# First Half 2010 Financial Report
## as of June 30, 2010





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**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 euros**, of which almost 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 – First half 2010

## 2010 first half performance

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

## 1. Key figures

| *In millions of euros* | H1 2009 | H1 2010 | H1 10/09 change As published | H1 10/09 change Comparable (1) | H1 10/08 change (2) |
|---|---|---|---|---|---|
| **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% |
| *OIR margin before depreciation and amortization* | *23.5%* | **25.1%** | *+160 bps* | | *+260 bps* |
| Operating Income Recurring | 889 | **1,084** | +22.0% | | +14.1% |
| *OIR margin* | *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 changes in working capital | 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 results, 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 intake. 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 the US dollar, yen and yuan.

# 2. 2010 first half income statement

## 2.1 REVENUE

| *In millions of euros* | H1 2009 | H1 2010 | H1 10/09 as published | H1 10/09 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

| *In millions of euros* | H1 2009 | H1 2010 | H1 10/09 as published | H1 10/09 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%** |

* *Comparable: excluding impact of currency and natural gas.*

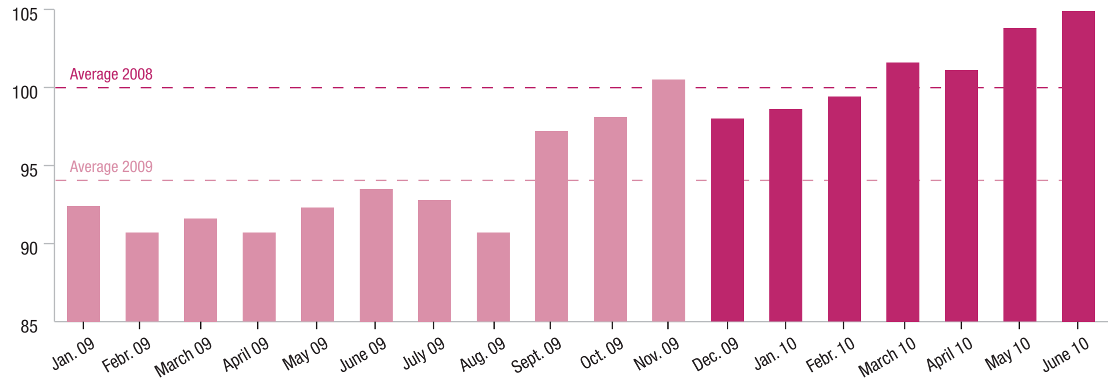
| *In millions of euros* | H1 2009 | H1 2010 | H1 10/09 as published | H1 10/09 comparable* |
|---|---|---|---|---|
| Industrial Merchant | 2,119 | **2,314** | *+9.2%* | *+4.6%* |
| Large Industries | 1,607 | **1,886** | *+17.3%* | *+13.3%* |
| Healthcare | 883 | **951** | *+7.6%* | *+5.6%* |
| Electronics | 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 very 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 DinnoSanté, 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 in 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. 2010 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

| *In millions of euros* | H1 2009 | H1 2010 | H1 10/09 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 a **+160 basis points** increase 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 record margin generated in 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 intake. **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 2010, bringing the total to 25 for the full year.

# 5. 2010 first 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:
  - a syngas unit close to a pipeline network in Germany, in July;
  - in South Korea, a syngas ($H_2$+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 of a new airgas plant 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 $m^3$ 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 over 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 DinnoSanté in France extends the Group's ability and know-how in the treatment of diabetes. The acquisitions of Global Med in Brazil and Medions Homecare in South Korea expanded the Group's coverage in the Homecare sector in emerging economies. The acquisition of Snore Australia 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.

# Appendix

*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:

| *In millions of euros* | **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%.

# Condensed consolidated financial statements

## Consolidated income statement

| *In millions of euros* | *Notes* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|---|
| **Revenue** | *(3)* | **11,976.1** | **5,937.3** | **6,515.7** |
| Other income | | 182.5 | 64.2 | 55.1 |
| Purchase | | (4,563.3) | (2,289.9) | (2,425.2) |
| Personnel expenses | | (2,236.5) | (1,142.0) | (1,197.2) |
| Other expenses | | (2,389.8) | (1,173.4) | (1,315.1) |
| **Operating income recurring before depreciation and amortization** | | **2,969.0** | **1,396.2** | **1,633.3** |
| Depreciation and amortization expense | *(4)* | (1,020.0) | (507.4) | (549.1) |
| **Operating income recurring** | | **1,949.0** | **888.8** | **1,084.2** |
| Other non-recurring operating income | *(5)* | 75.7 | 71.7 | 25.4 |
| Other non-recurring operating expenses | *(5)* | (65.6) | (41.6) | (5.7) |
| **Operating income** | | **1,959.1** | **918.9** | **1,103.9** |
| Net finance costs | *(6)* | (221.7) | (112.9) | (112.6) |
| Other financial income | *(6)* | 80.1 | 59.2 | 33.2 |
| Other financial expenses | *(6)* | (133.0) | (66.2) | (84.1) |
| Income taxes | *(7)* | (419.1) | (184.8) | (253.0) |
| Share of profit of associates | *(12)* | 19.8 | 9.6 | 17.8 |
| **Profit for the period** | | **1,285.2** | **623.8** | **705.2** |
| Minority interests | | 55.2 | 27.4 | 29.6 |
| **Net profit (Group share)** | | **1,230.0** | **596.4** | **675.6** |
| | | | | |
| **Basic earnings per share** *(in euros)* | *(9)* | **4.40** | **2.15** | **2.40** |
| **Diluted earnings per share** *(in euros)* | *(9)* | **4.40** | **2.15** | **2.39** |

