AIR LIQUIDE

Paris, August 1, 2011

First half 2011: high level of activity and sustained growth in financial results

2011 objective maintained

press release

Performance in first half 2011

- **High level of activity** in Gas & Services
- Sustained growth in **revenue,** up **+9.2%,** and **net profit,** up **+11.1%**
- Increase in **operating margin**, at **16.7%, up +30 basis points** (excluding impact of natural gas)
- **Further investments** in **all businesses**

Highlights

- Entry into **Mexico** and **Ukraine**
- Expansion in **Chile**, **Saudi Arabia** and **China**
- New development in the **United States** in the **hydrogen energy** sector
- **15** new contracts in **the photovoltaic industry**
- **Acquisitions** in **Healthcare** in France

Air Liquide's Board of Directors, chaired by Benoît Potier, Chairman and CEO, met on July 29, 2011, and reviewed the Group consolidated financial statements at June 30, 2011.

The first half was characterized by **sustained growth** in both sales and net profit, **further investments** in all businesses, and **the entry into new countries** with high growth potential. **Group revenue** reached **€7,115** million at June 30, 2011, representing an increase of **+9.2%** versus H1 2010 reported sales.

In **Gas & Services**, revenue reached **€6,356** million, up **+11.6%** on a reported basis (**+10.5%** on a comparable basis), boosted in particularly by the momentum of **Large Industries** and **Electronics**. Growth continued in all geographies, at a significant pace in advanced economies **(+7%)** and at a very strong pace in developing economies **(+28%)**.

The **operating margin** reached **16.7%** (up +30 basis points on a comparable basis), thanks mainly to **efficiency gains**, which reached **€132** million in the first half, in advance of the full year objective. **Net profit (Group share)** was **€750** million, up **+11.1%** at June 30.

Net debt, at **€5,580** million, is below the June 30, 2010, level and is not subject to refinancing in the coming months. The number of new **investment projects,** within a portfolio of opportunities totaling **€3.7** billion at June 30, 2011, has remained high.

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

"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 the Middle-East.

Our continuing research and innovation efforts in key technologies, as well as our investment decisions totaling nearly €1 billion 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 & Services sales. As a result, our global presence, combined with our pioneering positions in high-growth markets, allows us to reinforce our fundamentals and continue our 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."

H1 2011 key figures

In millions of euros		Variation 2011/2010 reported	comparable*
Group Revenue	**€7,115 m**	***+9.2%***	*+8.3%*
of which Gas & Services	€ 6,356 m	*+11.6%*	***+10.5%***
Operating income recurring	**€1,191 m**	***+9.9%***	
Net profit (Group share)	**€750 m**	***+11.1%***	
Net earnings per share (in euros)	**2.65**	***+10.4%***	
Net debt as at 30 June 2011	**€5,580 m**		

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

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 event

3rd quarter revenue
Wednesday, October 26, 2011

__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__, 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.

www.airliquide.com

AIR LIQUIDE

Paris, August 1, 2011

Activity report – 1st half 2011

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

2011 1st half performance

1. Key figures

In millions of euros	H1 2010	H1 2011	*H1 11/10 change as published*	*H1 11/10 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%*	
	06/30/10	**06/30/11**		
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

In millions of euros	H1 2010	H1 2011	H1 11/10 change	
			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

In millions of euros	H1 2010	H1 2011	H1 11/10 change	
			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%***

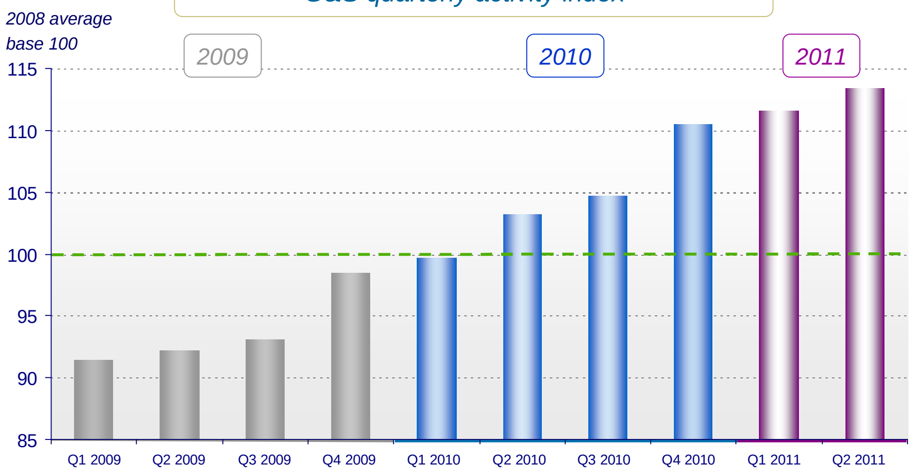
In millions of euros	**H1 2010**	**H1 2011**	**H1 11/10 change** *as published*	*comparable**
Industrial Merchant	**2,314**	**2,398**	*+3.7%*	*+3.1%*
Large Industries	**1,886**	**2,255**	*+19.6%*	*+17.4%*
Healthcare	**951**	**1,025**	*+7.8%*	*+7.8%*
Electronics	**545**	**678**	*+24.6%*	*+22.9%*
Gas and 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.

*G&S quarterly activity index **



** 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

In millions of euros	H1 2010	H1 2011	H1 11/10 change *as published*	H1 11/10 change *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 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/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 plan.
- 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 emerging 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 17 to 20.

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 the Middle-East.

