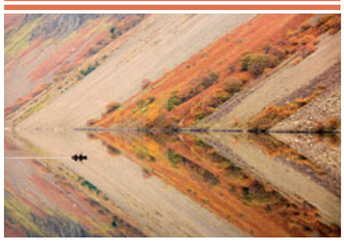
First Half 2011 Financial Report
as of June 30, 2011



www.airliquide.com

Air Liquide is the world leader in gases for industry, health and the environment, and is present in **80 countries** with **43,600 employees.** Oxygen, nitrogen, hydrogen and rare gases have been at the core of Air Liquide's activities since its creation in 1902. Using these molecules, Air Liquide continuously reinvents its business, anticipating the needs of current and future markets. The Group innovates to enable progress, to achieve dynamic growth and a consistent performance.

Innovative technologies that curb polluting emissions, lower industry's energy use, recover and reuse natural resources or develop the energies of tomorrow, such as hydrogen, biofuels or photovoltaic energy… Oxygen for hospitals, homecare, fighting nosocomial infections… Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society.

A partner for the long term, Air Liquide relies on employee commitment, customer trust and shareholder support to pursue its vision of sustainable, competitive growth. The **diversity** of Air Liquide's teams, businesses, markets and geographic presence provides a solid and sustainable base for its development and strengthens its ability to push back its own limits, conquer new territories and build its future.

Air Liquide explores the best that air can offer to preserve life, staying true to its sustainable development approach. In 2010, the Group's revenues amounted to **13.5 billion euros**, of which more than 80% were generated outside France. Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.

Activity report – 1st half 2011

2011 1st half performance

High Gas & Services activity level and solid operating performance
Further investments, entry into new countries

1. Key figures

In millions of euros	H1 2010	H1 2011	H1 2011/2010 change as published	H1 2011/2010 change comparable (1)
Revenue	**6,516**	**7,115**	**+9.2%**	**+8.3%**
Of which Gas and Services	5,695	**6,356**	*+11.6%*	+10.5%
Operating Income Recurring (OIR) before depreciation and amortization	1,633	**1,763**	*+8.0%*	
OIR margin before depreciation and amortization	*25.1%*	***24.8%***		
Operating Income Recurring	1,084	**1,191**	*+9.9%*	
OIR margin	*16.6%*	***16.7%***		
Net profit (Group share)	676	**750**	*+11.1%*	
Earnings per share *(in euros)*	**2.40**	**2.65**	***+10.4%***	
Cash flow from operating activities before changes in working capital	1,266	**1,341**	*+6.0%*	
Net investments (2)	812	**789**	*-2.9%*	
	06/30/2010	**06/30/2011**		
Net indebtedness	5,691	**5,580**	*-2.0%*	

(1) Comparable: excluding currency and natural gas impacts.
(2) Including transactions with minority interests.

1st half 2011 was marked by strong activity in Gas and Services and a solid operating performance, achieved in an unsettled economic environment due to exceptional events principally in Japan and North Africa.

Group revenue totaled 7,115 million euros, up +9.2%. Gas & Services continued to grow, with a comparable increase of +10.5%, excluding natural gas price increase and currency impacts. This level of activity was attributable to the substantial investment momentum in recent years in developing economies and a more moderate yet steady growth in advanced economies. Developing economies now represent 21% of Gas and Services revenue.

Operating profitability improved on the high level attained last year due to ongoing efficiency programs and cost discipline. Excluding the impact of natural gas price indexation on sales, the operating margin increased by +30 basis points. New efficiencies reached 132 million euros for the period, slightly ahead relative to the annual objective. Combined with the progressive effect of the pricing campaigns in Industrial Merchant, they help to compensate the pick-up in cost inflation particularly in energy and transport costs. The regularity of the efficiency programs is a key component of the Group's objectives for 2015.

Cash flow from operating activities continued to rise, thus financing the increase in working capital requirements, relating in particular to the growth in activity, and investments. Net indebtedness fell slightly compared to June 30, 2010 and is not subject to refinancing in the coming months.

The investment cycle remained active, with a portfolio of opportunities steady at 3.7 billion euros at the end of June and investment decisions amounting to almost 1 billion euros in 1st half 2011, up +20% compared to 1st half 2010.

2. 2011 1st half income statement

2.1 REVENUE

			H1 2011/2010 change	
In millions of euros	**H1 2010**	**H1 2011**	**as published**	**comparable***
Gas and Services	5,695	**6,356**	*+11.6%*	*+10.5%*
Engineering & Construction	388	**290**	*-25.4%*	-25.4%
Other Activities	433	**469**	*+8.5%*	+8.9%
TOTAL REVENUE	**6,516**	**7,115**	**+9.2%**	**+8.3%**

* *Comparable: excluding currency and natural gas impacts.*

2.1.1 Group

Group revenue for 1st half 2011 totaled **7,115 million euros,** up **+9.2%.** On a comparable basis, excluding a currency impact on the period and the positive impact of rising natural gas prices of 60 million euros, revenue increased by **+8.3%.**

2.1.2 Gas and Services

			H1 2011/2010 change	
In millions of euros	**H1 2010**	**H1 2011**	**as published**	**comparable***
Europe	3,002	**3,297**	*+9.9%*	*+7.1%*
Americas	1,347	**1,409**	*+4.6%*	*+10.1%*
Asia-Pacific	1,213	**1,505**	*+24.1%*	*+19.3%*
Middle East and Africa	133	**145**	*+8.6%*	*+11.2%*
GAS AND SERVICES	**5,695**	**6,356**	**+11.6%**	**+10.5%**

* *Comparable: excluding currency and natural gas impacts.*

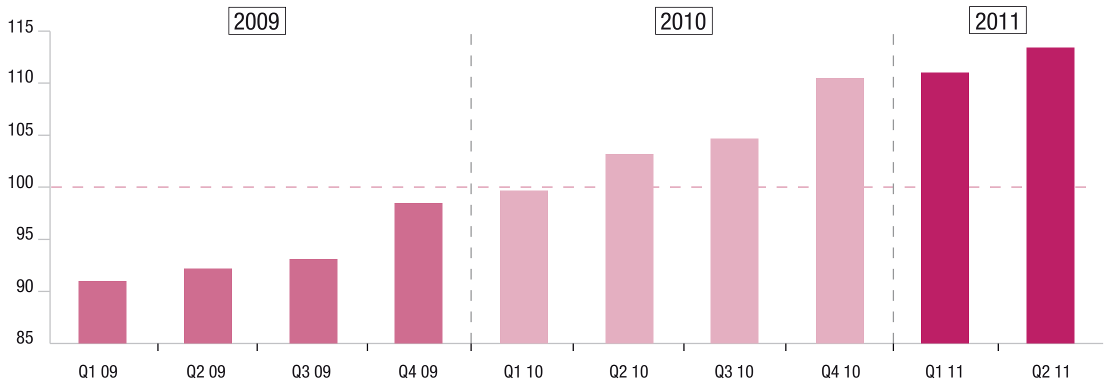
In millions of euros	H1 2010	H1 2011	H1 2011/2010 change as published	H1 2011/2010 change comparable*
Industrial Merchant	2,314	**2,398**	*+3.7%*	*+3.1%*
Large Industries	1,886	**2,255**	*+19.6%*	*+17.4%*
Healthcare	951	**1,025**	*+7.8%*	*+7.8%*
Electronics	545	**678**	*+24.6%*	*+22.9%*
GAS AND SERVICES	**5,695**	**6,356**	**+11.6%**	**+10.5%**

* *Comparable: excluding currency and natural gas impacts.*

The changes discussed below are all reported on a comparable basis, excluding the impact of currency and natural gas.

1st half 2011 Gas and Services revenue increased by +10.5% compared to 1st half 2010. This performance was attributable to growth in all regions around the world and all business lines. In advanced economies, growth was steady at +7%. Growth remained high in developing economies, reaching +28% due to sustained demand and the ramp-up of new units. The slight differential in the growth rate between the 1st and 2nd quarters, from +11.4% to +9.7%, is due to a higher comparable base and to the natural disasters in Japan and political instability in North Africa; although the impact remained limited, it was more visible in the second quarter 2011. Start-ups, ramp-ups, site takeovers and acquisitions contributed for +6% to growth.