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

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| **Profit for the period** | **1,285.2** | **623.8** | **705.2** |
| **Items recognized in equity** | | | |
| Fair value variation of financial instruments | (2.1) | (0.3) | (32.0) |
| Change in foreign currency translation reserve | 35.0 | (19.8) | 623.1 |
| Actuarial gains (losses) | (32.9) | 42.6 | (97.2) |
| **Items recognized in equity, net of taxes** | | **22.5** | **493.9** |
| **Net income and gains and losses recognized directly in equity** | **1,285.2** | **646.3** | **1,199.1** |
| Attributable to minority interests | 55.6 | 25.8 | 44.7 |
| **Attributable to equity holders of the parent** | **1,229.6** | **620.5** | **1,154.4** |

# Consolidated balance sheet

## ASSETS

| *In millions of euros* | *Notes* | **December 31, 2009** | **June 30, 2010** |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | *(10)* | 4,002.9 | 4,394.7 |
| Other intangible assets | *(10)* | 676.0 | 693.2 |
| Property, plant and equipment | *(10)* | 9,920.8 | 11,035.2 |
| | | **14,599.7** | **16,123.1** |
| **Other non-current assets** | | | |
| Non-current financial assets | *(11)* | 276.9 | 324.2 |
| Investments in associates | *(12)* | 166.5 | 203.4 |
| Deferred tax assets | *(13)* | 350.1 | 365.2 |
| Fair value of non-current derivatives (assets) | | 146.6 | 86.2 |
| | | **940.1** | **979.0** |
| **TOTAL NON-CURRENT ASSETS** | | **15,539.8** | **17,102.1** |
| | | | |
| **Current assets** | | | |
| Inventories and work-in-progress | | 709.7 | 771.1 |
| Trade receivables | | 2,406.5 | 2,638.5 |
| Other current assets | | 470.6 | 443.0 |
| Current tax assets | | 54.4 | 26.5 |
| Fair value of current derivatives (assets) | | 59.3 | 32.6 |
| Cash and cash equivalents | | 1,385.3 | 1,031.7 |
| **TOTAL CURRENT ASSETS** | | **5,085.8** | **4,943.4** |
| **TOTAL ASSETS** | | **20,625.6** | **22,045.5** |

## EQUITY AND LIABILITIES

| *In millions of euros* | *Notes* | **December 31, 2009** | **June 30, 2010** |
|---|---|---|---|
| **Shareholder's equity** | | | |
| Share capital | | 1,453.4 | 1,556.1 |
| Additional paid-in capital | | 171.8 | 100.8 |
| Retained earnings | | 4,832.4 | 5,939.6 |
| Treasury shares | | (103.9) | (106.7) |
| Net profit (Group share) | | 1,230.0 | 675.6 |
| | | **7,583.7** | **8,165.4** |
| **Minority interests** | | **168.2** | **189.5** |
| **TOTAL EQUITY** [a] | | **7,751.9** | **8,354.9** |
| | | | |
| **Non-current liabilities** | | | |
| Provisions, pensions and other employee benefits | *(14)* | 1,778.1 | 1,979.2 |
| Deferred tax liabilities | *(13)* | 999.4 | 1,074.3 |
| Non-current borrowings | *(15)* | 5,528.9 | 6,272.9 |
| Other non-current liabilities | | 201.4 | 217.0 |
| Fair value of non-current derivatives (liabilities) | | 79.4 | 140.5 |
| **TOTAL NON-CURRENT LIABILITIES** | | **8,587.2** | **9,683.9** |
| | | | |
| **Current liabilities** | | | |
| Provisions, pensions and other employee benefits | *(14)* | 222.4 | 239.1 |
| Trade payables | | 1,609.0 | 1,679.1 |
| Other current liabilities | | 1,443.7 | 1,285.1 |
| Current tax payables | | 144.4 | 194.0 |
| Current borrowings | *(15)* | 826.4 | 522.8 |
| Fair value of current derivatives (liabilities) | | 40.6 | 86.6 |
| **TOTAL CURRENT LIABILITIES** | | **4,286.5** | **4,006.7** |
| **TOTAL EQUITY AND LIABILITIES** | | **20,625.6** | **22,045.5** |

