

Solid progression of sales and profits 2010 objective maintained

press release

First half 2010 performance

- Solid growth in both **revenue**, up **+9.7%**, and **net profit**, up **+13.3%** versus H1 2009
- Significantly improved **operating margin**: up **+160 basis points** at **16.6%**
- **Increase in operating cash flow**: up **+16.7%**
- Recovery of **volumes** and **new projects signed**

Highlights

- **Strong growth in emerging economies** (large number of contracts signed in **China**)
- **Site takeovers** in an environment where customers are increasingly outsourcing their gas production
- New **liquid production** capacities (in **Brazil, India** and **Russia**) and new solar energy contracts in **Asia**
- **Healthcare**: continued **acquisitions** in homecare and expansion of the service offering
- Award of project to build the world's **largest helium production unit** in **Qatar**.

Air Liquide's Board of Directors, chaired by Benoît Potier, Chairman and CEO, met on July 30, 2010, and reviewed the Group's financial statements at June 30, 2010.

Business in the first half was characterised by a **solid progression of both sales and profits**, as well as a recovery in **growth projects**. **Group revenue** reached **€6,516 million** at June 30, 2010, representing an increase of +9.7% versus H1 2009 reported sales. **In Gas and Services**, total sales stood at **€5,695 million**, up +13.4% on a reported basis, and up +9.5% on a comparable basis. After returning to growth in Q1 2010, **all businesses and geographies continued to improve** in Q2, with a continuing contrast between emerging economies (up +30% vs. H1 2009) and mature economies where volumes are gradually returning to their pre-crisis levels (up +6% vs. H1 2009).

Operating income recurring increased +22% to €1,084 million. The **operating margin** reached **16.6%**, up +160 basis points vs. H1 2009, due to an increase in customer volume demand and the effectiveness of operational control measures. **Net profit (Group share)** was **€676 million**, up +13.3% versus H1 2009.

Operating cash flow was up +16.7% at €1,266 million, and **net debt** was stable compared to June 30, 2009. The **number of investment projects** has increased significantly since the beginning of the year. As a result, the portfolio of opportunities reached €4.7 billion in June.

Benoît Potier, Chairman and CEO of the Air Liquide Group, stated:

"In the first half of 2010, the Group posted a solid progression in sales and profits compared to both 2009 and pre-crisis level of 2008. This sound performance is due not only to continually increasing customer demand but also to the Group's ability to adapt to a new environment thanks to its ALMA program.

Growth projects are picking up at a moderate pace in mature economies, but at a sustained pace in emerging economies. The Group's portfolio of investments opportunities is now back to its pre-crisis level.

In this context, and based on current trends, we maintain our objective of continuous growth in net profit in 2010, in line with our long-term performance."

H1 2010 key figures

In million of euros		Reported	Comparable*
Group revenue	€6,516 M	+9.7%	+6.3%
of which Gas and Services	€5,695 M	+13.4%	+9.5%
Operating income recurring	€1,084 M	+22.0%	
Net profit (Group share)	€676 M	+13.3%	
Net earnings per share (in euros)	2.40	+11.6%**	
Net debt as at 30 June 2010	€5,691 M		

* On a comparable basis: excluding impact of currency and natural gas

** Adjusted to reflect the distribution of one bonus share for every 15 existing shares in May 2010

Limited external audit reviews have been completed in relation to the consolidated interim financial statements and an unqualified opinion is in the process of being issued by the statutory auditors.

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Upcoming events

3rd quarter revenue

Tuesday, October 26, 2010

Air Liquide is the world leader in gases for industry, health and the environment, and is present in over 75 countries with 42,300 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 2009, the Group's revenues amounted to **€12 billion**, of which almost 80% were earned 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 – First half 2010

*Solid progression in sales and profits
Recovery in growth projects*

2010 1st half performance

1. Key figures

<i>in millions of euros</i>	H1 2009	H1 2010	H1 10/09 change		H1 10/08 change⁽²⁾
			As published	Comparable⁽¹⁾	
Revenue	5,937	6,516	+9.7%	+6.3%	Stable ⁽¹⁾
of which Gas & Services	5,022	5,695	+13.4%	+9.5%	+4.0% ⁽¹⁾
Operating Income Recurring (OIR) before depreciation and amortization	1,396	1,633	+17.0%		+13.8%
<i>OIR margin before depreciation and amortization</i>	23.5%	25.1%	+160 bps		+260 bps
Operating Income Recurring	889	1,084	+22.0%		+14.1%
<i>OIR margin</i>	15.0%	16.6%	+160 bps		+170 bps
Net profit (Group share)	596	676	+13.3%		+12.4%
Earnings per share (in euros)	2.15 ⁽³⁾	2.40	+11.6%		+11.6%
Cash flow from operating activities before change in WCR	1,084	1,266	+16.7%		
Net investments	788	812	+3.0%		
	06/30/09	06/30/10			
Net indebtedness	5,654	5,691	+0.7%		