GAS AND SERVICES QUARTERLY ACTIVITY INDICATOR*, BASE 100 AVERAGE 2008



** Comparable revenue, adjusted for the number of days per month.*

Despite a less favorable comparison base, the growth trends observed at the 2010 year-end have continued. The +17.4% growth in **Large Industries** is visible in all regions, backed by the numerous start-ups in recent quarters and the site takeovers in 2nd half 2010, and despite maintenance stoppages in the last quarter. **Industrial Merchant** grew by +3.1%, driven by the momentum of developing economies and substantial growth in Canada and the United States. The recovery remained contrasted in Europe, with in particular, stable or slight growth in sales in the majority of the countries in Western Europe. In Japan, despite a progressive return to normal following the disasters in March, sales were slightly down in the 2nd quarter, year-on-year. **Healthcare** returned to its regular growth trends, at +7.8% for the period. The strong +22.9% growth in **Electronics** reflects dynamic specialty gas sales, new carrier gas contract signatures, particularly in China, and a very high level in Equipment and Installation sales.

EUROPE

In 1st half 2011, revenue totaled **3,297 million euros, up +7.1%** due to the sound performance of Large Industries, Electronics, and Healthcare. Industrial Merchant was stable during the period, excluding internal reclassifications, with a turnaround that remained weak in advanced economies, while activity in Eastern Europe remained vigorous.

Industrial Merchant activity decreased marginally by **-1.1%**. Excluding internal reclassifications, the trend was slightly positive. Activity in developing economies increased by nearly +24% due to the impact of new capacities and acquisitions. The turnaround continued in France and Italy, with a slower recovery in Cylinders. Activity in Spain was down and Germany remained extremely contrasted between international customers whose activity is export-oriented and those with a local business. Pricing campaigns to offset cost inflation, particularly in energy and transport, were strengthened. Pricing stabilized over the period and should gradually rise during the second half of the year and into the beginning of 2012 as the campaigns progressively take effect.

The **+13.1%** growth in **Large Industries** was driven by the takeover of a syngas site in the Ruhr valley network in Germany, and start-ups in Italy and France at the end of 2010. Growth in hydrogen and oxygen volumes in major networks also contributed to this performance.

Healthcare increased by **+6.8%** in 1st half 2011, due to sustained growth in Homecare, bolstered by acquisitions in Germany and France. Hospital demand for medical gases remained high throughout the region, despite ongoing regulatory pressure on reimbursement rates, particularly in Spain and France. Hygiene activity resumed steady growth after the sales peak in 2009 due to the H1N1 flu epidemic.

Electronics sales increased significantly, by **+32.3%,** due to substantial Equipment and Installation sales for a new fab in Italy and the constant demand for specialty gases.

AMERICAS

1st half 2011 revenue in the Americas totaled **1,409 million euros, up +10.1%.** All business lines contributed to this performance, reflecting solid demand in North America, with an increase of almost +9%, and continued momentum in South America at +16%.

Growth in **Industrial Merchant** continued, totaling **+6.9%,** driven by steady recovery in demand in North America and price increases intended to cover rising transport costs. Activity remained well oriented in South America, above all in Argentina, due to growing demand and price increases to compensate high inflation.

Large Industries revenue rose by **+8.8%** as a result of a site takeover in the United States, further ramp-up of new units in South America. The significant recovery in U.S. chemicals activity and strong refinery demand for hydrogen also contributed to growth, despite more maintenance stoppages in the 2nd quarter.

Healthcare activity grew by **+8.5%** in the 1st half of 2011, driven by a sustained growth in medical gases in the United States and strong hospital and homecare demand in Latin America.

Electronics reported a **+42.6%** increase in sales, reflecting significant Equipment and Installation sales for a new semi-conductor manufacturing plant in the US. Start-up of some new contracts and solid demand for specialty gases strengthened performance.

ASIA-PACIFIC

In 1st half 2011, Asia-Pacific revenue totaled **1,505 million euros, up +19.3%.** This strong growth, mainly due to the ramp-up of new facilities in China and Singapore and a site takeover in South Korea, was visible in all business segments. The slight change in growth between the 1st and 2nd quarters from +23.6% to +15.5% is mainly linked to the consequences of the Japanese earthquake which were more significant in the second quarter.

Industrial Merchant activity rose by **+6.3%** in the 1st half. In the 1st quarter, growth had been at +10.5% due to sustained demand across the region and new liquid facilities, particularly in China. In the second quarter, growth was +2.8%, due to a -6% decline in activity in Japan. Compensating activity relating to the country's reconstruction is expected in the second half of 2011 and first half 2012. Excluding Japan, activity remains strong in the 2nd quarter 2011.

Large Industries growth for the period remained at a high level, at **+44.3%,** reflecting the impact of 13 start-ups in 2010 across the region, including one major hydrogen plant in Singapore at the end of 2010, as well as the takeover of a syngas site in South Korea at the end of the 2nd quarter of 2010.

Electronics performed well during the 1st half, with activity up **+14.8%**, despite major disturbances relating to the disasters in Japan and an already high comparable base. This performance was attributable to the initiation of several new carrier and specialty gas contracts, and major Equipment and Installation sales, particularly in China and Japan. The demand for semi-conductors, flat screens and photovoltaic cells remained solid over the period, despite tight inventory management by customers.

MIDDLE EAST AND AFRICA

Middle East and Africa revenue totaled **145 million euros,** up **+11.2%.** Activity in the Middle East increased due to high demand and the start-up of a new air separation unit. However, geopolitical events in Egypt, Tunisia and the Ivory Coast had a more significant impact on activity in the 2nd quarter.

2.1.3 Engineering and Construction

Third-party Engineering & Construction **sales** totaled **290 million euros,** down **-25.4%** as published, resulting from the low order intake in 2009. The load rate remained high and a recovery in sales should be confirmed in the 2nd half 2011. **Order intake increased significantly in the 2nd quarter to reach 513 million euros** by the end of June.

Orders in hand as of June 30, 2011 amounted to 4.1 billion euros.

2.1.4 Other Activities

			H1 2011/2010 change	
In millions of euros	H1 2010	H1 2011	as published	comparable*
Welding-Cutting	211	**231**	*+10.0%*	*+9.5%*
Diving and Specialty Chemicals	222	**238**	*+7.1%*	*+8.2%*
Other Activities	**433**	**469**	**+8.5%**	**+8.8%**

* *Comparable: excluding the currency impact.*

Other Activities revenue totaled **469 million euros,** up **+8.5%.**

Following a stable 2010, **Welding-Cutting** activity increased by **+10.0%** with a moderate recovery in sales of consumables. The recovery in equipment sales remained weak, heavily depending upon the investment cycle of the most cyclical sectors.

Specialty Chemicals activity increased strongly due to sustained demand in vaccinations, cosmetics and industrial products. **Diving** was stable during the 1st half 2011.

2.2 OPERATING INCOME RECURRING

Solid volume and sales growth, ongoing efficiency programs and Industrial Merchant pricing campaigns have compensated energy price increases and cost inflation in many countries.

Operating Income Recurring (OIR) before depreciation reached 1,763 million euros, up +8.0%. The OIR margin before depreciation is at +24.8%, the -30 basis points published decline compared to 1st half 2010 being mainly attributable to the effects of natural gas indexation.

Depreciation and amortization are up slightly by +4.2%. Hence, the OIR is **1,191 million euros** up +9.9%, showing further positive operating leverage. As a result, the OIR margin reached 16.7% up +10 basis points relative to 1st half 2010. Excluding the natural gas indexation effect, the margin improved **+30 basis points** to 16.9%.

The additional efficiencies of the period reached **132 million euros,** ahead relative to the ALMA 2015 objective of more than 200 million euros per year, in a context where discipline has been maintained throughout the cost stack.

2.2.1 Gas and Services

For **Gas and Services,** the OIR totaled 1,206 million euros, up +10.5%. The OIR margin was 19.0%. Excluding the effect of increased natural gas price indexation, the margin was maintained at the high level of 1st half 2010 of 19.2%. This stability is the result of the business line mix, significant efficiencies in all regions of 123 million euros for Gas & Services, and a return to positive pricing, all combining to compensate the lag between cost inflation and price increases in Industrial Merchant.

In **Europe,** OIR amounted to 636 million euros, up +7.2%. The OIR margin stood at 19.3% compared to 19.8% for the same period last year. Excluding natural gas prices, the margin was **stable** relative to 1st half 2010 and up strongly relative to full year 2010 due to increases in Healthcare and Electronics margins and solid Large Industries margins. Increased pricing is being implemented in Industrial Merchant to progressively compensate the cost inflation, in the coming quarters.

In the **Americas,** OIR rose by +12.3% to reach 291 million euros. Thus, the OIR margin stood at 20.7%, up **+110 basis points,** excluding natural gas price indexation, compared to 1st half 2010. This performance is due to confirmed price increases in Industrial Merchant and a significant recovery in margins in Electronics and Healthcare and a high level of new efficiency.