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

# Consolidated statement of cash flows

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| **Operating activities** | | | |
| **Net profit (Group share)** | **1,230.0** | **596.4** | **675.6** |
| **Minority interests** | **55.2** | **27.4** | **29.6** |
| Adjustments: | | | |
| ■ Depreciation and amortization | 1,020.0 | 507.4 | 549.1 |
| ■ Changes in deferred taxes | 69.2 | 24.5 | 29.4 |
| ■ Increase (decrease) 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** |
| **Investing activities** | | | |
| Purchase of property, plant and 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 and equipment and intangible assets | 78.5 | 9.7 | 10.1 |
| Proceeds from sale of financial assets | 1.9 | 0.5 | 0.5 |
| **Net cash used in investing activities** | **(1,439.8)** | **(788.5)** | **(811.8)** |
| **Financing activities** | | | |
| Dividends paid | | | |
| ■ L'Air Liquide S.A. | (601.9) | (601.9) | (609.0) |
| ■ Minority interests | (28.8) | (15.4) | (24.1) |
| Proceeds from issues 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) in 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) |
| **Increase (decrease) in net cash and cash equivalents** | **184.4** | **68.0** | **(342.2)** |
| **NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **1,141.5** | **1,141.5** | **1,325.9** |
| **NET CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **1,325.9** | **1,209.5** | **983.7** |

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

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| Cash and cash equivalents | 1,385.3 | 1,287.8 | 1,031.7 |
| Bank overdrafts (included in current borrowings) | (59.4) | (78.3) | (48.0) |
| **Net cash and cash equivalents** | **1,325.9** | **1,209.5** | **983.7** |

## NET INDEBTEDNESS CALCULATION

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 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 (assets) – fair value hedge of borrowings | 79.2 | 79.6 | 72.8 |
| **TOTAL NET INDEBTEDNESS AT END OF THE PERIOD** | **(4,890.8)** | **(5,653.6)** | **(5,691.2)** |

## STATEMENT OF CHANGES IN NET INDEBTEDNESS

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| **Net indebtedness at 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) in borrowings | (456.7) | (531.3) | (607.9) |
| **Total net cash flow** | **555.3** | **(207.2)** | **(360.6)** |
| Effect of exchange rate changes, 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 END OF THE PERIOD** | **(4,890.8)** | **(5,653.6)** | **(5,691.2)** |

# Consolidated statement of changes in equity

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2010 TO JUNE 30, 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 | Shareholder's 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** [e] | | | **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 shares issue | 99.4 | (99.4) | | | | | | | |
| Distribution | | | (609.0) | | | | (609.0) | (24.1) | (633.1) |
| Purchase of treasury shares | | | | | | (2.8) [c] | (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 [d] | | | | 4.3 | (0.2) | 4.1 |
| **EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2010** | **1,556.1** [a] | **100. 8** [b] | **6,763.8** | **(50.4)** | **(98.2)** | **(106.7)** | **8,165.4** | **189.5** | **8,354.9** |

*(a) Share capital as of June 30, 2010 amounted to 282,931,628 shares at a par value of 5.50 euros. During the half-year, movements affecting share capital were as follows:*

- *capital increase by capitalization of additional paid-in capital and issue of 18,078,440 free shares including 17,651,181 shares with a rate of one new share for 15 former shares and 427,259 with a rate of one new share for 150 former shares. This capital increase was performed by deducting the amount of 99,4 million euros from the "Additional paid-in capital" heading;*
- *creation of 513,357 cash shares, each with a par value of 5.50 euros, resulting from the exercise of options, before the issue of free shares;*
- *creation of 85,477 cash shares, each with a par value of 5.50 euros, resulting from the exercise of options, after the issue of free shares.*

*(b) The "Additional paid-in capital" heading was increased by the amount of issue premiums relating to these capital increases for 28.4 million euros. This heading was also reduced by the capitalization of premiums for (99.4) million euros.*

*(c) The total number of treasury shares amounted to 1,424,782 as of June 30, 2010 (including 1,159,959 held by L'Air Liquide S.A.). During the first half-year, movements affecting treasury shares were as follows:*

- *acquisitions net of disposals of 17,220 shares at an average price of 165.39 euros exclusively in relation to the liquidity contract;*
- *creation of 87,999 shares resulting from the issue of free shares.*

*(d) Movements in "Retained earnings" primarily correspond to the impact arising from:*

- *cancellation of the dividends relating to the treasury shares;*
- *dividends paid further to the exercise of options;*
- *cancellation of gains and losses on disposals of treasury shares.*

*(e) The statement of net income and gains and losses recognized directly in equity is presented on page 13.*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2009 TO JUNE 30, 2009

| *In millions of euros* | Share capital | Additional paid-in capital | Retained earnings (including net profit) | Net income recognized directly in equity<br>Fair value of financial instruments | <br>Translation reserves | Treasury shares | Shareholder's equity | Minority interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **Equity and minority interests as of January 1, 2009** | **1,435.1** | **18.4** | **6,172.8** | **(16.3)** | **(741.8)** | **(110.8)** | **6,757.4** | **144.3** | **6,901.7** |
| **Profit for the period** | | | **596.4** | | | | **596.4** | **27.4** | **623.8** |
| Items recognized in equity | | | 40.7 | (0.3) | (16.3) | | 24.1 | (1.6) | 22.5 |
| **Net income and gains and losses recognized directly in equity for the period [(a)]** | | | **637.1** | **(0.3)** | **(16.3)** | | **620.5** | **25.8** | **646.3** |
| Increase (decrease) in share capital | 9.4 | 75.8 | | | | | 85.2 | 1.4 | 86.6 |
| Distribution | | | (601.9) | | | | (601.9) | (15.4) | (617.3) |
| Purchase of treasury shares | | | | | | (0.6) | (0.6) | | (0.6) |
| Share-based payments | | | 11.1 | | | | 11.1 | | 11.1 |
| Other | | | (2.1) | | | 8.0 | 5.9 | (1.7) | 4.2 |
| **EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2009** | **1,444.5** | **94.2** | **6,217.0** | **(16.6)** | **(758.1)** | **(103.4)** | **6,877.6** | **154.4** | **7,032.0** |