(1) comparable: excluding impact of currency and natural gas

(2) pre-crisis reference

(3) adjusted for the free share issue on May 28, 2010, of 1 new share for 15 old shares

During the 1st half 2010, the Group pursued its Alma program in a new environment. As a result, the Group achieved a solid performance both in revenue and profits, an improvement in the operating margin, as well as an increase in volumes and the number of new projects signed. Growth has been delivered together with maintained focus on Operational control.

Group revenue increased by +9.7% and +6.3% on a comparable basis (excluding impact of currency and natural gas). Gas and Services reported an even more sustained **+9.5%** growth in revenue on a comparable basis. Even though the economic turnaround in mature economies developed at a moderate pace, Air Liquide's growth accelerated in emerging economies due to the substantial number of start-ups and development projects, and continued growth of demand.

Efficiency gains totaled 145 million euros in the 1st half 2010 and contributed to the significant operating leverage achieved in earnings. As a result, Operating Income Recurring and Net profit for the 1st half 2010 increased by **+22.0%** and **+13.3%** respectively.

Cash flow from operating activities before changes in working capital totaled 1,266 million euros, **up +16.7%**. The increase in the working capital requirement amounted to 207 million euros, reflecting revenue growth and the slowdown in Engineering and Construction order in-take. Net investments rose to 812 million euros, due to the pick-up in the investment cycle. Net indebtedness remained under control at 5.7 billion euros, up 800 million euros compared to the 2009 year-end. More than half of this increase was due to the decline in the euro against, in particular, the US dollar, yen and yuan.

2. 2010 1st half income statement

2.1. Revenue

<i>in millions of euros</i>	H1 2009	H1 2010	H1 10/09 change	
			as published	comparable*
Gas and Services	5,022	5,695	+13.4%	+9.5%
Engineering & Construction	505	388	-23.1%	
Other Activities	410	433	+5.5%	
Total revenue	5,937	6,516	+9.7%	+6.3%

*comparable: excluding impact of currency and natural gas

2.1.1 Group

1st half Group revenue totaled **6,516 million euros**, up **+9.7%**. On a comparable basis, excluding the positive foreign exchange impact of 180 million euros, due to the decline in the euro against many currencies, and a slightly positive impact arising from the increase in natural gas prices of 27 million euros, revenue increased by **+6.3%**.

2.1.2 Gas and Services

<i>in millions of euros</i>	H1 2009	H1 2010	H1 10/09 change	
			as published	comparable*
Europe	2,872	3,002	+4.5%	+4.4%
Americas	1,145	1,347	+17.6%	+9.5%
Asia-Pacific	897	1,213	+35.2%	+25.2%
Middle East & Africa	108	133	+23.7%	+14.6%
Gas and Services	5,022	5,695	+13.4%	+9.5%

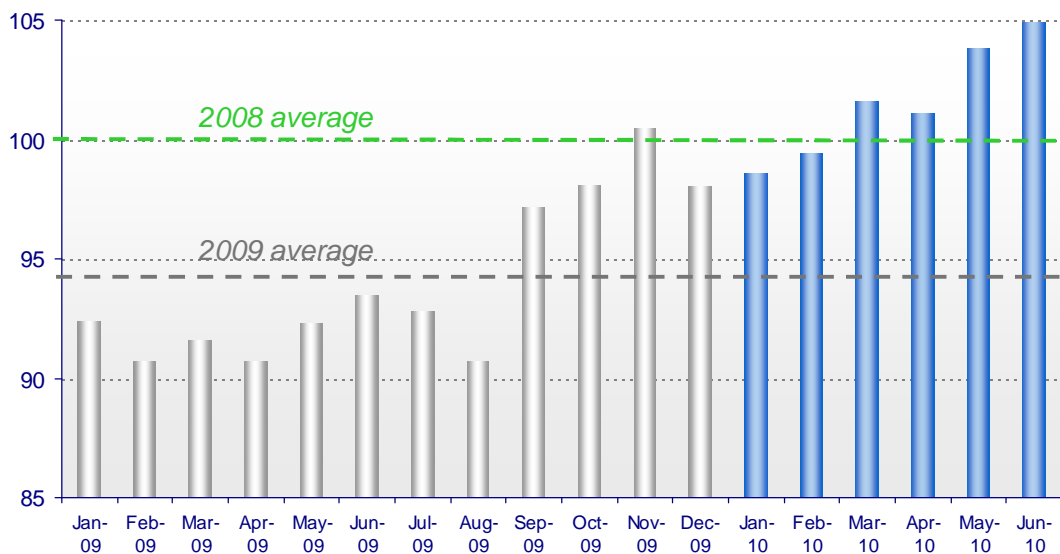
in millions of euros	H1 2009	H1 2010	H1 10/09 change	
			as published	comparable*
Industrial Merchant	2,119	2,314	+9.2%	+4.6%
Large Industries	1,607	1,886	+17.3%	+13.3%
Healthcare	883	951	+7.6%	+5.6%
Electronics	413	545	+31.9%	+27.8%
Gas and Services	5,022	5,695	+13.4%	+9.5%

