24, 2016. Accordingly, Holcim (Maroc) S.A. was classified as held for sale on June 30, 2016. The reportable segment for Holcim (Maroc) S.A. is Middle East Africa.

In conjunction with the transaction above, the Group further agreed to reinforce its partnership with SNI by creating a joint venture for Francophone Sub-Saharan Africa, to be named LafargeHolcim Maroc Afrique. Four African companies are to be sold to the joint venture and are subject to relevant regulatory authorities' approval, customary closing conditions and the approval of the shareholders of each company. As Société de Ciments et Matériaux (SOCIMAT) in Ivory Coast is a wholly-owned subsidiary of LafargeHolcim, it was classified as held for sale on June 30, 2016 and will be sold to the joint venture for EUR 70 million during the second half of 2016. The reportable segment for Société de Ciments et Matériaux (SOCIMAT) is Middle East Africa.

As the sale of the remaining three African companies is still, among other criteria, subject to minority approval, the outcome of which is uncertain, these companies have accordingly not been classified as held for sale on June 30, 2016.

On July 25, 2016, the Group signed an agreement with Siam City Cement Public Company Limited for the divestment of its entire interest in Holcim (Lanka) Ltd for an enterprise value of USD 400 million. The transaction is expected to close during the course of the third quarter 2016 and is subject to customary closing conditions. Accordingly, Holcim (Lanka) Ltd and its subsidiaries were classified as held for sale on June 30, 2016. Holcim (Lanka) Ltd and its subsidiaries are disclosed in the reportable segment Asia Pacific.

The assets and related liabilities classified as held for sale are disclosed by major classes of assets and liabilities in the table below.

Million CHF	30.6.2016	31.12.2015	30.06.2015
Cash and cash equivalents	86	0	31
Inventories	183	0	224
Other current assets	192	0	508
Property, plant and equipment	1,881	772	1,630
Goodwill and intangible assets	239	0	821
Other long term assets	181	0	45
ASSETS CLASSIFIED AS HELD FOR SALE	2,762	772	3,259
Current liabilities	521	0	554
Deferred tax liabilities	427	0	156
Other long-term liabilities	84	0	171
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	1,032	0	882
NET ASSETS CLASSIFIED AS HELD FOR SALE	1,730	772	2,377

In 2015, the net assets classified as held for sale mainly related to operations in Europe, Canada, Brazil and the Philippines that were disposed of to CRH in the third quarter 2015 in connection with the merger with Lafarge.

12. Financial assets and liabilities recognized and measured at fair value

The following tables present the Group's financial instruments that are recognized and measured at fair value as of June 30, 2016 and as of December 31, 2015.

No changes in the valuation techniques of the items below have occurred since the last annual financial statements.

Million CHF 30.6.2016	Fair value level 1	Fair value level 2	Total
Financial assets			
Available-for-sale financial assets			
– Financial investments third parties	2	70	72
– Others	0	0	0
Derivatives held for hedging		34	34
Derivatives held for trading		17	17
Financial liabilities			
Derivatives held for hedging		49	49
Derivatives held for trading		67	67

Million CHF 31.12.2015	Fair value level 1	Fair value level 2	Total
Financial assets			
Available-for-sale financial assets			
– Financial investments third parties	3	114	117
– Others	1	0	1
Derivatives held for hedging		52	52
Derivatives held for trading		80	80
Financial liabilities			
Derivatives held for hedging		83	83
Derivatives held for trading		26	26

The decrease in the financial investments third parties at fair value level 2 is mainly related to the disposal of LafargeHolcim's non-core financial investment of 23.33 percent in Turkish building materials group Baticim to Sanko Holding for CHF 31 million on April 22, 2016.

13. Long-term financial liabilities

During the first half-year 2016, the Group completed several operations impacting its long-term financial liabilities. The main transactions are described below.

On March 23, 2016, Lafarge S.A. redeemed CHF 364 million relating to a EUR 332 million bond with a coupon of 4.25 percent which was issued on November 23, 2005.