*(a) The statement of net income and gains and losses recognized directly in equity is presented on page 13.*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FROM JANUARY 1, 2009 TO DECEMBER 31, 2009

| | | | | 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 | Shareholder's equity | Minority interests | Total equity |
| **Equity and minority interests as of January 1, 2009** | **1,435.1** | **18.4** | **6,172.8** | **(16.3)** | **(741.8)** | **(110.8)** | **6,757.4** | **144.3** | **6,901.7** |
| **Profit for the period** | | | **1,230.0** | | | | **1,230.0** | **55.2** | **1,285.2** |
| Items recognized in equity | | | (34.4) | (2.1) | 36.1 | | (0.4) | 0.4 | |
| **Net income and gains and losses recognized directly in equity for the period [(a)]** | | | **1,195.6** | **(2.1)** | **36.1** | | **1,229.6** | **55.6** | **1,285.2** |
| Increase (decrease) in share capital | 18.3 | 153.4 | | | | | 171.7 | 3.4 | 175.1 |
| Distribution | | | (601.9) | | | | (601.9) | (28.8) | (630.7) |
| Purchase of treasury shares | | | | | | (1.1) | (1.1) | | (1.1) |
| Share-based payments | | | 19.7 | | | | 19.7 | | 19.7 |
| Put options granted to minority shareholders | | | | | | | | (1.3) | (1.3) |
| Other | | | 0.3 | | | 8.0 | 8.3 | (5.0) | 3.3 |
| **EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2009** | **1,453.4** | **171.8** | **6,786.5** | **(18.4)** | **(705.7)** | **(103.9)** | **7,583.7** | **168.2** | **7,751.9** |

*(a) The statement of net income and gains and losses recognized directly in equity is presented on page 13.*

# Accounting principles

The condensed interim consolidated financial statements for the half-year ended June 30, 2010 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, 2009 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, 2009.

Except for the first-time adoption of revised IFRS3 "Business Combinations" and the amendment to IAS27 "Consolidated and Separate Financial Statements", 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, 2009. They were drawn up in accordance with IFRS, as adopted by the European Union 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, 2010.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on July 30, 2010.

## NEW IFRS AND INTERPRETATIONS

### 1. New standards, interpretations and amendments adopted by the Group as of January 1, 2010

Texts that could have a significant impact on the Group financial statements are as follows:

- revised IFRS3 "Business combinations" and amendment to IAS27 "Consolidated and Separate Financial Statements", applicable as of January 1, 2010.

As of June 30, 2010 the impacts are not significant.

The other standards, interpretations and amendments, whose application is mandatory as of January 1, 2010, had no impact on the Group's financial statements.

### 2. Standards, interpretations and amendments adopted by the European Union in 2010

Since December 31, 2009, the European Union has adopted the following texts that will have no impact on the Group financial statements:

- annual improvements to IFRS (2007-2009), published by the IASB in April 2009 and adopted on March 23, 2010;
- amendment to IFRS2 "Group Cash-settled Share-Based Payment Transactions", published in June 2009 and adopted on March 23, 2010.

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

The impacts on the financial statements of the texts published by the IASB in the first half of 2010 and not yet mandatory within the European Union are currently being analyzed. These texts are as follows:

- amendment to IFRS1 "Limited exemption from Comparative IFRS7 Disclosures for First-time Adopters" published on January 28, 2010.
- annual improvements to IFRS (2008-2010) published on May 6, 2010.

## USE OF ESTIMATES AND ASSUMPTIONS

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

Significant judgments exercised by management in applying the 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, 2009.

## 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, 2010

## NOTE 1 MAJOR EVENTS

There were no major events over the first half of 2010.

## NOTE 2 SEGMENT INFORMATION

### Segment information as of June 30, 2010

INCOME STATEMENT

| | Gas and Services | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *In millions of euros* | Europe | Americas | Asia-Pacific | Middle-East and Africa | Sub-total | Engi-neering/ Construc-tion | Other Activities | Reconci-liation | 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 June 30, 2009

### INCOME STATEMENT

| *In millions of euros* | Gas and Services Europe | Gas and Services Americas | Gas and Services Asia-Pacific | Gas and Services Middle-East and Africa | Gas and Services Sub-total | Engineering/Construction | Other Activities | Reconciliation | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **2,872.5** | **1,144.8** | **896.9** | **107.8** | **5,022.0** | **505.1** | **410.2** | | **5,937.3** |
| *Inter-segment revenue* | | | | | | *295.5* | | *(295.5)* | |
| **Operating income recurring** | **545.3** | **217.4** | **115.9** | **29.7** | **908.3** | **49.3** | **22.0** | **(90.8)** | **888.8** |
| *Incl. depreciation and amortization* | *(254.0)* | *(128.8)* | *(87.5)* | *(9.3)* | *(479.6)* | *(13.4)* | *(12.4)* | *(2.0)* | *(507.4)* |
| Other non-recurring operating income | | | | | | | | | 71.7 |
| Other non-recurring operating expenses | | | | | | | | | (41.6) |
| Net finance costs | | | | | | | | | (112.9) |
| Other financial income | | | | | | | | | 59.2 |
| Other financial expenses | | | | | | | | | (66.2) |
| Income taxes | | | | | | | | | (184.8) |
| Share of profit of associates | | | | | | | | | 9.6 |
| **PROFIT FOR THE PERIOD** | | | | | | | | | **623.8** |