*comparable: excluding impact of currency and natural gas

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

Gas and Services revenue for 1st half 2010 rose by +9.5% compared to 1st half 2009. Sequential growth stood at +3.3% in the 2nd quarter 2010 versus the 1st quarter, reflecting sustained recovery. Growth in the 2nd quarter 2010 totaled +10.7% year-on-year compared to same period in 2009, while 2010 1st quarter growth reached +8.3%. The trends identified at the start of the year were confirmed: a gradual turnaround in the mature economies (up +6% in the 1st half 2010) and significantly stronger demand in the emerging economies (up +30%). Start-ups and ramp-ups contributed +2.6% to growth.

Gas and Services monthly activity indicator, base 100 average 2008*



* Comparable revenue adjusted for number of days/month

Europe

Sales in 1st half 2010 totaled **3,002 million euros**, up **+4.4%**.

- The **Industrial Merchant** sales trend reversed favorably in the 2nd quarter 2010 for the first time in five quarters. Hence, 2010 1st half revenue remained **stable** compared to 1st half 2009. The turnaround in the cyclical sectors continued, particularly in the Automotive, Materials and Energy sectors. The increase in bulk volumes was significantly more sustained than in cylinders, which were impacted at a later stage by the crisis and are therefore lagging the broad economic recovery. Finally, as in all regions around the world, the turnaround is strong in emerging Europe and more modest in mature Europe.

- **Large Industries** revenue increased by **+6.0%**. This performance was essentially attributable to the significant recovery in the steel sector across Europe, in the absence of start-ups in the last six months.
- The **+4.5%** increase in **Healthcare** revenue reflects the stability in hygiene product sales and the slightly lower medical gas sales after the exceptional 2009 levels related to the various flu epidemics. Homecare sales continued to increase significantly (up +9.2%), boosted by the initial contribution of Dinno Santé, a company specializing in the treatment of diabetes, acquired during 1st half 2010, as well as steady development of the offering.
- **Electronics** revenue rose by **+41.1%**, due to the substantial recovery of both sector production volumes and Equipment and Installation sales.

Americas

Revenue in the Americas stood at **1,347 million euros**, up **+9.5%**.

- **Industrial Merchant** revenue increased by **+3.8%** in 1st half 2010, with contrasting trends: moderate turnaround in the United States, a more significant recovery in industrial production in Canada and continued growth in demand in Latin America. The Materials and Energy sectors performed well throughout the region.
- **Large Industries** revenue rose by **+15.0%**, sustained by the ramp-up of two hydrogen plants in the United States and Argentina, as well as the start-up of an oxygen plant in Brazil. Hydrogen sales therefore rose by almost +50% compared to the previous year. Benefiting from the turnaround in the steel industry, oxygen revenue also increased but at a more moderate rate.
- **Healthcare** sales increased by **+15.2%**, boosted by the high demand in Latin America and a medium-sized acquisition in the Homecare sector in Brazil. Growth in the United States remained sustained.
- **Electronics** revenue increased by **+15.0%** in 1st half 2010 due to the growth in demand for specialty and carrier gases and the recovery of Equipment and Installation sales due to the sector's substantial turnaround.

Asia-Pacific

Revenue in the Asia-Pacific totaled **1,213 million euros**, up **+25.2%** compared to the same period in 2009, as a result of seven start-ups in China in Large Industries, Industrial Merchant and Electronics and strong industrial production across the region. Japan reported growth of more than +13%, due to the turnaround in the Automotive and Electronics sectors and a favorable base effect.