On May 11, 2016, Holcim Finance (Luxembourg) S.A. issued Schuldschein loans for a total amount of CHF 911 million (EUR 831.5 million), guaranteed by LafargeHolcim Ltd and with the following characteristics:

in EUR million		5 years	7 years	10 years
Fixed-rate tranche	**Amount**	**413**	**152**	**32.5**
Fixed-rate tranche	**Interest rate**	**1.04%**	**1.46%**	**2.00%**
Floating-rate tranche	**Amount**	**209**	**25**	**–**
Floating-rate tranche	**Interest rate**	**6m-euribor +1.0%**	**6m-euribor +1.2%**	**–**

On May 11, 2016, LafargeHolcim International Finance Ltd issued Schuldschein loans for a total amount of CHF 193 million (USD 201 million), guaranteed by LafargeHolcim Ltd and with the following characteristics:

in USD million		5 years	7 years
Fixed-rate tranche	**Amount**	**40**	**15**
Fixed-rate tranche	**Interest rate**	**2.80%**	**3.20%**
Floating-rate tranche	**Amount**	**121**	**25**
Floating-rate tranche	**Interest rate**	**3m-libor +1.6%**	**3m-libor +1.8%**

On May 31, 2016, LafargeHolcim completed a liability management transaction resulting in:

- the issuance by Holcim Finance (Luxembourg) S.A. of bonds for a total amount of CHF 2,536 million, consisting of a EUR 1,150 million bond with a coupon of 1.375 percent and a tenor of 7 years, and a EUR 850 million bond with a coupon of 2.25 percent and a tenor of 12 years which was tapped by EUR 300 million on June 22, 2016. Both bonds are guaranteed by LafargeHolcim Ltd.
- the repurchase of several outstanding bonds of Lafarge S.A. for an aggregated nominal amount of CHF 1,210 million and a settlement amount of CHF 1,412 million, the difference being mainly explained by the bond measurement at fair value. The repurchased amount of each bond is shown in the table below:

Bonds with original coupon Million CHF	Repurchased nominal amount as at 31.05.2016	Remaining nominal amount as at 30.06.2016
5.38% EUR 324 million bonds due in 2017	**39**	**315**
5.00% EUR 328 million bonds due in 2018	**89**	**269**
5.38% EUR 532 million bonds due in 2018	**113**	**468**
5.88% EUR 256 million bonds due in 2019	**64**	**216**
5.50% EUR 560 million bonds due in 2019	**224**	**389**
4.75% EUR 500 million bonds due in 2020	**142**	**404**
4.75% EUR 750 million bonds due in 2020	**492**	**332**
10.00% GBP 96 million bonds due in 2017	**23**	**105**
6.63% GBP 73 million bonds due in 2017	**24**	**74**
TOTAL	**1,210**	**2,573**

On May 31, 2016, Aggregate Industries Holdings Limited redeemed CHF 229 million relating to a GBP 163 million bond with a coupon of 7.25 percent which was issued on May 31, 2001.

On June 7, 2016, LafargeHolcim Ltd redeemed a CHF 475 million bond with a coupon of 2.38 percent which was issued on June 7, 2010.

On June 9, 2016, Lafarge Africa PLC issued a dual-tranche NGN bond for a total amount of CHF 299 million, consisting of a NGN 26.4 billion bond with a coupon of 14.25 percent and a tenor of 3 years, and a NGN 33.6 billion bond with a coupon of 14.75 percent and a tenor of 5 years.

14. Contingencies, guarantees and commitments

At June 30, 2016, the Group's contingencies amounted to CHF 784 million (December 31, 2015: CHF 545 million). The increase is related to contingencies in connection with tax related matters. There are no new material developments relating to the legal matters disclosed in the annual financial statements.

At June 30, 2016, the guarantees issued in the ordinary course of business amounted to CHF 709 million (December 31, 2015: CHF 814 million). The decrease is related to the settling of various guarantees related to administration and tax proceedings.

At June 30, 2016, the Group's commitments amounted to CHF 1,977 million (December 31, 2015: CHF 2,230 million). The decrease is mainly related to various purchase commitments which were realized during the first half-year 2016.

15. Payout

In conformity with the decision at the annual general meeting on May 12, 2016, a payout related to 2015 of CHF 1.50 per registered share was paid out of capital contribution reserves. This resulted in a total payment of CHF 909 million.

16. Events after the reporting period

On July 15, 2016, Lafarge S.A. redeemed a USD 800 million bond with a coupon of 6.50 percent which was issued on July 18, 2006.

On August 1, 2016, LafargeHolcim signed a framework agreement with Tianjin Circle Enterprise Management Center (Limited Partnership) for the sale of a controlling stake of 55.93 percent in Sichuan Shuangma Cement Co. Ltd in China, listed on the Shenzhen Stock Exchange (SZSE), for a purchase price of RMB 8.08 per share, or at aggregate total consideration of CHF 507 million. The transaction, expected to occur in the fourth quarter of 2016, is subject to customary regulatory approvals, approval of the Shareholders Meeting of Shuangma and the completion of the Mandatory General Offer for the shares of the minorities of Shuangma. LafargeHolcim has an option to sell the remaining stake of 17.54 percent in the second quarter 2018 for the same purchase price, or at aggregate total consideration of CHF 159 million. At the same time, the parties agreed to enter into an option agreement which would result in LafargeHolcim retaining control over Shuangma's Cement assets.