In **Asia Pacific,** the OIR reached 249 million euros. Growth continued at +21.6%, and the OIR margin, at 16.5%, is **more or less stable** excluding natural gas indexation. The slightly dilutive effect on the margin of two major hydrogen units in South Korea and Singapore have been compensated by continued structural margin improvement in all the activities.

2.2.2 Engineering and Construction

OIR totaled 28.7 million euros and the OIR margin of the Engineering and Construction activity improved by +50 basis points to reach 9.9%, at the high end of the industry benchmark range.

2.2.3 Other Activities

The OIR of the Group's Other Activities was up +29.2% totaling 55.3 million euros, and resulting in a margin of 11.8%. The ongoing margin improvement was due to progressive recovery in the Welding-Cutting activities providing productivity gains and the strong growth in Specialty Chemicals.

2.2.4 Research and Development and Corporate costs

Unallocated expenses represented 98.2 million euros, accompanying the sales increase. They reflect the ongoing efficiency programs, further emphasis on research and a contained increase in corporate costs to, in particular, strengthen the Group's governance.

2.3 NET PROFIT

Net profit (Group share) reached **750 million euros,** up +11.1%.

Other operating income and expenses compensate each other. Other operating income includes principally a capital gain on the sale of non-strategic subsidiary producing equipment for the electronics sector in the Netherlands. Other expenses include operating expenses to cover litigation risks, as well as certain other exceptional costs. These expenses include the best evaluation of the amounts which could be paid as a result of the fine inflicted on Air Liquide in Japan by the local anti-trust authorities, against which the Group is appealing.

The cost of net indebtedness amounted to **114.5 million euros,** compared to 112.6 million euros in the previous period. This stability was mainly attributable to the constancy of the average net indebtedness and financing rates from one period to another. In fact the reduction in financing costs in Europe compensates the increase in debt in local currencies related to projects in developing countries, where the cost of debt is higher. **Other net financial expenses,** affected in 2010 by the market value of certain currency hedging instruments, are at -33.3 million euros.

The **effective tax rate** stood at **26.3%,** almost flat compared to 1st half 2010.

Net profit per share amounted to **2.65 euros,** up +10.4% over the period. The average number of outstanding shares used for the calculation of net profit per share as of June 30, 2011 was 282,616,161.

3. Change in net indebtedness

Cash flow from operating activities before changes in working capital totaled 1,341 million euros, up +6.0% compared to the 1st half 2010. The increase in net working capital requirement amounted to 418 million euros (net of Other elements), reflecting in particular revenue growth in Gas & Services, an increase in stocks related to the recovery in Welding-Cutting sales and the increase in energy costs. Further, the Engineering and Construction order intake, concentrated in the last few weeks of the period, had not yet generated the first up-front customer payments. As a result, **Net cash from operating activities** totaled 923 million euros.

In the 1st half 2011, gross investments were up +5.0% during the period at 871 million euros. Following the sale of a business, **net investments,** including minority interest acquisitions, amounted to **789 million euros,** more or less stable relative to the previous period.

The cash payout to shareholders totaled 670 million euros, compared to 599 million euros in 1st half 2010 reflecting the +11.4% increase in the dividend per share for 2010. The share buy-back program completed in April resulted in the purchase of one million shares for an amount of 97.2 million euros, thus compensating the dilution from stock options and the employee capital increase in December 2010.

As of June 30, 2011, **net indebtedness** totaled **5,580 million euros,** down slightly compared to June 30, 2010. The net debt/equity ratio was 62.5% against 68% in June 2010. Compared to December 31, 2010 net debt was up 541 million euros, and adjusted for dividend seasonality, gearing increased slightly from 55.3% to 56.5%.

4. Investment cycle

As of 30 June 2011, the **12-month portfolio of opportunities** (projects of more than 10 million euros of investment) totaled **3.7 billion euros,** a relatively stable level in the last three years. However, strong momentum in the entry of new projects, mainly in the Energy sector, offsets the exit of projects won by Air Liquide or its competitors. Few projects were abandoned or delayed in the last three months. The share of projects located in developing economies was again high at 79%. As of June 30, the portfolio comprised a few major projects and potential site takeovers.

In 1st half 2011, **investment decisions** totaled **970 million euros,** up +20% compared to 1st half 2010. The projects are varied in nature: new units, supply-chain related, new technologies and applications, maintenance and safety, efficiency or acquisitions. Some 58% of approved projects were located in developing economies. During the 1st half, the Group won two major projects providing access for the first time to the Mexican market with a site takeover and the Ukrainian through the signature of a new oxygen contract. Acquisitions in 1st half 2011 amounted to 61 million euros and involved, in Healthcare, two companies specializing in homecare in France and Germany as well as modest-sized Industrial Merchant distributors in Asia, Africa, Middle East and South America.

Industrial and financial investments, before disposals, totaled 871 million euros, up +5.0% compared to 1st half 2010, reflecting substantial investment decisions in 2010, and in line with the ALMA 2015 investment budget.

There were six major **plant start-ups** (investment exceeding 10 million euros) for Large Industries, Industrial Merchant and Electronics in 1st half 2011. These plants were located in both advanced and developing economies: Germany, Morocco, South Africa, Trinidad and Tobago and the United States. In total, 45 new start-ups are expected in 2011 and 2012 together, a few more than in previous estimates.

5. 2011 1st half highlights

In the 1st half, Air Liquide continued to assert its strategy of a global presence and early market positioning. For each region, the priority markets are identified as entry points and constitute a base for the progressive deployment of all the business lines of the Group. Since the end of 2010, the Group has made 3.2 billion euros of investment decisions.

NUMEROUS DEVELOPMENTS IN LARGE INDUSTRIES

Acceleration of industrial gas outsourcing in developing economies has generated new growth opportunities for Large Industries:

- Air Liquide continues its development in **Eastern Europe** thanks to Large Industries contracts:
  - In **Ukraine,** Air Liquide won the first outsourcing contract with a steel producer. Within this long-term contract with a subsidiary of Metinvest, the Ukrainian leader in steel, Air Liquide will supply industrial gas for the steel industry and also liquid gas for other industries present in the country. This agreement requires the construction of a new airgas plant with a production of 1,700 tons per day. The investment will amount to around 100 million euros.
  - In **Russia,** the Group signed its third long-term contract with Severstal, the Russian leader in steel. Air Liquide will invest in a new air separation unit and ensure its construction and operation.
  - In **Turkey,** as a further step after the liquid capacity investments in the region of Ankara announced at the end of 2010, the Group is at an advanced stage of negotiations for its first long-term contract.

  As a result, developing Europe should contribute for nearly 40% of the European growth expected in the ALMA 2015 plans.

- In **Saudi Arabia,** Air Liquide won a new long-term contract with Saudi Aramco for the supply of nitrogen for the processing of seawater in connection with oil production. The two new air separation units will also help to meet growing Industrial Merchant demand in the Eastern province.
- Air Liquide has entered the Mexican industrial gas market with the acquisition of a new air separation unit currently being built by Altos Hornos de Mexico, one of the major steel producers in **Mexico,** as part of a long-term contract. This unit will also supply gases for the Industrial Merchant business.
- Based on the technological expertise of Lurgi Engineering, Air Liquide has entered the **gasification** sector for the first time by signing a long-term syngas purification contract in China.

ACCELERATION OF THE INDUSTRIAL MERCHANT ACTIVITY IN DEVELOPING ECONOMIES

- In **Chile,** Air Liquide announced an investment of almost 25 million euros for a new airgas production plant. This plant, which will be commissioned in 2013, will satisfy the growing liquid gas and cylinder demands of Industrial Merchant clients in central and southern Chile.
- In **India,** Air Liquide is extending westward and has invested in an air separation unit (ASU) and a cylinder filling station in Pune, in the Maharashtra. After its start-up, expected in 2012, the ASU will produce over 200 tons of liquid nitrogen and oxygen per day to serve industrial and medical markets.
- Air Liquide continues to develop in the **Philippines** with the construction of a new air separation unit; expected to start-up in 2012. This production will target OEMs in the high-tech sector.

MULTIPLICATION OF CONTRACTS IN ENERGY AND ENVIRONMENT

- Industrial gases leader in the **photovoltaic industry,** Air Liquide has signed 15 new long-term contracts with market leaders in China, Taiwan, Japan and Germany.
- Less than one year after signing a similar agreement with Walmart, Air Liquide has signed a contract with Coca-Cola to power a fleet of **hydrogen** forklifts in the United States.