- **Industrial Merchant** reported growth of **+16.0%**, due to sustained activity throughout the region, and particularly to new facilities in China. In Japan, the turnaround continued at a rate of over +5%. Nevertheless, sales remained below the levels of 2008.
- **Large Industries** sales increased by **+48.1%**. Six new air gas units started up 1st half 2010, of which five in China. Volumes increased in the steel and chemical sectors and in all the countries where the Group is present.
- **Electronics** benefited from strong recovery in sector demand for carrier and specialty gases and equipment. Revenue increased by **+27.4%**, with all countries contributing. Numerous contracts were won in 1st half 2010, of which Equipment and Installation for the largest electronics production plant ever built in Japan and several photovoltaic projects in China.

Middle East and Africa

Revenue in the **Middle East and Africa** reached **133 million euros**, up **+14.6%**, particularly due to development in the industrial basins and regions where the 2008 and 2009 acquisitions in Industrial Merchant and Healthcare were based. A new air gas unit intended for the steel industry started up in Egypt.

2.1.3 Engineering and Construction

Third-party sales in Engineering and Construction totaled **388 million euros** in 1st half 2010, down **-24.8%**, reflecting the low order intake in 2009.

Order intake totaled **424 million euros**, an increase compared to the 1st half 2009. Annual order intake should be close to the 2008 level given the current strong level of commercial activity.

Orders in hand at the end of June amounted to 4.2 billion euros.

2.1.4 Other Activities

<i>in millions of euros</i>	H1 2009	H1 2010	H1 10/09 change as published
Welding and Cutting	220	211	-4.3%
Diving and Specialty Chemicals	190	222	+16.9%
Other Activities	410	433	+5.5%

Revenue from Other Activities totaled **433 million euros**, up **+5.5%** in 1st half 2010.

Welding and Cutting revenue declined by -4.3% even though there was a small turnaround in consumables demand. A recovery in Equipment sales usually lags consumables demand, as it depends heavily on investment trends in the most cyclical sectors.

A substantial turnaround was noted in Specialty Chemicals due to the Cosmetics and Healthcare sectors. The Diving sector also reported steady growth.

2.2 Operating Income Recurring

Revenue growth, continuing tight cost control and efficiency gains resulted in a +17.0% increase in operating income recurring before depreciation and amortization and leverage of **+160 basis points** in the margin, to 25.1%.

After depreciation and amortization up +8.2%, Operating Income Recurring (OIR) totaled **1,084 million euros**, up +22.0%. The operating margin amounted to 16.6%, up **+160 basis points** compared to the 1st half 2009, and in line with the margin generated in 2nd half 2009.

The 2009 acceleration of the efficiency projects defined within the Alma program continued during 1st half 2010 in the following areas:

- ✓ procurement, with the roll-out of regional or worldwide purchasing platforms, more framework agreements, and the increase in the number of cost categories included;
- ✓ logistics efficiency gains;
- ✓ and, to a lesser extent, the realignment of structural costs in certain subsidiaries.

Efficiencies represented 145 million euros in 1st half 2010, ahead of the annual objective of more than 200 million euros, and in an environment where cost discipline has been maintained.

2.2.1 Gas and Services

Gas and Services OIR totaled 1,092 million euros, an increase by more than +20%. The OIR margin of 19.2% improved by **+110 basis points** compared to the 1st half 2009.

In **Europe**, OIR amounted to 593 million euros, up +8.8%. The OIR margin stood at 19.8%, up **+80 basis points**, due to the turnaround in Industrial Merchant and Electronics volumes and a tight control over all cost lines.

In the **Americas**, OIR rose by +19.2% to reach 259 million euros. Thus, the OIR margin stood at 19.2%, up **+20 basis points** compared to 1st half 2009 due to ongoing efficiency and Industrial Merchant price increases, compensating cost increases.

In **Asia Pacific**, the OIR reached 205 million euros, up +76.7%. The OIR margin improved by **+400 basis points** to 16.9%. This performance mainly arises from margin improvement in Japan due to the very significant recovery in Electronic volumes, and the growing contribution from new Large Industries and Industrial Merchant units in China.

2.2.2 Engineering and Construction

OIR totaled 36.6 million euros, representing a decline in line with sales. Thus, the OIR margin of the Engineering and Construction activity remained stable at 9.4%, at the high end of the industry benchmark range.

2.2.3 Other Activities

The OIR of the Group's Other Activities almost doubled, totaling 42.8 million euros, compared to 22.0 million euros in 1st half 2009. This performance was attributable to the improved productivity in the Welding and Cutting activity due to the cost structure realignment measures in 2009, and the significant growth in Specialty Chemicals and Diving.