## Segment information as of December 31, 2009

### INCOME STATEMENT

| *In millions of euros* | Gas and Services Europe | Gas and Services Americas | Gas and Services Asia-Pacific | Gas and Services Middle-East and Africa | Gas and Services Sub-total | Engineering/Construction | Other Activities | Reconciliation | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **5,772.6** | **2,274.1** | **1,909.1** | **236.0** | **10,191.8** | **994.6** | **789.7** | | **11,976.1** |
| *Inter-segment revenue* | | | | | | *575.1* | | *(575.1)* | |
| **Operating income recurring** | **1,135.9** | **488.8** | **304.4** | **65.0** | **1,994.1** | **82.1** | **43.1** | **(170.3)** | **1,949.0** |
| *Incl. depreciation and amortization* | *(512.9)* | *(253.8)* | *(178.0)* | *(20.2)* | *(964.9)* | *(27.2)* | *(24.3)* | *(3.6)* | *(1,020.0)* |
| Other non-recurring operating income | | | | | | | | | 75.7 |
| Other non-recurring operating expenses | | | | | | | | | (65.6) |
| Net finance costs | | | | | | | | | (221.7) |
| Other financial income | | | | | | | | | 80.1 |
| Other financial expenses | | | | | | | | | (133.0) |
| Income taxes | | | | | | | | | (419.1) |
| Share of profit of associates | | | | | | | | | 19.8 |
| **PROFIT FOR THE PERIOD** | | | | | | | | | **1,285.2** |

## NOTE 3 REVENUE

Consolidated revenue for the first half of 2010 totaled 6,515.7 million euros, up 9.7% compared to the first half of 2009 (5,937.3 million euros).

On a comparable basis adjusted for the cumulative impacts of exchange rate fluctuations and natural gas price, the increase was 6.3%.

## NOTE 4 DEPRECIATION AND AMORTIZATION EXPENSE

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| Intangible assets | (71.8) | (35.1) | (37.4) |
| Property, plant and equipment (PP&E) [a] | (948.2) | (472.3) | (511.7) |
| **TOTAL** | **(1,020.0)** | **(507.4)** | **(549.1)** |

*(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* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| Reorganization, restructuring and integration costs | (54.4) | (37.8) | (2.9) |
| Acquisition costs [a] | | | (4.2) |
| Other | (11.2) | (3.8) | 1.4 |
| **Total other non-recurring operating expenses** | **(65.6)** | **(41.6)** | **(5.7)** |
| Equalization charge refund | 71.7 | 71.7 | |
| Other | 4.0 | | 25.4 |
| **Total other non-recurring operating income** | **75.7** | **71.7** | **25.4** |
| **TOTAL** | **10.1** | **30.1** | **19.7** |

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

In the first half of 2010:

- the Group 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 was 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.

In the first half of 2009:

- the Group had recognized the counterpart of the receivable resulting from the refund claim of the equalization charge paid for the period 2000 to 2004 in "other non-recurring operating income";
- the Group had initiated a number of exceptional efficiency projects, including one-off reorganizations in numerous sites, generating costs in the amount of 37.8 million euros.

## NOTE 6 NET FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| Net finance costs | (221.7) | (112.9) | (112.6) |
| Other financial income | 80.1 | 59.2 | 33.2 |
| Other financial expenses | (133.0) | (66.2) | (84.1) |
| **TOTAL** | **(274.6)** | **(119.9)** | **(163.5)** |

The stability of net finance costs was mainly attributable to the relative stability of net average indebtedness and the financing rate between the two periods.

"Other financial income" of the first half of 2009 had been impacted by the recognition of interest on arrears related to the equalization charge receivable.

The impact of the remeasurement of derivative instruments is presented in "other financial expenses" in the first half of 2010 whereas it was presented in "other financial income" in the first half of 2009. The expense recognized over the first half of 2010 arose from the decline in the market value of US Dollar debt hedging instruments.

## NOTE 7 INCOME TAXES

| | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| **Average effective tax rate (%)** | **24.9%** | **23.1%** | **26.9%** |

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

The increase in the average effective tax rate is due to the impact of other non-taxable non recurring operating income on the effective tax rate of the first half of 2009.