ACQUISITIONS IN THE HOMECARE SECTOR

- Air Liquide, European leader in homecare, signed two strategic acquisitions in 1st half 2011. The Group has strengthened its presence in France by acquiring ADEP Assistance, a major player in France specializing in respiratory homecare, and expanded its competencies in the treatment of **Parkinson's disease** with the acquisition of Licher in Germany.

Main risks and uncertainties

There has been no change in the risk factors during 1st half 2011, as described in the 2010 Reference Document, pages 16 to 19.

Outlook

Business was sustained in the first half of 2011 and profits are up strongly. They reflect the positive momentum in our markets as well as the Group's ability to achieve a solid operating performance in an environment that was affected by world events, notably in Japan and North Africa.

Continuing research and innovation efforts in key technologies, as well as investment decisions totaling nearly 1 billion euros at June 30, will help to support the Group's medium-term growth.

As part of its ALMA 2015 program, the Group has strengthened its presence in developing economies, which today represent 21% of Gas and Services sales. As a result, Air Liquide's global presence combined with pioneering positions in high-growth markets will allow the Group to reinforce its fundamentals and continue its long term development.

In this context, and assuming normal economic conditions, Air Liquide is confident in its ability to continue to generate steady growth of net profit in 2011.

Appendix

CURRENCY AND NATURAL GAS IMPACTS

In addition to the comparison of published figures, financial information is given excluding currency, the impact of natural gas price fluctuations and significant scope effect.

Since gases for industry, healthcare and the environment are rarely exported, the impact of currency fluctuations on revenue and results is limited to the translation effects of the accounting consolidation in euros of the financial statements of subsidiaries located outside the Euro-zone. Fluctuations in natural gas prices are generally passed on to our customers through indexed pricing clauses.

Consolidated 1st half 2011 revenue includes the following elements:

In millions of euros	Revenue	H1 2011/2010 as published	Currency	Natural gas	H1 2011/2010 comparable*
Group	7,115	+9.2%	+0	+60	+8.3%
Gas and Services	6,356	+11.6%	+2	+60	+10.5%

* *On a comparable basis: excluding currency and natural gas impacts.*

For the Group,

- There is no currency effect for the first half.
- The contribution to revenue growth of increased natural gas prices in 1st half 2011 was +0.9%.

For Gas and Services,

- The currency effect is negligible.
- The natural gas price increase represents a contribution to growth of +1.1%.

Condensed consolidated financial statements

Consolidated income statement

In millions of euros	*Notes*	**2010**	**1st half 2010**	**1st half 2011**
Revenue	*(3)*	**13,488.0**	**6,515.7**	**7,115.2**
Other income		129.4	55.1	44.4
Purchases		(5,240.0)	(2,425.2)	(2,793.9)
Personnel expenses		(2,378.3)	(1,197.2)	(1,245.0)
Other expenses		(2,624.8)	(1,315.1)	(1,357.1)
Operating income recurring before depreciation and amortization		**3,374.3**	**1,633.3**	**1,763.6**
Depreciation and amortization expense	*(4)*	(1,122.1)	(549.1)	(572.2)
Operating income recurring		**2,252.2**	**1,084.2**	**1,191.4**
Other non-recurring operating income	*(5)*	30.4	25.4	54.1
Other non-recurring operating expenses	*(5)*	(28.4)	(5.7)	(53.9)
Operating income		**2,254.2**	**1,103.9**	**1,191.6**
Net finance costs	*(6)*	(228.9)	(112.6)	(114.5)
Other financial income	*(6)*	63.6	33.2	35.2
Other financial expenses	*(6)*	(145.9)	(84.1)	(68.5)
Income taxes	*(7)*	(512.7)	(253.0)	(274.3)
Share of profit of associates	*(12)*	27.8	17.8	12.9
Profit for the period		**1,458.1**	**705.2**	**782.4**
Minority interests		54.5	29.6	32.1
Net profit (Group share)		**1,403.6**	**675.6**	**750.3**
Basic earnings per share *(in euros)*	*(9)*	**4.99**	**2.40**	**2.65**
Diluted earnings per share *(in euros)*		**4.97**	**2.39**	**2.64**

Statement of net income and gains and losses recognized directly in equity

In millions of euros	2010	1st half 2010	1st half 2011
Profit for the period	**1,458.1**	**705.2**	**782.4**
Items recognized in equity			
Change in fair value of financial instruments	(6.7)	(32.0)	(1.2)
Change in foreign currency translation reserve	480.6	623.1	(250.4)
Actuarial gains (losses)	(52.9)	(97.2)	44.1
Items recognized in equity, net of taxes	**421.0**	**493.9**	**(207.5)**
Net income and gains and losses recognized directly in equity	**1,879.1**	**1,199.1**	**574.9**
Attributable to minority interests	69.9	44.7	25.4
Attributable to equity holders of the parent	**1,809.2**	**1,154.4**	**549.5**

Consolidated balance sheet

ASSETS

In millions of euros	*Notes*	**December 31, 2010**	**June 30, 2011**
Non-current assets			
Goodwill	*(10)*	4,390.8	4,315.3
Other intangible assets	*(10)*	670.1	638.5
Property, plant and equipment	*(10)*	11,036.7	11,016.2
		16,097.6	**15,970.0**
Other non-current assets			
Non-current financial assets	*(11)*	385.9	344.3
Investments in associates	*(12)*	196.4	186.8
Deferred tax assets	*(13)*	306.3	308.1
Fair value of non-current derivatives (assets)		84.4	121.2
		973.0	**960.4**
TOTAL NON-CURRENT ASSETS		**17,070.6**	**16,930.4**
Current assets			
Inventories and work-in-progress		741.7	809.6
Trade receivables		2,641.7	2,704.7
Other current assets		440.7	454.8
Current tax assets		68.0	51.1
Fair value of current derivatives (assets)		51.8	71.3
Cash and cash equivalents		1,523.1	1,012.7
TOTAL CURRENT ASSETS		**5,467.0**	**5,104.2**
TOTAL ASSETS		**22,537.6**	**22,034.6**

EQUITY AND LIABILITIES

In millions of euros	*Notes*	**December 31, 2010**	**June 30, 2011**
Shareholders' equity			
Share capital		1,562.5	1,560.2
Additional paid-in capital		170.3	114.7
Retained earnings		5,868.2	6,399.2
Treasury shares		(101.1)	(97.7)
Net profit (Group share)		1,403.6	750.3
		8,903.5	**8,726.7**
Minority interests		**209.0**	**205.9**
TOTAL EQUITY [(a)]		**9,112.5**	**8,932.6**
Non-current liabilities			
Provisions, pensions and other employee benefits	*(15)*	1,803.6	1,721.0
Deferred tax liabilities	*(13)*	1,126.4	1,165.2
Non-current borrowings	*(16)*	5,680.8	5,490.7
Other non-current liabilities		204.8	194.4
Fair value of non-current derivatives (liabilities)		131.3	121.4
TOTAL NON-CURRENT LIABILITIES		**8,946.9**	**8,692.7**
Current liabilities			
Provisions, pensions and other employee benefits	*(15)*	216.4	197.6
Trade payables		1,829.7	1,649.9
Other current liabilities		1,291.8	1,230.6
Current tax payables		176.7	171.5
Current borrowings	*(16)*	921.2	1,127.4
Fair value of current derivatives (liabilities)		42.4	32.3
TOTAL CURRENT LIABILITIES		**4,478.2**	**4,409.3**
TOTAL EQUITY AND LIABILITIES		**22,537.6**	**22,034.6**

(a) A breakdown of changes in equity and minority interests is presented on page 18.