2.2.4 Research and Development and Corporate costs

Unallocated expenses represented 86.8 million euros, down - 4.4% compared to 1st half 2009, due to tight control of general expenses.

2.3 Net profit

Net profit (Group share) reached **676 million euros**, up +13.3%. Excluding the foreign currency impact, the increase amounted to +10.0%.

Other operating income and expenses totaled 20 million euros in 1st half 2010, and mainly include the favorable resolution of a litigation. The line item totaled 30 million euros in 1st half 2009 and comprised the recording of an exceptional income corresponding to a receivable relating to the refund of the equalization charge paid previously, and the costs of exceptional efficiency projects.

The cost of net indebtedness amounted to **112.6 million euros**, compared to 112.9 million euros in the previous period. This consistency was mainly attributable to the relative stability of net indebtedness and the financing rate between the two periods. **Other**

net financial expenses totaling –50.9 million euros were impacted by the decline in the market value of US dollar debt hedging instruments.

The **effective tax rate** stood at 26.9 %, after an exceptionally low rate in the previous year due to the recognition of a non-taxable exceptional item.

Net profit per share amounted to **2.40 euros**, up +11.6% over the period, adjusted for the free share issue of one new share for fifteen old shares in May 2010, and slightly diluted by the capital increase reserved for employees during 1st half 2009. The average number of shares outstanding used for the calculation of net profit per share as of June 30, 2010 was 281,167,826.

3. Change in net indebtedness

Cash flow from operating activities before changes in working capital totaled 1,266 million euros, up +16.7% compared to the 1st half 2009. The increase in working capital requirement amounted to 207 million euros, reflecting revenue growth and the slowdown in the Engineering and Construction order in-take. **Net cash from operating activities** totaled 1,059 million euros, down – 4.8%. The annualized pretax working capital to revenue ratio was 7.5% relative to 7.7% in 1st half 2009.

In the 1st half 2010, **net investments** amounted to **812 million euros**, or **12.5% of sales**, compared to 788 million euros in the 1st half 2009.

The cash payout to shareholders totaled 599 million euros, compared to 531 million euros in 1st half 2009. The dividend payment of 609 million euros was stable compared to the previous year, however capital increases were lower in the absence of the capital increase reserved for employees carried out in May 2009. No shares were repurchased during the 1st half 2010, excluding the normal functioning of the liquidity contract.

As of June 30, 2010, **net indebtedness** totaled **5,691 million euros**, up **800 million compared to December 31, 2009**. More than half of this increase was due to the impact of the euro's decline against the US dollar, the yen and the yuan. Net indebtedness in these currencies represents 62% of the Group's total net indebtedness. The Net Debt/Equity ratio totaled 68%, compared to 63% at the 2009 year-end. Had the impact of the dividend payment been spread over the full year, gearing would have been at 62% at June 30 2010.

4. Investment cycle

The **12-month portfolio of opportunities** regained its high pre-crisis 2008 level, amounting to 4.7 billion euros. At the end of 1st half 2010, there was an increase in the number of **new projects entering** the portfolio. These new projects were largely located in China and the Middle East, confirming the portfolio's recent trend towards emerging economies. Currently, 80% of these opportunities are located in these regions.

In 1st half 2010, **investment decisions** totaled 806 million euros (including acquisitions of 165 million euros). This amount represented 16 projects of more than 10 million euros, spread across all regions and all business segments. During July, a further 260 million euros of acquisitions and development projects have been signed. All in all, since the beginning of the year three site takeovers have been signed.

Net investment was limited to 812 million euros and remains in line with the stated 1.7 billion euro industrial investment target for 2010. The returns on the new projects are consistent with those generated by pre-crisis projects and remain in line with Group standards.

The 1st half 2010 was marked by a record number of 13 large **start-ups** (defined as more than 10 million euros of investment), including seven in China, and one each in India, Brazil, Japan, Egypt, Vietnam and Australia. These new plants are mainly for Large Industries, but also Electronics and Industrial Merchant. Furthermore, 12 start-ups are expected in the 2nd half, bringing the total to 25 for the full year.