On August 3, 2016, LafargeHolcim announced that it signed a framework agreement with its associate Huaxin Cement Co. Ltd. for the sale of most of the non-listed cement assets in China of Lafarge China Cement Limited. The assets that form part of the sale include 13 cement plants and 4 grinding stations with an annual cement capacity of 18 million tonnes as well as 2 ready-mix concrete plants. The estimated equity value amounts to CHF 208 million and is still subject to appraisal. Beside customary conditions and regulatory approvals, the agreement is subject to approvals of the Shareholders Meeting of Shuangma and the Shareholders Meeting of Huaxin Cement Co. Ltd. on the proposed related party transaction.

On August 4, 2016, LafargeHolcim announced it signed an agreement with Siam City Cement Public Company Limited for the divestment of its entire 65 percent shareholding in LafargeHolcim Vietnam for an enterprise value of CHF 867 million (on a 100 percent basis). LafargeHolcim Vietnam operates one integrated plant and four grinding plants with an annual cement grinding capacity of 6.3 million tonnes. The company is also a leading ready-mix concrete producer operating seven plants in Southern Vietnam. Closing of the transaction in Vietnam is subject to customary regulatory and shareholder approvals, as well as to a right of first refusal of LafargeHolcim's joint venture partner, and is expected to occur in the fourth quarter of 2016.

17. Authorization of the interim financial statements for issue

The interim financial statements were authorized for issuance by the Board of Directors of LafargeHolcim Ltd on August 4, 2016.

To the Board of Directors of LafargeHolcim Ltd, Rapperswil-Jona

Zurich, August 4, 2016

Report on the review of interim consolidated financial statements

Introduction

We have reviewed the accompanying interim consolidated financial statements (consolidated statement of income, consolidated statement of comprehensive earnings, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and notes) of LafargeHolcim Ltd on pages 17 to 38 for the period from January 1, 2016 to June 30, 2016. The Board of Directors is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Ernst & Young Ltd

Eric Ohlund
Licensed Audit Expert
Auditor in charge

Elisa Alfieri
Licensed Audit Expert

Key figures LafargeHolcim Group

January–June		2016	2015	±%
Annual cement production capacity	million t	368.1	374.0[1]	–1.6
Sales of cement	million t	119.3	67.6	+76.6
Sales of mineral components	million t	4.5	1.8	+146.3
Sales of aggregates	million t	130.2	72.0	+81.0
Sales of ready-mix concrete	million m^3	27.5	18.2	+51.4
Sales of asphalt	million t	4.7	4.6	+1.6
Net sales	million CHF	13,342	8,646	+54.3
Operating EBITDA	million CHF	2,353	1,471	+59.9
Operating EBITDA margin	%	17.6	17.0	
Operating profit	million CHF	1,214	827	+46.9
Operating profit margin	%	9.1	9.6	
EBITDA	million CHF	2,466	1,972	+25.1
Net income	million CHF	452	690	–34.4
Net income margin	%	3.4	8.0	
Net income – shareholders of LafargeHolcim Ltd	million CHF	293	573	–48.8
Cash flow from operating activities	million CHF	261	220	+18.6
Cash flow margin	%	2.0	2.5	
Net financial debt[2]	million CHF	18,141	17,266[1]	+5.1
Total shareholders’ equity	million CHF	33,686	35,722[1]	–5.7
Earnings per share	CHF	0.48	1.61	–70.2
Fully diluted earnings per share	CHF	0.48	1.61	–70.2

Principal key figures in USD (illustrative)

Net sales	million USD	13,593	9,131	+48.9
Operating EBITDA	million USD	2,397	1,553	+54.3
Operating profit	million USD	1,237	873	+41.7
Net income – shareholders of LafargeHolcim Ltd	million USD	299	605	–50.6
Cash flow from operating activities	million USD	266	232	+14.4
Net financial debt[2]	million USD	18,502	17,447[1]	+6.0
Total shareholders’ equity	million USD	34,356	36,097[1]	–4.8
Earnings per share	USD	0.49	1.70	–71.2