Consolidated cash flow statement

In millions of euros	2010	1st half 2010	1st half 2011
Operating activities			
Net profit (Group share)	**1,403.6**	**675.6**	**750.3**
Minority interests	**54.5**	**29.6**	**32.1**
Adjustments:			
▪ Depreciation and amortization	1,122.1	549.1	572.2
▪ Changes in deferred taxes	130.2	29.4	57.3
▪ Increase (decrease) in provisions	(34.2)	(2.8)	(10.7)
▪ Share of profit of associates (less dividends received)	(10.6)	(11.7)	(6.6)
▪ Profit/loss on disposal of assets	(4.7)	(3.5)	(53.3)
Cash flow from operating activities before changes in working capital	**2,660.9**	**1,265.7**	**1,341.3**
Changes in working capital	(154.9)	(206.8)	(424.1)
Other	(86.1)	0.2	6.1
Net cash flows from operating activities	**2,419.9**	**1,059.1**	**923.3**
Investing activities			
Purchase of property, plant and equipment and intangible assets	(1,449.8)	(664.5)	(809.9)
Acquisition of subsidiaries and financial assets	(239.9)	(157.9)	(59.9)
Proceeds from sale of property, plant and equipment and intangible assets	43.0	10.1	80.5
Proceeds from sale of financial assets	0.8	0.5	0.8
Net cash flows used in investing activities	**(1,645.9)**	**(811.8)**	**(788.5)**
Financing activities			
Dividends paid			
▪ L'Air Liquide S.A.	(609.0)	(609.0)	(684.0)
▪ Minority interests	(37.8)	(24.1)	(28.4)
Proceeds from issues of share capital	110.3	34.4	42.8
Purchase of treasury shares	2.8	(2.8)	(97.2)
Increase (decrease) in borrowings	99.3	137.4	77.6
Transactions with minority shareholders	(92.5)	(6.4)	(0.7)
Net cash flows from (used in) financing activities	**(526.9)**	**(470.5)**	**(689.9)**
Effect of exchange rate changes and change in scope of consolidation	(90.8)	(119.0)	33.9
Net increase (decrease) in net cash and cash equivalents	**156.3**	**(342.2)**	**(521.2)**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,325.9**	**1,325.9**	**1,482.2**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,482.2**	**983.7**	**961.0**

The analysis of net cash and cash equivalents at the end of the period is as follows:

In millions of euros	2010	1st half 2010	1st half 2011
Cash and cash equivalents	1,523.1	1,031.7	1,012.7
Bank overdrafts (included in current borrowings)	(40.9)	(48.0)	(51.7)
Net cash and cash equivalents	**1,482.2**	**983.7**	**961.0**

NET INDEBTEDNESS CALCULATION

In millions of euros	2010	1st half 2010	1st half 2011
Non-current borrowings (long-term debt)	(5,680.8)	(6,272.9)	(5,490.7)
Current borrowings (short-term debt)	(921.2)	(522.8)	(1,127.4)
TOTAL GROSS INDEBTEDNESS	**(6,602.0)**	**(6,795.7)**	**(6,618.1)**
Cash and cash equivalents	**1,523.1**	**1,031.7**	**1,012.7**
Derivatives (assets) – fair value hedge of borrowings	39.6	72.8	25.3
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,039.3)**	**(5,691.2)**	**(5,580.1)**

STATEMENT OF CHANGES IN NET INDEBTEDNESS

In millions of euros	2010	1st half 2010	1st half 2011
Net indebtedness at the beginning of the period	**(4,890.8)**	**(4,890.8)**	**(5,039.3)**
Net cash flows from operating activities	2,419.9	1,059.1	923.3
Net cash flows used in investing activities	(1,645.9)	(811.8)	(788.5)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(626.2)	(607.9)	(767.5)
Total net cash flow	**147.8**	**(360.6)**	**(632.7)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and other	(296.3)	(439.8)	91.9
Change in net indebtedness	**(148.5)**	**(800.4)**	**(540.8)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,039.3)**	**(5,691.2)**	**(5,580.1)**

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2011 TO JUNE 30, 2011

In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2011	**1,562.5**	**170.3**	**7,538.5**	**(25.1)**	**(241.6)**	**(101.1)**	**8,903.5**	**209.0**	**9,112.5**
Profit for the period			**750.3**				**750.3**	**32.1**	**782.4**
Items recognized in equity			44.1	(1.2)	(243.7)		(200.8)	(6.7)	(207.5)
Net income and gains and losses recognized directly in equity for the period [e]			**794.4**	**(1.2)**	**(243.7)**		**549.5**	**25.4**	**574.9**
Increase (decrease) in share capital	4.3	38.4					42.7	0.1	42.8
Cancellation of treasury shares [c]	(6.6)	(94.0)				100.6			
Purchase of treasury shares [c]						(97.2)	(97.2)		(97.2)
Distribution			(684.0)				(684.0)	(28.4)	(712.4)
Share-based payments			7.1				7.1		7.1
Transactions with minority shareholders recognized directly in equity			0.7				0.7		0.7
Other			4.4 [d]				4.4	(0.2)	4.2
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2011	**1,560.2 [a]**	**114.7 [b]**	**7,661.1**	**(26.3)**	**(485.3)**	**(97.7)**	**8,726.7**	**205.9**	**8,932.6**

(a) Share capital as of June 30, 2011 amounted to 283,668,505 shares at a par value of 5.50 euros. During the half-year, movements affecting share capital were as follows:
- *creation of 773,412 shares in cash at a par value of 5.50 euros resulting from the exercize of options;*
- *reduction of the share capital following the cancellation of 1,200,000 treasury shares.*

(b) The "Additional paid-in capital" heading was increased by the amount of issue premiums relating to the share capital increases in the amount of 38.4 million euros and reduced by the amount of issue premiums relating to the cancellation of treasury shares in the amount of (94.0) million euros.

(c) The number of treasury shares as of June 30, 2011 totaled 1,187,770 (including 948,865 held by L'Air Liquide S.A.). During the half-year, movements affecting treasury shares were as follows:
- *acquisitions, net of disposals, of 1,048,146 shares at an average price of 92.71 euros;*
- *cancellation of 1,200,000 shares.*

(d) The changes in "Retained earnings" primarily include the impact arising from:
- *cancellation of dividends relating to treasury shares;*
- *dividends paid following the exercize of options;*
- *cancellation of gains or losses arising from disposals of treasury shares.*

(e) The statement of net income and gains and losses recognized directly in equity is presented on page 14.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2010 TO JUNE 30, 2010

In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2010	**1,453.4**	**171.8**	**6,786.5**	**(18.4)**	**(705.7)**	**(103.9)**	**7,583.7**	**168.2**	**7,751.9**
Profit for the period			**675.6**				**675.6**	**29.6**	**705.2**
Items recognized in equity			(96.7)	(32.0)	607.5		478.8	15.1	493.9
Net income and gains and losses recognized directly in equity for the period [(a)]			**578.9**	**(32.0)**	**607.5**		**1,154.4**	**44.7**	**1,199.1**
Increase (decrease) in share capital	3.3	28.4					31.7	2.7	34.4
Free share attribution	99.4	(99.4)							
Distribution			(609.0)				(609.0)	(24.1)	(633.1)
Purchase of treasury shares						(2.8)	(2.8)		(2.8)
Share-based payments			3.1				3.1		3.1
Put options granted to minority shareholders								(1.8)	(1.8)
Other			4.3				4.3	(0.2)	4.1
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2010	**1,556.1**	**100.8**	**6,763.8**	**(50.4)**	**(98.2)**	**(106.7)**	**8,165.4**	**189.5**	**8,354.9**

(a) The statement of net income and gains and losses recognized directly in equity is shown on page 14.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2010 TO DECEMBER 31, 2010

				Net income recognized directly in equity					
In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2010	**1,453.4**	**171.8**	**6,786.5**	**(18.4)**	**(705.7)**	**(103.9)**	**7,583.7**	**168.2**	**7,751.9**
Profit for the period			**1,403.6**				**1,403.6**	**54.5**	**1,458.1**
Items recognized in equity			(52.6)	(6.7)	464.9		405.6	15.4	421.0
Net income and gains and losses recognized directly in equity for the period [(a)]			**1,351.0**	**(6.7)**	**464.9**		**1,809.2**	**69.9**	**1,879.1**
Increase (decrease) in share capital	9.7	97.9					107.6	2.7	110.3
Free share attribution	99.4	(99.4)							
Distribution			(609.0)				(609.0)	(37.8)	(646.8)
Purchase of treasury shares						2.8	2.8		2.8
Share-based payments			16.2				16.2		16.2
Put options granted to minority shareholders								1.7	1.7
Transactions with minority shareholders recognized directly in equity			(11.1)		(0.8)		(11.9)	4.0	(7.9)
Other			4.9				4.9	0.3	5.2
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2010	**1,562.5**	**170.3**	**7,538.5**	**(25.1)**	**(241.6)**	**(101.1)**	**8,903.5**	**209.0**	**9,112.5**

(a) The statement of net income and gains and losses recognized directly in equity is shown on page 14.

Accounting principles

The condensed interim consolidated financial statements for the half-year ended June 30, 2011 include the Company and its subsidiaries (together referred to as the "Group") as well as the Group's share of associates or joint ventures. The Group's consolidated financial statements for the fiscal year ended December 31, 2010 are available upon request at the Company's registered office at 75, quai d'Orsay, 75007 Paris, France or at www.airliquide.com.