5. 2010 1st half highlights

Acceleration of the Industrial Merchant activity in emerging economies

- On June 1, 2010, Air Liquide announced that it had completed the acquisition of AMCO-GAZ, a distributor of compressed and liquefied gases operating in the Polish market since 1991. It represents the integration of 90 new employees, over 2,500 customers and two additional cylinder filling operations in Poznań and Białystok. This acquisition significantly strengthens Air Liquide's position in the Cylinders activity in Poland and efficiently complements its strong positions in Bulk and Large Industries.
- Growth has continued in the Middle East, based on recent acquisitions, including an exclusive offtake agreement for half of the production of the new helium plant under construction in Qatar (see Engineering paragraph below), which will position the Group as one of the main players in the global helium market. To support these developments in the region, the Group set up a major specialty gases dispatch platform in Dubai to supply Asia.
- In Russia, new liquid production facilities are being built, 900 km east of Moscow in the Republic of Tatarstan.
- New facilities are being developed in China. The number of liquid units has more than doubled over the last three years and numerous filling units are currently being deployed.

New developments in Large Industries

- Three unit takeovers have been signed since the beginning of the year:
 - ✓ An air separation unit close to a pipeline network in Germany, in July,
 - ✓ In South Korea, a syngas (H₂+CO) distillation cold box, associated with a syngas supply agreement,
 - ✓ Steam and other utilities units in Louisiana, US, in July.
- The Group continues to sign new contracts in China with the announcement of a 25 million euros investment, for an airgas plant to provide the Dongbei Special Steel Group in Dalian with a second oxygen supply agreement. The new plant will be commissioned in the third quarter of 2011.
- Following the success of the first outsourcing agreement with Severstal in 2007, the Group signed in July 2010 a second contract with Severstal for gas supply to the same Cherepovets plant, north of Moscow. This will require the construction a new ASU of 2,000 tonnes per day.

Contracts signed in Engineering and Construction

- In mid-April, Air Liquide signed two projects in China for the design and construction of four air separation units (ASU) for new coal-to-chemicals customers. The Group's Engineering & Construction center in China will design, manufacture and build two ASUs for the Shaanxi Yanchang Petroleum Group and two ASUs for the Shandong Hualu Hengsheng Group.
- Air Liquide has been awarded a contract by RasGas Company Limited on behalf of Ras Laffan Liquefied Natural Gas and Qatargas Liquefied Gas for a large turn-key helium extraction, purification and liquefaction unit to be installed in Ras Laffan, Qatar. The new unit will be the largest in the world, with a production capacity of 38 million m³ of helium per year. The technology used to purify and liquefy helium at very low temperature (-269°C) is a proprietary Air Liquide advanced technology.

Significant progress in Photovoltaics

Air Liquide is strengthening its market leadership position in the supply of gases and precursors to the solar photovoltaic manufacturers by signing more than 10 new long-term contracts with photovoltaic industry leaders in China, Malaysia, Taiwan and Japan. With the latest contracts the Group supplies over 120 photovoltaic customers worldwide, representing an overall manufacturing capacity of more than 13,000 MWp per year, equivalent to approximately 50% of worldwide production capacity.

New Hydrogen Energy project

Air Liquide was recently awarded a contract to supply the hydrogen, filling station and infrastructure to power Walmart's new fleet of green forklift trucks at the company's new distribution center located in Alberta, Canada.

Return of growth opportunities in the Homecare sector

Three small but strategic acquisitions were signed in 1st half 2010. The acquisition of Dinno Santé in France extends the Group's ability and know-how in the treatment of diabetes. The acquisitions of Global Med in Brazil and Medions in South Korea expanded the Group's coverage in the Homecare sector in emerging economies. The acquisition of Snore in July, specializing in the analysis and treatment of sleep apnea, completes Air Liquide's offering in Australia.

Lengthening the average financing maturity

The bond exchange offer initiated by the Group in June 2010 was a major success, refinancing 331 million euros of bonds maturing in November 2012 and paying a 6.125% coupon, with a new 10-year issue of 370 million euros paying a 3.889% coupon. Given the particularly favorable conditions of this transaction, the Group has decided to increase the size of the new issue to 500 million euros in a context of strong investor demand. The new bond, issued under the Euro Medium Term Note (EMTN) program of 6 billion euros, is rated "A" by Standard & Poor's, in line with the Air Liquide Group's credit rating of "A/stable outlook".

Main risks and uncertainties

There has been no change in the risk factors during 1st half 2010, as described in the 2009 Reference Document, pages 17 to 20.

Outlook

In the first half of 2010, the Group posted a solid progression in sales and profits compared to both 2009 and pre-crisis level of 2008. This sound performance is due not only to continually increasing customer demand but also to the Group's ability to adapt to a new environment thanks to its ALMA program.

Growth projects are picking up at a moderate pace in mature economies, but at a sustained pace in emerging economies. The Group's portfolio of investments opportunities is now back to its pre-crisis level.