## NOTE 8 EMPLOYEE BENEFITS

The expense recognized for pension and other employee benefits breaks down as follows:

| *In millions of euros* | 2009 | 1st half 2009 | 1st half 2010 |
|---|---|---|---|
| Service cost | 34.5 | 18.0 | 19.4 |
| Interest cost (discount effect) | 115.1 | 58.1 | 58.0 |
| Expected return on plan assets | (42.1) | (21.7) | (25.6) |
| Other [a] | 5.7 | 0.4 | 1.4 |
| **Defined benefit plans** | **113.2** | **54.8** | **53.2** |
| **Defined contribution plans** | **22.2** | **10.4** | **11.9** |

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

## NOTE 9 BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounted to 2.40 euros, which corresponds to an increase of 11.6% compared to June 2009.

The calculation of basic earnings per share and diluted earnings per share for the first half of 2009 and the 2009 fiscal year was adjusted in order to take into account the free shares issued on May 28, 2010.

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

### Goodwill as of June 30, 2010

| *In millions of euros* | As of December 31, 2009 | Goodwill recognized during the period | Foreign exchange differences | Other movements | As of June 30, 2010 |
|---|---|---|---|---|---|
| **Goodwill** | **4,002.9** | **68.5** | **309.2** | **14.1** | **4,394.7** |

The goodwill recorded in the first half of 2010 mainly arose from:

- the acquisition of H-Plus SGS in South Korea;
- the acquisition of DinnoSanté (France);
- the acquisition of AMCO-GAZ (Poland).

The above mentionned goodwill were determined provisionally. The determination 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, 2010

| *In millions of euros* | As of December 31, 2009 | Additions | Disposals | Foreign exchange differences | Acquisitions related to business combinations | Other movements | As of June 30, 2010 |
|---|---|---|---|---|---|---|---|
| Land | 264.6 | | (0.3) | 33.7 | 0.6 | 1.3 | 299.9 |
| Buildings | 1,133.7 | 6.1 | (4.1) | 102.8 | 3.0 | 26.0 | 1,267.5 |
| Equipment, cylinders, installations | 18,890.3 | 181.1 | (73.7) | 1,690.5 | 50.5 | 358.9 | 21,097.6 |
| **Total property, plant and equipment in service** | **20,288.6** | **187.2** | **(78.1)** | **1,827.0** | **54.1** | **386.2** | **22,665.0** |
| Construction in progress | 1,536.7 | 456.4 | | 193.7 | 0.3 | (366.0) | 1,821.1 |
| **Total property, plant and equipment** | **21,825.3** | **643.6** | **(78.1)** | **2,020.7** | **54.4** | **20.2** | **24,486.1** |
| Internally generated intangible assets | 253.1 | 3.1 | | 1.4 | | (0.1) | 257.5 |
| Other intangible assets | 942.5 | 10.3 | (0.8) | 51.5 | 0.6 | 3.8 | 1,007.9 |
| **Total gross intangible assets** | **1,195.6** | **13.4** | **(0.8)** | **52.9** | **0.6** | **3.7** | **1,265.4** |
| **TOTAL GROSS PP&E AND INTANGIBLE ASSETS** | **23,020.9** | **657.0** | **(78.9)** | **2,073.6** | **55.0** | **23.9** | **25,751.5** |

## Property, plant and equipment and intangible assets – Depreciation, amortization and impairment losses as of June 30, 2010

| *In millions of euros* | As of December 31. 2009 | Charge for the period | Disposals | Foreign exchange differences | Other movements | As of June 30, 2010 |
|---|---|---|---|---|---|---|
| Buildings | (674.2) | (23.5) | 3.6 | (62.8) | (2.2) | (759.1) |
| Equipment, cylinders, installations | (11,230.3) | (493.4) | 60.9 | (1,013.9) | (15.1) | (12,691.8) |
| **Total property, plant and equipment depreciation** | **(11,904.5)** | **(516.9)** | **64.5** | **(1,076.7)** | **(17.3)** | **(13,450.9)** |
| Internally generated intangible assets | (161.9) | (8.5) | | (0.7) | (0.4) | (171.5) |
| Other intangible assets | (357.7) | (28.9) | 0.8 | (14.2) | (0.7) | (400.7) |
| **Total intangible asset amortization** | **(519.6)** | **(37.4)** | **0.8** | **(14.9)** | **(1.1)** | **(572.2)** |
| **TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES** | **(12,424.1)** | **(554.3)** | **65.3** | **(1,091.6)** | **(18.4)** | **(14,023.1)** |

## NOTE 11 NON-CURRENT FINANCIAL ASSETS

| *In millions of euros* | December 31, 2009 | June 30, 2010 |
|---|---|---|
| Available-for-sale financial assets | 53.0 | 84.0 |
| Loans | 33.5 | 36.3 |
| Other long-term receivables | 185.3 | 198.8 |
| Employee benefits - prepaid expenses | 5.1 | 5.1 |
| **Non-current financial assets** | **276.9** | **324.2** |

Available-for-sale financial assets primarily consist of unlisted and non-consolidated investments.