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The condensed interim consolidated financial statements have been prepared in accordance with IAS34 "Interim Financial Reporting", a standard within the IFRS (International Financial Reporting Standards), as adopted by the European Union. They do not include all the information required for complete annual financial statements and should be read in conjunction with the Group's financial statements for the fiscal year ended December 31, 2010.

The accounting principles used for the preparation of the condensed interim consolidated financial statements are identical to those used for the preparation of the consolidated financial statements for the fiscal year ended December 31, 2010. They were drawn up in accordance with IFRS, as adopted by the European Union as of June 30, 2011 and with the IFRS without the carve-out option published by the IASB (International Accounting Standards Board).

The IFRS standards and interpretations as endorsed by the European Union are available at the following website:

http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The Group has not anticipated any standards, amendments or interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of June 30, 2011.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on July 29, 2011.

NEW IFRS AND INTERPRETATIONS

1. New standards, interpretations and amendments adopted by the Group as of January 1, 2011

Standards, interpretations or amendments, whose application is mandatory as of January 1, 2011, had no impact on the Air Liquide Group's financial statements. These standards, interpretations and amendments are as follows:

- revised IAS24 "Related Party Disclosures";
- amendment to IAS32 "Classification of Rights Issues";
- amendment to IFRS1 "Limited Exemption from Comparative IFRS7 Disclosures for First-time Adopters";
- amendment to IFRIC14 "Prepayments of a Minimum Funding Requirement";
- IFRIC19 interpretation "Extinguishing Financial Liabilities with Equity Instruments";
- improvements to IFRSs published by IASB in May 2010.

2. Standards, interpretations and amendments adopted by the European Union in 2011

Since December 31, 2010, the European Union has not adopted any standards, interpretations or amendments whose application is mandatory for annual periods beginning on or after January 1, 2011.

3. Standards, interpretations and amendments not yet adopted by the European Union

The impacts on the financial statements of the standards, interpretations and amendments published by the IASB in the first half of 2011 and not yet mandatory within the European Union are currently being analyzed. These standards, interpretations and amendments are as follows:

- revised IAS27 “Separate Financial Statements”;
- revised IAS28 “Investments in Associates and Joint Ventures”;
- IFRS10 “Consolidated Financial Statements”;
- IFRS11 “Joint Arrangements”;
- IFRS12 “Disclosure of Interests in Other Entities”;
- IFRS13 “Fair Value Measurement”;
- amendment to IAS1 “Presentation of Items of Other Comprehensive Income”;
- revised IAS19 “Employee Benefits”.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the consolidated carrying amounts of assets and liabilities recorded in the consolidated balance-sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Subsequent results may differ.

The significant judgments exercised by the Group and subsidiary management in applying the Group accounting policies used in preparing the condensed interim consolidated financial statements for the half-year, and the main sources of uncertainty in making the requisite estimates, are identical to those described in the consolidated financial statements for the fiscal year ended December 31, 2010.

BASIS FOR PRESENTATION AND MEASUREMENT OF HALF-YEAR INFORMATION

The segment information corresponds to the information required by IAS34 “Interim financial reporting”.

The Group’s activities may be affected by significant changes in the economic situation. Therefore, its interim results are not necessarily indicative of those to be expected for the fiscal year as a whole.

The income tax expense for the period is calculated by applying the estimated effective income tax rate for the fiscal year (based on the information available as of the interim reporting date) to the different categories of profit.

Notes to the condensed consolidated financial statements for the half-year ended June 30, 2011

NOTE 1 MAJOR EVENTS

There was no major event over the first half of 2011.

NOTE 2 SEGMENT INFORMATION

Segment information as of June 30, 2011

INCOME STATEMENT

In millions of euros	Gas and Services					Engineering and Construction	Other activities	Reconciliation	Total
	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Revenue	**3,297.4**	**1,408.5**	**1,505.3**	**144.8**	**6,356.0**	**289.7**	**469.5**		**7,115.2**
Inter-segment revenue						*260.6*		*(260.6)*	
Operating income recurring	**636.3**	**291.1**	**249.1**	**29.1**	**1,205.6**	**28.7**	**55.3**	**(98.2)**	**1,191.4**
incl. depreciation and amortization	*(271.5)*	*(139.7)*	*(120.1)*	*(13.9)*	*(545.2)*	*(12.9)*	*(12.0)*	*(2.1)*	*(572.2)*
Other non-recurring operating income									54.1
Other non-recurring operating expenses									(53.9)
Net finance costs									(114.5)
Other financial income									35.2
Other financial expenses									(68.5)
Income taxes									(274.3)
Share of profit of associates									12.9
PROFIT FOR THE PERIOD									**782.4**

Segment information as of June 30, 2010

INCOME STATEMENT

In millions of euros	Gas and Services					Engineering and Construction	Other activities	Reconciliation	Total
	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Revenue	3,001.5	1,346.8	1,213.0	133.4	5,694.7	388.3	432.7		6,515.7
Inter-segment revenue						*189.4*		*(189.4)*	
Operating income recurring	593.3	259.2	204.8	34.3	1,091.6	36.6	42.8	(86.8)	1,084.2
incl. depreciation and amortization	*(263.4)*	*(140.8)*	*(104.3)*	*(12.0)*	*(520.5)*	*(13.7)*	*(12.9)*	*(2.0)*	*(549.1)*
Other non-recurring operating income									25.4
Other non-recurring operating expenses									(5.7)
Net finance costs									(112.6)
Other financial income									33.2
Other financial expenses									(84.1)
Income taxes									(253.0)
Share of profit of associates									17.8
PROFIT FOR THE PERIOD									**705.2**

Segment information as of December 31, 2010

INCOME STATEMENT

In millions of euros	Gas and Services					Engineering and Construction	Other activities	Reconciliation	Total
	Europe	Americas	Asia-Pacific	Middle-East and Africa	Sub-total				
Revenue	6,201.1	2,748.5	2,643.6	292.5	11,885.7	751.3	851.0		13,488.0
Inter-segment revenue						*430.5*		*(430.5)*	
Operating income recurring	1,182.8	590.2	434.4	73.3	2,280.7	67.8	81.0	(177.3)	2,252.2
incl. depreciation and amortization	*(533.5)*	*(283.9)*	*(222.5)*	*(26.1)*	*(1,066.0)*	*(26.8)*	*(25.2)*	*(4.1)*	*(1,122.1)*
Other non-recurring operating income									30.4
Other non-recurring operating expenses									(28.4)
Net finance costs									(228.9)
Other financial income									63.6
Other financial expenses									(145.9)
Income taxes									(512.7)
Share of profit of associates									27.8
PROFIT FOR THE PERIOD									**1,458.1**

NOTE 3 REVENUE

Consolidated revenue for the first half of 2011 totaled 7,115.2 million euros, up 9.2% compared to the first half of 2010 (6,515.7 million euros).

On a comparable basis adjusted for the cumulative impact of foreign exchange fluctuations and natural gas prices, the increase was 8.3%.

NOTE 4 DEPRECIATION AND AMORTIZATION EXPENSE

In millions of euros	2010	1st half 2010	1st half 2011
Intangible assets	(76.4)	(37.4)	(38.6)
Property, plant and equipment (PP&E) [(a)]	(1,045.7)	(511.7)	(533.6)
TOTAL	**(1,122.1)**	**(549.1)**	**(572.2)**

(a) Including the depreciation charge after deduction of investment grants released to profit.

NOTE 5 OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

In millions of euros	2010	1st half 2010	1st half 2011
Reorganization, restructuring and integration costs	(7.8)	(2.9)	(1.9)
Acquisition costs [(a)]	(5.7)	(4.2)	(2.9)
Other	(14.9)	1.4	(49.1)
Total other non-recurring operating expenses	**(28.4)**	**(5.7)**	**(53.9)**
Other	30.4	25.4	54.1
Total other non-recurring operating income	**30.4**	**25.4**	**54.1**
TOTAL	**2.0**	**19.7**	**0.2**

(a) Including acquisition costs charged to the income statement in accordance with revised IFRS3 "Business Combinations".

In the first half of 2011:

- on June 22, 2011, the Group sold its interest in the Lamers High Tech Systems B.V. subsidiary to the Aalberts Group. The capital gain from the disposal calculated in accordance with paragraph 34 of IAS27 totaled 52.6 million euros;
- the Group recognized under "Other non-recurring operating expenses" an amount of 34.3 million euros to cover risks related to litigations.