In this context, and based on current trends, we maintain our objective of continuous growth in net profit in 2010, in line with our long-term performance.

2010 1st half consolidated financial statements

1. Consolidated income statement

<i>in millions of euros</i>	H1 2009	H1 2010	H1 10/H1 09 change
Revenue ⁽¹⁾	5,937.3	6,515.7	+9.7%
Purchases	(2,289.9)	(2,425.2)	+5.9%
Personnel expenses	(1,142.0)	(1,197.2)	+4.8%
Other operating income & expenses	(1,109.2)	(1,260.0)	+13.6%
Operating Income Recurring before depreciation and amortization	1,396.2	1,633.3	+17.0%
Depreciation and amortization expense	(507.4)	(549.1)	+8.2%
Operating Income Recurring ⁽¹⁾	888.8	1,084.2	+22.0%
Other non-recurring operating income and expenses	30.1	19.7	
Operating Income	918.9	1,103.9	+20.1%
Net finance costs	(112.9)	(112.6)	
Other net financial expenses	(7.0)	(50.9)	
Income taxes	(184.8)	(253.0)	
Share of profit of associates	9.6	17.8	
Net profit for the period	623.8	705.2	+13.0%
- Minority interests	27.4	29.6	
- Net Profit (Group share)	596.4	675.6	+13.3%
Basic earnings per share (in euros) ⁽²⁾	2.15	2.40	+11.6%
Diluted earnings per share (in euros) ⁽³⁾	2.15	2.39	+11.2%

(1) For geographic information see section 5.

(2) Calculated on the adjusted average weighted number of shares outstanding during the period (excluding treasury shares), and adjusted for the free share issue on May 28, 2010 of 1 new share for 15 old shares.

(3) Calculated on the adjusted average weighted number of shares, assuming the exercise in full of all share subscription options granted to employees, and adjusted for the free share issue on May 28, 2010 of 1 new share for 15 old shares.

2. Consolidated balance sheet (summarized)

<i>in millions of euros</i>	Dec. 31, 2009	June 30, 2010
ASSETS		
Goodwill	4,002.9	4,394.7
Intangible assets and property, plant and equipment	10,596.8	11,728.4
Other non-current assets	940.1	979.0
Total non-current assets	15,539.8	17,102.1
Inventories and work-in-progress	709.7	771.1
Trade receivables and other current assets	2,931.5	3,108.0
Cash and cash equivalents including asset derivatives	1,444.6	1,064.3
Total current assets	5,085.8	4,943.4
Total assets	20,625.6	22,045.5
EQUITY AND LIABILITIES		
Shareholders' equity	7,583.7	8,165.4
Minority interests	168.2	189.5
Total equity	7,751.9	8,354.9
Provisions, employee benefit commitments & deferred tax liabilities	2,777.5	3,053.5
Non-current borrowings	5,528.9	6,272.9
Other non-current liabilities and non-current liability derivatives	280.8	357.5
Total non-current liabilities	8,587.2	9,683.9
Provisions and employee benefit commitments	222.4	239.1
Trade payables and other current liabilities	3,197.1	3,158.2
Current borrowings including current liability derivatives	867.0	609.4
Total current liabilities	4,286.5	4,006.7
Total equity and liabilities	20,625.6	22,045.5
NET INDEBTEDNESS AT THE END OF THE PERIOD	4,890.8	5,691.2

3. Consolidated cash flow statement

<i>in millions of euros</i>	2009	H1 2009	H1 2010
Net profit (Group share)	1,230.0	596.4	675.6
Minority interests	55.2	27.4	29.6
Adjustments for:			
Depreciation and amortization	1,020.0	507.4	549.1
Changes in deferred taxes	69.2	24.5	29.4
Increase in provisions	25.0	20.3	(2.8)
Share of profit of associates (less dividends received)	(3.5)	(2.0)	(11.7)
Profit/loss on disposal of assets	(30.1)	(0.2)	(3.5)
Equalization charge receivable	(91.3)	(89.5)	
Cash flow from operating activities before changes in working capital	2,274.5	1,084.3	1,265.7
Changes in working capital	165.5	(7.4)	(206.8)
Other	11.8	35.7	0.2
Net cash from operating activities	2,451.8	1,112.6	1,059.1
Purchases of property plant & equipment and intangible assets	(1,411.0)	(771.7)	(664.5)
Acquisition of subsidiaries and financial assets	(109.2)	(27.0)	(157.9)
Proceeds from sale of property, plant & equipment, intangible and financial assets	80.4	10.2	10.6
Net cash used in investing activities	(1,439.8)	(788.5)	(811.8)
Dividends paid:			
- L'Air Liquide S.A.	(601.9)	(601.9)	(609.0)
- Minority interests	(28.8)	(15.4)	(24.1)
Proceeds from issue of share capital	175.1	86.6	34.4
Transactions with minority shareholders			(6.4)
Purchase of treasury shares	(1.1)	(0.6)	(2.8)
Increase (decrease) of borrowings	(416.6)	237.7	137.4
Net cash used in financing activities	(873.3)	(293.6)	(470.5)
Effect of exchange rate changes and change in scope of consolidation	45.7	37.5	(119.0)
Net increase in cash and cash equivalents	184.4	68.0	(342.2)
Cash and cash equivalents at the beginning of the period	1,141.5	1,141.5	1,325.9
Cash and cash equivalents at the end of the period	1,325.9	1,209.5	983.7