## NOTE 12 INVESTMENTS IN ASSOCIATES

Movements during the first half of 2010 were as follows:

| *In millions of euros* | As of December 31, 2009 | Share of profit for the period | Dividend distribution | Foreign exchange differences | Others movements | As of June 30, 2010 |
|---|---|---|---|---|---|---|
| **Investments in associates** | **166.5** | **17.8** | **(6.1)** | **18.5** | **6.7** | **203.4** |

## NOTE 13 DEFERRED TAXES

| *In millions of euros* | As of December 31, 2009 | Income (expense) recorded in the income statement | Items recognized in equity [(a)] | Foreign exchange differences | Acquisitions related to business combinations | Other | As of June 30, 2010 |
|---|---|---|---|---|---|---|---|
| Deferred tax assets | 350.1 | (20.6) | 22.5 | 15.4 | 0.2 | (2.4) | 365.2 |
| Deferred tax liabilities | (999.4) | (8.8) | 42.7 | (106.8) | (0.5) | (1.5) | (1,074.3) |
| **Deferred tax (net)** | **(649.3)** | **(29.4)** | **65.2** | **(91.4)** | **(0.3)** | **(3.9)** | **(709.1)** |

*(a) Correspond to the deferred tax recognized in other items in the statement of net income and gains and losses recognized directly in equity: 14.5 million euros related to the change in fair value of derivative instruments and 50.7 million euros related to actuarial gains and losses.*

## NOTE 14 PROVISIONS, PENSIONS AND OTHER EMPLOYEE BENEFITS

| *In millions of euros* | As of December 31, 2009 | Charge | Utilized | Other reversals | Discounting | Foreign exchange differences | Acquisitions related to business combinations | Other movements | As of June 30, 2010 |
|---|---|---|---|---|---|---|---|---|---|
| Pensions and other employee benefits | 1,497.2 | 20.8 | (60.1) | | 179.9 [b] | 53.0 | 0.2 | 0.3 | 1,691.3 |
| Restructuring plans | 25.2 | 1.6 | (5.4) | (0.1) | | 0.5 | | | 21.8 |
| Guarantees and other provisions of Engineering/Construction activity | 143.3 | 55.4 | (16.7) | (21.1) | | 5.4 | | 0.2 | 166.5 |
| Dismantling | 155.5 | | (2.6) | | 2.9 | 7.6 | | (6.6) | 156.8 |
| Other provisions [a] | 179.3 | 12.9 | (9.9) | (4.2) | | 7.4 | 0.4 | (4.0) | 181.9 |
| **TOTAL PROVISIONS** | **2,000.5** | **90.7** | **(94.7)** | **(25.4)** | **182.8** | **73.9** | **0.6** | **(10.1)** | **2,218.3** |

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

As of June 30, 2010, 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 an increase in pension provision of 147.6 million euros.

## NOTE 15 BORROWINGS

| *In millions of euros* | December 31, 2009 | June 30, 2010 |
|---|---|---|
| Non-current borrowings | (5,528.9) | (6,272.9) |
| Current borrowings (including bank overdrafts) | (826.4) | (522.8) |
| **Total gross indebtedness** | **(6,355.3)** | **(6,795.7)** |
| Cash and cash equivalents | 1,385.3 | 1,031.7 |
| Derivative instruments - fair value hedge of borrowings | 79.2 | 72.8 |
| **NET INDEBTEDNESS AT THE END OF THE PERIOD** | **(4,890.8)** | **(5,691.2)** |

Gross indebtedness increased by 440.4 million euros, mainly due to the following events:

- Air Liquide carried out a bond exchange related to bonds maturing in 2012. The offer involved the exchange of 2012 bonds, for a nominal amount of 331 million euros, for 2020 bonds, for a nominal amount of 370 million euros. Due to favorable market conditions, the Group decided to increase the total amount of the new issue to 500 million euros. The new securities were issued as part of the Euro Medium Term Note (EMTN) program. In accordance with the provisions of IAS39.AG62, the exchange premium (39 million euros) is amortized using the effective interest rate method.
- The negative impact of change rate fluctuations over the first half of 2010 is mainly due to the appreciation of the Japanese Yen, the US Dollar and the Chinese Renminbi compared to the Euro.

In addition, a 500 million euro tranche of the bonds issued in connection with the EMTN program matured in June 2010 and was renewed in the form of commercial paper for the same amount.

## Maturity of borrowings

| June 2010 | Nominal amount | Carrying amount | Maturity | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | ≥1 year and ≤5 years | | | | > 5 years | | | |
| *In millions of euros* | | | On demand | < 1 year | June 2012 | June 2013 | June 2014 | June 2015 | June 2016 | June 2017 | June 2018 | > June 2018 |
| Bonds | 3,771.0 | 3,843.8 | | 39.2 | 304.4 | 1,245.0 | 727.3 | 400.5 | | | 525.0 | 602.4 |
| Private placements | 293.0 | 297.5 | | | 216.0 | 81.5 | | | | | | |
| Commercial paper programs [(a)] | 545.8 | 545.4 | | | | 65.4 | 380.0 | 100.0 | | | | |
| Bank debt | 1,866.8 | 1,872.4 | | 477.0 | 166.2 | 262.7 | 515.6 | 228.2 | 158.8 | 36.0 | 9.6 | 18.3 |
| Finance leases | 27.9 | 27.9 | | 6.6 | 6.5 | 3.0 | 1.7 | 5.4 | 0.5 | 0.5 | 0.4 | 3.3 |
| Put options granted to minority shareholders | 208.7 | 208.7 | 208.7 | | | | | | | | | |
| **TOTAL BORROWINGS** | **6,713.2** | **6,795.7** | **208.7** | **522.8** | **693.1** | **1,657.6** | **1,624.6** | **734.1** | **159.3** | **36.5** | **535.0** | **624.0** |