In the first half of 2010:

- the Group had recognized an amount of 25.0 million euros in other non-recurring operating income due to the favorable resolution of a litigation;
- an 8.2 million euro provision recognized in 2008 with respect to the non-recoverability of receivables had been reversed to "other non-recurring operating expenses", after LyondellBasell's US subsidiary emerged from Chapter 11 bankruptcy protection and following the collection of receivables previously due.

NOTE 6 NET FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

In millions of euros	2010	1st half 2010	1st half 2011
Net finance costs	(228.9)	(112.6)	(114.5)
Other financial income	63.6	33.2	35.2
Other financial expenses	(145.9)	(84.1)	(68.5)
TOTAL	**(311.2)**	**(163.5)**	**(147.8)**

Net finance costs remained stable over the first half-year of 2011.

The decrease in the cost and average volume of the euro-denominated debt was offset by an increase in the volume of the average outstanding emerging countries debt at higher rates.

NOTE 7 INCOME TAXES

	2010	1st half 2010	1st half 2011
Average effective tax rate (%)	**26.4%**	**26.9%**	**26.3%**

The average effective tax rate is calculated as follows: (current and deferred taxes)/(net profit before tax less share of profit of associates).

The change in the average effective tax rate of the first half-year of 2011 remained immaterial compared to that of the first half-year of 2010.

NOTE 8 EMPLOYEE BENEFITS

The expense recognized for pension and other employee benefits totaled 61.8 million euros over the first half-year of 2011 and breaks down as follows:

In millions of euros	2010	1st half 2010	1st half 2011
Service cost	40.0	19.4	20.3
Interest cost (discount effect)	116.0	58.0	56.3
Expected return on plan assets	(51.5)	(25.6)	(28.0)
Other [(a)]	(1.3)	1.4	1.0
Defined benefit plans	**103.2**	**53.2**	**49.6**
Defined contribution plans	**23.8**	**11.9**	**12.2**

(a) Including the past service costs and the impacts of changes in pension plans.

NOTE 9 NET EARNINGS PER SHARE

Net earnings per share stood at 2.65 euros, or an increase of 10.4% compared to June 2010.

NOTE 10 GOODWILL, PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Goodwill as of June 30, 2011

In millions of euros	As of December 31, 2010	Goodwill recognized during the period	Goodwill removed during the period	Foreign exchange differences	Other movements	As of June 30, 2011
Goodwill	**4,390.8**	**42.8**	**(1.8)**	**(116.0)**	**(0.5)**	**4,315.3**

The goodwill recognized in the first half of 2011 primarily stemmed from:

- the acquisition of ADEP Assistance in January 2011 (France);
- the acquisition of Licher MT GmbH by VitalAire GmbH in March 2011 (Germany).

This provisional determination of goodwill will be finalized during the measurement period in accordance with revised IFRS3 "Business Combinations".

Property, plant and equipment and intangible assets – Gross carrying amounts as of June 30, 2011

In millions of euros	As of December 31, 2010	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [a]	As of June 30, 2011
Land	298.7		(0.3)	(11.5)	2.3	2.6	291.8
Buildings	1,290.8	3.4	(1.9)	(37.9)	1.6	(1.1)	1,254.9
Equipment, cylinders, installations	21,550.2	130.1	(59.6)	(705.2)	20.4	294.3	21,230.2
Total property, plant and equipment in service	**23,139.7**	**133.5**	**(61.8)**	**(754.6)**	**24.3**	**295.8**	**22,776.9**
Construction in progress	1,505.8	684.7		(73.1)	0.1	(228.7)	1,888.8
Total property, plant and equipment	**24,645.5**	**818.2**	**(61.8)**	**(827.7)**	**24.4**	**67.1**	**24,665.7**
Internally generated intangible assets	263.6	7.7		(0.3)		(0.1)	270.9
Other intangible assets	998.6	11.2	(4.9)	(20.1)		8.2	993.0
Total gross intangible assets	**1,262.2**	**18.9**	**(4.9)**	**(20.4)**		**8.1**	**1,263.9**
TOTAL GROSS PP&E AND INTANGIBLE ASSETS	**25,907.7**	**837.1**	**(66.7)**	**(848.1)**	**24.4**	**75.2**	**25,929.6**

Property, plant and equipment and intangible assets – Depreciation, amortization and impairment losses as of June 30, 2011

In millions of euros	As of December 31, 2010	Charge for the period	Disposals	Foreign exchange differences	Other movements [a]	As of June 30, 2011
Buildings	(769.5)	(23.4)	1.3	21.3	4.4	(765.9)
Equipment, cylinders, installations	(12,839.3)	(515.1)	49.3	403.4	18.1	(12,883.6)
Total property, plant and equipment depreciation	**(13,608.8)**	**(538.5)**	**50.6**	**424.7**	**22.5**	**(13,649.5)**
Internally generated intangible assets	(179.5)	(9.1)		0.1		(188.5)
Other intangible assets	(412.6)	(29.5)	4.5	6.6	(5.9)	(436.9)
Total intangible asset amortization	**(592.1)**	**(38.6)**	**4.5**	**6.7**	**(5.9)**	**(625.4)**
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	**(14,200.9)**	**(577.1)**	**55.1**	**431.4**	**16.6**	**(14,274.9)**

(a) The impacts of other movements primarily arose from the change from equity method to full consolidation of Air Liquide Syria LLC (Syrian Arab Republic) and Air Liquide Arabia LLC (Saudi Arabia).

NOTE 11 NON-CURRENT FINANCIAL ASSETS

In millions of euros	December 31, 2010	June 30, 2011
Available-for-sale financial assets	113.2	81.8
Loans	40.7	48.1
Other long-term receivables	227.9	208.7
Employee benefits – prepaid expenses	4.1	5.7
Non-current financial assets	**385.9**	**344.3**

NOTE 12 INVESTMENTS IN ASSOCIATES

Movements during the first half of 2011 were as follows:

In millions of euros	As of December 31, 2010	Share of profit for the period	Dividend distribution	Foreign exchange differences	Others movements [(a)]	As of June 30, 2011
Investments in associates	**196.4**	**12.9**	**(6.3)**	**(6.8)**	**(9.4)**	**186.8**

(a) *The impacts of other movements primarily arose from the change from equity method to full consolidation of Air Liquide Syria LLC (Syrian Arab Republic) and Medions (South Korea).*

NOTE 13 DEFERRED TAXES

In millions of euros	As of December 31, 2010	Income (expense) to the income statement	Items recognized in equity [(a)]	Foreign exchange differences	Acquisitions related to business combinations	Other	As of June 30, 2011
Deferred tax assets	306.3	2.4	(4.2)	(3.7)	3.8	3.5	308.1
Deferred tax liabilities	(1,126.4)	(59.7)	(17.9)	49.6	(1.0)	(9.8)	(1,165.2)
Deferred taxes (net)	**(820.1)**	**(57.3)**	**(22.1)**	**45.9**	**2.8**	**(6.3)**	**(857.1)**

(a) *Corresponds to the deferred taxes recognized in other items in the statement of net income and gains and losses directly recognized in equity: 2.0 million euros relating to the change in fair value of derivatives and (24.1) million euros relating to actuarial gains and losses.*

NOTE 14 WORKING CAPITAL REQUIREMENT

The 424.1 million euros increase in the working capital requirement as presented in the consolidated cash flow statement breaks down as follows:

- favorable impact of changes in current tax payables and receivables amounting to -18.0 million euros;
- decrease in the working capital resource of Engineering and Construction activity amounting to 73.9 million euros;
- increase in the working capital requirement of Gas and Services and Other activities amounting to 368.2 million euros.

NOTE 15 PROVISIONS, PENSIONS AND OTHER EMPLOYEE BENEFITS

In millions of euros	As of December 31, 2010	Charge	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements	As of June 30, 2011
Pensions and other employee benefits	1,545.4	21.3	(57.9)		(39.4) [b]	(16.0)	0.6	(0.4)	1,453.6
Restructuring plans	18.1	0.3	(3.5)			(0.1)	0.5	(1.1)	14.2
Guarantees and other provisions of Engineering and Construction activity	113.1	30.3	(16.5)	(14.3)		(1.9)		(6.6)	104.1
Dismantling	147.8		(0.9)		2.9	(3.0)		8.3	155.1
Other provisions [a]	195.6	16.0	(11.4)	(13.7)		(2.0)	3.9	3.2	191.6
TOTAL PROVISIONS	**2,020.0**	**67.9**	**(90.2)**	**(28.0)**	**(36.5)**	**(23.0)**	**5.0**	**3.4**	**1,918.6**

(a) Including provisions for industrial and tax litigations.
(b) This amount includes the actuarial (gains) / losses recognized over the period.