Our continuing research and innovation efforts in key technologies, as well as our investment decisions totaling nearly €1 billion 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, our global presence, combined with our pioneering positions in high-growth markets, allows us to reinforce our fundamentals and continue our 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

Consolidated financial statements
For the 2011 1st half ended June 30

In million of euros	H1 2010	H1 2011	Change
Revenue	**6,515.7**	**7,115.2**	***+9.2%***
Purchases	(2,425.2)	(2,793.9)	
Personnel expenses	(1,197.2)	(1,245.0)	
Other operating income & expenses	(1,260.0)	(1,312.7)	
Operating Income Recurring before depreciation and amortization	**1,633.3**	**1,763.6**	***+8.0%***
Depreciation and amortization expense	(549.1)	(572.2)	
Operating Income Recurring	**1,084.2**	**1,191.4**	***+9.9%***
Other non-recurring operating income and expenses	19.7	0.2	
Operating income	**1,103.9**	**1,191.6**	***+7.9%***
Net finance costs	(112.6)	(114.5)	
Other net financial expenses	(50.9)	(33.3)	
Income taxes	(253.0)	(274.3)	
Share of profit of associates	17.8	12.9	
Net profit for the period	**705.2**	**782.4**	***+10.9%***
- Minority interest	29.6	32.1	
- Net Profit (Group share)	**675.6**	**750.3**	***+11.1%***
Basic earnings per share *(in euros)*	**2.40**	**2.65**	***+10.4%***
Diluted earnings per share *(in euros)*	**2.39**	**2.64**	***+10.5%***

Consolidated Balance Sheet (summarized)

For the 2011 1st half ended June 30

In million of euros	Dec. 31, 2010	June 30, 2011
ASSETS		
Goodwill	4,390.8	4,315.3
Intangible assets and property, plant and equipment	11,706.8	11,654.7
Other non-current assets (1)	973.0	960.4
TOTAL NON-CURRENT ASSETS	**17,070.6**	**16,930.4**
Inventories and work-in-progress	741.7	809.6
Trade receivables and other current assets	3,150.4	3,210.6
Cash and cash equivalents (1)	1,574.9	1,084.0
TOTAL CURRENT ASSETS	**5,467.0**	**5,104.2**
TOTAL ASSETS	**22,537.6**	**22,034.6**

In million of euros	Dec. 31, 2010	June 30,2011
EQUITY AND LIABILITIES		
Shareholders' equity	**8,903.5**	**8,726.7**
Minority interests	**209.0**	**205.9**
TOTAL EQUITY	**9,112.5**	**8,932.6**
Provisions. employee benefit commitments & deferred tax liabilities	2,930.0	2,886.2
Non-current borrowings	5,680.8	5,490.7
Other non-current liabilities and non-current liability derivatives	336.1	315.8
TOTAL NON-CURRENT LIABILITIES	**8,946.9**	**8,692.7**
Provisions and employee benefit commitments	216.4	197.6
Trade payables and other current liabilities	3,298.2	3,052.0
Current borrowings (1)	963.6	1,159.7
TOTAL CURRENT LIABILITIES	**4,478.2**	**4,409.3**
TOTAL EQUITY AND LIABILITIES	**22,537.6**	**22,034.6**

(1) including derivatives

Consolidated cash flow statement

For the 2011 1st half ended June 30

In millions of euros	2010	H1 2010	H1 2011
Operating activities			
Net profit (Group share)	**1,403.6**	**675.6**	**750.3**
Minority interests	**54.5**	**29.6**	**32.1**
Adjustments for:			
Depreciation and amortization	1,122.1	549.1	572.2
Changes in deferred taxes	130.2	29.4	57.3
Increase 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 from operating activities	**2,419.9**	**1,059.1**	**923.3**
Investing activities			
Purchases of property plant & 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 sales of property, plant & equipment, intangible	43.0	10.1	80.5
Proceeds from sale of financial assets	0.8	0.5	0.8
Net cash 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)
• Minorities 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 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 in cash and cash equivalents	**156.3**	**(342.2)**	**(521.2)**
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD	**1,325.9**	**1,325.9**	**1,482.2**
CASH AND CASH EQUIVALENT AT THE END OF THE 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	H1 2010	H1 2011
Cash and cash equivalent	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 equivalent	**1,482.2**	**983.7**	**961.0**

Net indebtedness calculation

In millions of euros	2010	H1 2010	H1 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 equivalent	**1,523.1**	**1,031.7**	**1,012.7**
Derivative instruments (asset) – 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	H1 2010	H1 2011
Net indebtedness at the beginning of the period	**(4,890.8)**	**(4,890.8)**	**(5,039.3)**
Net cash from operating activities	2,419.9	1,059.1	923.3
Net cash used in investing activities	(1,645.9)	(811.8)	(788.5)
Net cash used in financing activities excluding increase (decrease) of borrowings	(626.2)	(607.9)	(767.5)
Total net cash flow	**147.8**	**(360.6)**	**(632.7)**
Effect of exchange rate changes and change in scope of consolidation 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)**

Segment and geographic information

Breakdown of Revenue and Operating Income Recurring

in millions of euros	H1 2010	H1 2011
Gas & Services	5,694.7	6,356.0
Engineering & Construction	388.3	289.7
Other Activities	432.7	469.5
REVENUE	**6,515.7**	**7,115.2**
Gas & Services	1,091.6	1,205.6
Engineering & Construction	36.6	28.7
Other Activities	42.8	55.3
Reconciliation	(86.8)	(98.2)
OPERATING INCOME RECURRING	**1,084.2**	**1,191.4**

Gaz and Services Revenue and Operating Income Recurring geographic breakdown

In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa	Total
1st half 2011					
Revenue	3,297.4	1,408.5	1,505.3	144.8	6,356.0
Operating Income Recurring	636.3	291.1	249.1	29.1	1,205.6
1st half 2010					
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

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 11/10*** *as published*	**Currency**	**Natural gas**	***H1 11/10*** *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%.