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

| 2009 | Nominal amount | Carrying amount | Maturity | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | ≥1 year and ≤5 years | | | | > 5 years | | | | |
| *In millions of euros* | | | On demand | < 1 year | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | > 2018 |
| Bonds | 4,080.5 | 4,217.4 | | 546.0 | 309.1 | 829.1 | 746.2 | 751.3 | 409.3 | | 512.0 | | 114.4 |
| Private placements | 268.8 | 275.9 | | | 71.7 | 204.2 | | | | | | | |
| Commercial paper programs [(a)] | 180.0 | 179.9 | | | | 99.9 | 80.0 | | | | | | |
| Bank debt | 1,462.2 | 1,470.6 | | 272.9 | 128.1 | 211.6 | 292.6 | 388.4 | 86.3 | 61.6 | 8.5 | 20.6 | |
| Finance leases | 25.3 | 25.3 | | 7.5 | 7.1 | 2.3 | 1.7 | 2.7 | 0.6 | 0.4 | 0.4 | 2.6 | |
| Put options granted to minority shareholders | 186.2 | 186.2 | 186.2 | | | | | | | | | | |
| **TOTAL BORROWINGS** | **6,203.0** | **6,355.3** | **186.2** | **826.4** | **516.0** | **1,347.1** | **1,120.5** | **1,142.4** | **496.2** | **62.0** | **520.9** | **23.2** | **114.4** |

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

## NOTE 16 SHAREHOLDER'S EQUITY

### Free share issue

The Board of Directors' meeting of May 5, 2010 decided to create 17,651,181 new shares with a par value of 5.50 euros, ranking for dividends as of January 1, 2010, that were granted as free shares to shareholders at the rate of one new share for fifteen former shares on May 28, 2010 by capitalizing premiums.

In accordance with Article 21 of the bylaws, 427,259 new shares were created at a par value of 5.50 euros, ranking for dividends as of January 1, 2010. These shares were granted as free shares to shareholders at the rate of one new share for one hundred and fifty former shares on May 28, 2010 by capitalizing premiums. The shares affected by this additional grant are those shares held in registered form continuously from December 31, 2007 to May 27, 2010 inclusive.

### Share subscription plans

The expense relating to all stock option plans granted by the Group was 3.1 million euros in the first half of 2010 (compared to 7.6 million euros in the first half of 2009 and 16.2 million euros for 2009).

The Board of Directors' meeting of June 28, 2010 decided to perform the following:

- the grant of 532,760 share subscription options (305 beneficiaries), at a subscription price of 83 euros, that can be exercised during the period from June 28, 2014 to June 27, 2018;
- the conditional grant of 143,720 shares to employees (999 beneficiaries). For beneficiaries located in France, the vesting period for conditional grants is two years followed by a two-year holding period. For beneficiaries located outside France, the vesting period is four years (no additional holding period).

## NOTE 17 COMMITMENTS

On May 1st, 2010, the Group acquired a 13% share of Exeltium S.A.S. for 23.8 million euros.

Exeltium and EDF entered into an industrial partnership agreement under which Exeltium can acquire rights to a portion of EDF's electronuclear production. In consideration, Exeltium and its shareholder clients signed long-term electricity supply contracts. The contract signed by Air Liquide has a 20 year-term and can be suspended after 10 years. This contract provides a long-term price view of the electricity to be supplied.

This project has received the European Commission's approval. Due to this new contract, the Group's energy purchase commitments rose to 1,939.5 million euros as of June 30, 2010.

Almost all these commitments are covered by mutual commitments received from clients in connection with long-term gas supply contracts. There has been no other significant modification to the commitments compared to December 31, 2009.

## NOTE 18 DIVIDENDS PER SHARE

2009 dividends distributed on ordinary shares declared and paid on May 18, 2010 totaled 609.0 million euros (including dividends on treasury shares), representing a dividend per share of 2.25 euros. Dividends paid represent a distribution rate of 49.5% of profit for the period attributable to shareholders of the parent.

## NOTE 19 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 change.

## NOTE 20 CONTINGENT LIABILITIES

To the best of the Group's knowledge, there are no exceptional events, litigation or environmental-related issues likely to impact or having impacted in the recent past its assets, financial position or earnings.

## NOTE 21 POST-BALANCE SHEET EVENTS

There were no significant post-balance sheet events.

# Statutory auditors review report on the interim financial information

*This is a free translation into English of the statutory auditors' review report 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.*

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, 2010, 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 IAS34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to note «Accounting principles» to the condensed interim consolidated financial statements which sets out the new IFRS, interpretations and amendments whose application is mandatory as of January 1, 2010, and notably IFRS3 revised "Business combinations" and the amendment to IAS27 "Consolidated and separate financial statements".

## 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 2, 2010

The statutory auditors
*French original signed by*

| MAZARS | ERNST & YOUNG ET AUTRES |
|---|---|
| **Lionel Gotlib** | **Jean-Yves Jégourel** |

# 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, 2010 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 2, 2010

**Benoît POTIER**
*Chairman and CEO*

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L’Air Liquide S.A.

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