Principal key figures in EUR (illustrative)

Net sales	million EUR	12,173	8,182	+48.8
Operating EBITDA	million EUR	2,146	1,392	+54.2
Operating profit	million EUR	1,108	782	+41.6
Net income – shareholders of LafargeHolcim Ltd	million EUR	268	542	–50.6
Cash flow from operating activities	million EUR	238	208	+14.4
Net financial debt[2]	million EUR	16,658	15,976[1]	+4.3
Total shareholders’ equity	million EUR	30,932	33,053[1]	–6.4
Earnings per share	EUR	0.44	1.52	–71.1

[1] As of December 31, 2015.
[2] The net financial debt as at June 30, 2016 includes derivative assets of CHF 51 million (2015: CHF 132 million).

LafargeHolcim securities

The LafargeHolcim shares (security code number 12214059) are traded on the Main Standard of the SIX Swiss Exchange in Zurich and on Euronext in Paris. Telekurs lists the registered share under LHN and the corresponding code under Bloomberg is LHN:VX. The market capitalization of LafargeHolcim Ltd amounted to CHF 24.6 billion as at June 30, 2016.

Cautionary statement regarding forward-looking statements

This document may contain certain forward-looking statements relating to the Group's future business, development and economic performance. Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this document.

LafargeHolcim assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.

Financial reporting calendar

	Date
Results for the third quarter 2016	**November 4, 2016**

Definition of Non-GAAP Measures used in this release

Pro Forma Information	The Pro Forma Financial Information for the period ended June 30, 2015 reflects the merger of Holcim and Lafarge as if the merger had occurred on January 1, 2015. The Pro Forma Financial Information is derived from: – the unaudited financial information of Holcim for the period ended June 30, 2015; – Lafarge interim financial information for the six month period ended June 30, 2015 translated into Swiss Francs; and The Pro Forma Financial Information also reflects the following effects: – the impacts of the fair value adjustments for the six month period ended June 30, 2015. They mainly relate to long-term financial debt and depreciation and amortization of property, plant and equipment; – the change of scope resulting from the merger (mainly the full consolidation of operations in China and Nigeria); and – the divestments carried out as part of a rebalancing of the Group global portfolio and completed in the second semester of 2015 mainly to CRH for operations in Europe, North America, Brazil and the Philippines.
Like-for-like	Like-for-like, i.e. factoring out changes in the scope of consolidation occurring in 2016 (such as South Korea divestment occurring end of April 2016) and currency translation effects (2016 figures are converted with 2015 exchange rates in order to calculate the currency effects). The changes in scope in connection with the merger with Lafarge were already taken into account in the Pro Forma Information.
Operating EBITDA	Operating profit minus depreciation, amortization and impairment of operating assets
Operating EBITDA adjusted	Operating EBITDA excluding merger, restructuring and other one-offs
Operating EBITDA margin adjusted	Operating EBITDA margin excluding merger, restructuring and other one-offs
Merger, restructuring and other one-offs	Costs directly related to the merger such as legal, banking fees and advisory costs related to the merger, employee costs related to redundancy plans directly related to the merger. Restructuring costs and other non recurring costs such as employee costs related to other redundancy plans.
Free cash flow	+/– Cash flow from operating activities +/– Cash flow from investing activities +/– Movements of treasury shares +/– De(in)crease in participation in existing Group companies
Operating free cash flow	+/– Cash flow from operating activities – Net maintenance and expansion Capex
Net Maintenance and expansion Capex	Expenditure to increase existing or create additional capacity to produce, distribute or provide services for existing products (expansion) or to diversify into new products or markets (diversification) + Expenditure to sustain the functional capacity of a particular component, assembly, equipment, production line or the whole plant, which may or may not generate a change of the resulting cash flow – Proceeds from sale of PPE (Property, Plant and Equipment)
Capex	Purchase of property, plant and equipment + Acquisition of participation in Group companies + Purchase of financial assets, intangible and other assets + Increase in participation in existing Group companies – Capitalized merger and implementation costs
Capitalized merger and implementation costs	Capitalized costs directly related to the merger
Net debt	Financial liabilities (long term and short term) including derivative liabilities – Cash and cash equivalents – Derivative assets

This set of definitions can be found on our website: please follow the link www.lafargeholcim.com/non-gaap-measures

LafargeHolcim Ltd
Zürcherstrasse 156
CH-8645 Jona/Switzerland
Phone +41 58 858 86 00
communications@lafargeholcim.com
www.lafargeholcim.com