As of June 30, 2011, the assets covering defined benefit plan obligations were measured at fair value. The discount rates used to determine the present value of the Group's obligations were also reviewed. These valuation reviews generated a decrease in pension provisions of -67.5 million euros.

NOTE 16 BORROWINGS

In millions of euros	December 31, 2010	June 30, 2011
Non-current borrowings [a]	(5,680.8)	(5,490.7)
Current borrowings (including bank overdrafts)	(921.2)	(1,127.4)
Total gross indebtedness	**(6,602.0)**	**(6,618.1)**
Cash and cash equivalents	1,523.1	1,012.7
Derivatives – fair value hedge of borrowings	39.6	25.3
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,039.3)**	**(5,580.1)**

(a) This heading includes the outstanding commercial paper whose maturity corresponds with that of the confirmed credit lines.

As of June 30, 2011, gross indebtedness was stable compared to that as of December 31, 2010. The repayment of the commercial paper in May 2011 and a favorable foreign exchange impact resulting from the appreciation of the euro compared to the Japanese Yen, the US Dollar and the Chinese Renminbi were partially offset by an increase in the subsidiaries' bank borrowings.

Short-term borrowings (with maturities less than 12 months) increased by 206 million euros compared to December 31, 2010 following L'Air Liquide S.A. private placement reclassification as short term (130 million euros maturing in March 2012), and an increase in the subsidiaries short-term bank borrowings (mainly Air Liquide China).

The amount of cash available is down by 510 million euros primarily as a result of the payment of dividends in May 2011 wholly financed by Air Liquide Finance cash.

Maturity of borrowings

June 2011	Nominal amount	Carrying amount	Maturity									
					≥ 1 year and ≤ 5 years				> 5 years			
In millions of euros			On demand	< 1 year	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	>June 2019
Bonds	3,812.8	3,803.9		352.9	1,079.1	555.9	268.1			525.0	425.6	597.3
Private placements	268.4	272.5		201.0	71.5							
Commercial paper programs [(a)]	332.0	331.6						231.6	100.0			
Bank debt and other financial debt	2,061.5	2,072.8		567.6	444.1	443.1	260.6	206.8	50.4	47.7	13.6	38.9
Finance leases	21.9	21.9		5.9	4.6	2.5	5.0	0.6	0.4	0.6	1.5	0.8
Put options granted to minority shareholders	115.4	115.4	115.4									
TOTAL BORROWINGS	**6,612.0**	**6,618.1**	**115.4**	**1,127.4**	**1,599.3**	**1,001.5**	**533.7**	**439.0**	**150.8**	**573.3**	**440.7**	**637.0**

(a) The maturity date for outstanding commercial paper corresponds with that of the confirmed credit lines.

2010	Nominal amount	Carrying amount	Maturity									
					≥1 year and ≤5 years				> 5 years			
In millions of euros			On demand	< 1 year	2012	2013	2014	2015	2016	2017	2018	>2018
Bonds	3,825.2	3,839.9		347.0	465.3	638.9	572.2	273.9		512.0	416.2	614.4
Private placements	279.7	286.9		74.8	212.1							
Commercial paper programs [(a)]	461.2	460.8						360.8	100.0			
Bank debt and other financial debt	1,860.0	1,872.2		492.6	290.3	386.1	414.0	134.4	113.8	14.2	11.4	15.4
Finance leases	25.5	25.5		6.8	5.3	2.5	3.0	3.3	0.5	0.7	0.5	2.9
Put options granted to minority shareholders	116.7	116.7	116.7									
TOTAL BORROWINGS	**6,568.3**	**6,602.0**	**116.7**	**921.2**	**973.0**	**1,027.5**	**989.2**	**772.4**	**214.3**	**526.9**	**428.1**	**632.7**

(a) The maturity date for outstanding commercial paper corresponds with that of the confirmed credit lines.

NOTE 17 SHAREHOLDERS' EQUITY

Share subscription plans

The expense relating to all the Group's share subscription plans totaled 7.1 million euros in the first half of 2011 (compared to 3.1 million euros in the first half of 2010 and 12.3 million euros for 2010).

No new share-based payment plan has been decided during the first half-year of 2011.

NOTE 18 COMMITMENTS

There was no significant modification to the commitments in relation to December 31, 2010.

NOTE 19 DIVIDENDS PER SHARE

2010 dividends distributed on ordinary shares declared and paid on May 16, 2011 totaled 684.0 million euros (including dividends on treasury shares), representing a dividend per share of 2.35 euros. Dividends paid represent a distribution rate of 48.7% of profit for the period attributable to shareholders of the parent.

NOTE 20 RELATED PARTY INFORMATION

Due to the activities and legal organization of the Group, only transactions with executives, associates and proportionately consolidated companies are considered to be related party transactions. Transactions performed between these companies and Group subsidiaries did not undergo any significant changes.

NOTE 21 CONTINGENT LIABILITIES

To the best of the Group's knowledge, there is no exceptional event, litigation or environmental-related issue that has impacted or is likely to substantially impact its financial situation or profitability.

On May 26, 2011, Air Liquide Japan Ltd and three other competitors received a fine payment order from the Japanese Fair Trade Commission (JFTC), regarding unfair practices in sales of liquid oxygen, liquid nitrogen and liquid argon (excluding medical use) in Japan between April 2008 and January 2010.

The JFTC has required Air Liquide Japan Ltd to take corrective actions and to pay a 4.8 billion Japanese Yen fine (equivalent to 41.3 million euros as of June 30, 2011). Air Liquide Japan Ltd has decided to engage into administrative proceedings following the JFTC's decision. A provision was booked representing the best estimate of the amounts payable in respect of such proceedings. The Group has not provided the detail of the calculation as it considers that disclosing the amount of the provision is likely to seriously harm the Group.

NOTE 22 POST-BALANCE SHEET EVENTS

There was no significant post-balance sheet event.

Statutory auditors review report on the interim financial information

This is a free translation into English of the statutory auditors' review report on the interim financial information issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

This report also includes information relating to the specific verification of information given in the Group's interim management report.

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with article L. 451-1-2 III of the French monetary and financial code (Code Monétaire et Financier), we hereby report to you on :

- our review of the accompanying condensed interim consolidated financial statements of L'Air Liquide S.A., for the period from January 1 to June 30, 2011, and
- the verification of information contained in the interim management report.

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

I. CONCLUSION ON THE FINANCIAL STATEMENTS

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

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

II. SPECIFIC VERIFICATION

We have also verified the information provided in the interim Management Report in respect of the condensed interim consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed interim consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, August 1, 2011

The statutory auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Lionel Gotlib	**Daniel Escudeiro**	**Jean-Yves Jégourel**	**Emmanuelle Mossé**

Certification by the person responsible for the first half financial report

This is a free translation into English of the person responsible for the first half financial report and is provided solely for the convenience of English speaking readers.

PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

Benoît POTIER, Chairman and CEO of L'Air Liquide S.A.

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the condensed financial statements for the half-year ended June 30, 2011 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and the profit of the company and the entities included in the scope of consolidation of the Group and that the first half management report includes a faithful representation of the major events which occurred during the first six months of the fiscal year, their impact on the financial statements, and the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the fiscal year.

Paris, August 1, 2011

Benoît Potier
Chairman and CEO

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L'Air Liquide S.A.

Corporation for the study and application of processes developed by Georges Claude with registered capital of 1,559,018,769 euros

Corporate headquarters:

75, Quai d'Orsay
75321 Paris Cedex 07 - France
Tel: +33 (0)1 40 62 55 55
RCS Paris 552 096 281

www.airliquide.com

Shareholders:

N° Vert 0 800 16 61 79
or +33 (0)1 57 05 02 26
from outside France

actionnaires@airliquide.com
www.airliquide.com

To place buy/sell orders:
Tel: +33 (0)1 40 62 50 82
or 50 35 ou 52 41
Fax: +33 (0)1 40 62 57 50

For further information please contact:

Investor Relations:

Virginia Jeanson + 33 (0)1 40 62 57 37
Annie Fournier + 33 (0)1 40 62 57 18
Bastien Maurice + 33 (0)1 40 62 59 38

Corporate Communication:

Anne Lechevranton + 33 (0)1 40 62 50 93
Corinne Estrade-Bordry + 33 (0)1 40 62 51 31

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