Net indebtedness calculation

<i>in millions of euros</i>	2009	H1 2009	H1 2010
Non-current borrowings (long-term debt)	(5,528.9)	(5,808.0)	(6,272.9)
Current borrowings (short-term debt)	(826.4)	(1,213.0)	(522.8)
Total Gross indebtedness	(6,355.3)	(7,021.0)	(6,795.7)
Cash and cash equivalents	1,385.3	1,287.8	1,031.7
Derivative instruments (fair value hedge of borrowings)	79.2	79.6	72.8
Total net indebtedness at the end of the period	(4,890.8)	(5,653.6)	(5,691.2)

Statement of changes in net indebtedness

<i>in millions of euros</i>	2009	H1 2009	H1 2010
Net indebtedness at the beginning of the period	(5,484.4)	(5,484.4)	(4,890.8)
Net cash from operating activities	2,451.8	1,112.6	1,059.1
Net cash used in investing activities	(1,439.8)	(788.5)	(811.8)
Net cash used in financing activities excluding increase (decrease) of borrowings	(456.7)	(531.3)	(607.9)
Total net cash flow	555.3	(207.2)	(360.6)
Effect of exchange rate changes and change in scope of consolidation and other	38.3	38.0	(439.8)
Change in net indebtedness	593.6	(169.2)	(800.4)
Net indebtedness at the end of the period	(4,890.8)	(5,653.6)	(5,691.2)

4. Breakdown of revenue and operating income recurring

<i>in millions of euros</i>	H1 2009	H1 2010	Change
Revenue			
Gas & Services	5,022.0	5,694.7	+13.4%
Engineering & Construction	505.1	388.3	-23.1%
Other Activities	410.2	432.7	+5.5%
Total revenue	5,937.3	6,515.7	+9.7%
Operating Income Recurring			
Gas & Services	908.3	1,091.6	+20.2%
Engineering & Construction	49.3	36.6	-25.8%
Other Activities	22.0	42.8	+94.5%
Reconciliation	(90.8)	(86.8)	-4.4%
Total Operating Income Recurring	888.8	1,084.2	+22.0%

5. Gas and Services revenue and operating income recurring geographic breakdown

1st half 2010

<i>in millions of euros</i>	Europe	Americas	Asia Pacific	Middle East & Africa	Total G&S
Revenue	3,001.5	1,346.8	1,213.0	133.4	5,694.7
Operating Income Recurring	593.3	259.2	204.8	34.3	1,091.6
OIR margin	19.8%	19.2%	16.9%	25.7%	19.2%

1st half 2009

<i>in millions of euros</i>	Europe	Americas	Asia Pacific	Middle East & Africa	Total G&S
Revenue	2,872.5	1,144.8	896.9	107.8	5,022.0
Operating Income Recurring	545.3	217.4	115.9	29.7	908.3
OIR margin	19.0%	19.0%	12.9%	27.5%	18.1%

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 2010 revenue includes the following elements:

<i>in millions of euros</i>	Revenue	H1 10/09 as published	Currency	Natural gas	H1 10/09 comparable*
Group	6,516	+9.7%	+180	+27	+6.3%
Gas and Services	5,695	+13.4%	+169	+27	+9.5%

* on a comparable basis: excluding currency and natural gas impact.

For the Group,

- The currency effect represents an impact of +3.0%
- The natural gas price increase in the 2nd quarter more than offsets the decline in the 1st quarter. The natural gas price impact in the 1st half 2010 was +0.4%.

For Gas and Services,

- The currency effect represents an impact of +3.4%
- The natural gas price increase represents an impact of +0.5%.