FIRST HALF 2012 FINANCIAL REPORT

www.airliquide.com

Air Liquide is the world leader in gases for industry, health and the environment, and is present in **80 countries** with **46,200 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, home healthcare, 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 Corporate Social Responsibility and sustainable development approach. In 2011, the Group's revenues amounted to **14.5 billion euros**, of which more than 80% were generated outside France. Air Liquide is listed on the Paris Euronext stock exchange (compartment A) and is a member of the CAC 40 and Dow Jones Euro Stoxx 50 indexes.

Activity report – First half 2012

FIRST HALF 2012 RESULTS

Performance preserved in a soft growth environment

Investment dynamic remains solid

In first half 2012, Group revenue and net income continued to grow. However, 2nd quarter 2012, saw a lower growth environment, particularly in Europe and Asia. Customer supply chains remained tight and the change in monthly volumes was more volatile, due to greater customer caution in response to a more contrasted environment.

Activity in Europe was stable. Growth slowed down in Asia, but remained buoyant in the Americas where the economy, particularly in North America, benefited from a low natural gas price. Robust growth was seen in the Middle East and Africa region, compared to 1st half 2011, which was affected by the political context.

In this context, the Group managed to preserve high operating margins and generate significantly higher operating cashflow.

In addition, the Group continued to benefit from a dynamic investment cycle. Investment decisions increased by +18% due to the signature of many new contracts during the half-year. The portfolio of opportunities remains high at over 4 billion euros, due to the addition of a number of new projects. This momentum was also visible in Engineering and Construction where the order intake was exceptionally high, at double the amount of 1st half 2011. Start-up of new units has continued and 17 are expected in 2nd half 2012.

First half key figures

			2012/2011 change	
In millions of euros	**H1 2011**	**H1 2012**		**comparable**
Total revenue	**7,115**	**7,533**	***+5.9%***	***+2.8%***[(a)]
Of which Gas and Services	6,475[(b)]	6,837	*+5.6%*	*+2.4%*[(a)]
Operating income recurring	1,191	1,244	*+4.4%*	
Operating income recurring as % of revenue	16.7%	16.5%	*–20 bps*	*–10 bps*[(c)]
Net profit – Group share	750	790	*+5.3%*	
Net earnings per share *(in euros)*	**2.41**[(d)]	**2.54**	***+5.4%***	
Cash flow from operating activities before changes in working capital	1,341	1,422	*+6.0%*	
Net investments[(e)]	789	991	*+25.6%*	
Net indebtedness (as of June 30)	5,580	6,011	*+7.7%*	
Debt/equity ratio[(f)]	56.5%	54.7%		
Return on capital employed – ROCE after tax[(g)]	12.1%	11.9%	*–20 bps*	

(a) Excluding natural gas, currency and significant scope impacts.

(b) 2011 data, revised for the integration of specialty ingredients activities in Gas and Services.

(c) Excluding the natural gas impact.

(d) Adjusted for the free shares attribution of May 31, 2012.

(e) Including transactions with minority shareholders.

(f) The effect of the dividend payment in the 1st half is spread out over the full year.

(g) Return on capital employed after tax: (average net profit after tax before deduction of minority interests – net cost of debt after taxes)/average of (shareholders' equity + minority interests + net indebtedness) for the periods June 30, 2011 to June 30, 2012).

First half Income statement

REVENUE

Preliminary note: The consolidation of Seppic within Gas and Services modifies the Group revenue segment breakdown. The 2011 Gas and Services and Other activities revenues have been revised to take account of this change.

	H1 2011			H1 2012/2011 change	
In millions of euros	published	revised	H1 2012		comparable[(a)]
Gas and Services	6,356	6,475	6,837	*+5.6%*	*+2.4%*
Engineering and Construction	290	290	365	*+26.0%*	*+23.9%*
Other activities	469	350	331	*–5.8%*	*–7.2%*
TOTAL REVENUE	**7,115**	**7,115**	**7,533**	***+5.9%***	***+2.8%***

(a) Comparable: excluding currency, natural gas and significant scope impacts

Group

In 1st half 2012, **Group revenue** totaled **7,533 million euros**, up +5.9% as published compared to 1st half 2011.

On a comparable basis, revenue increased by **+2.8%**, excluding a +3.3% positive currency impact, a –0.5% scope impact relating to the disposal of a non-strategic subsidiary in the electronic equipment sector in Europe in 2nd quarter 2011, and a +0.3% natural gas impact.

Gas and Services

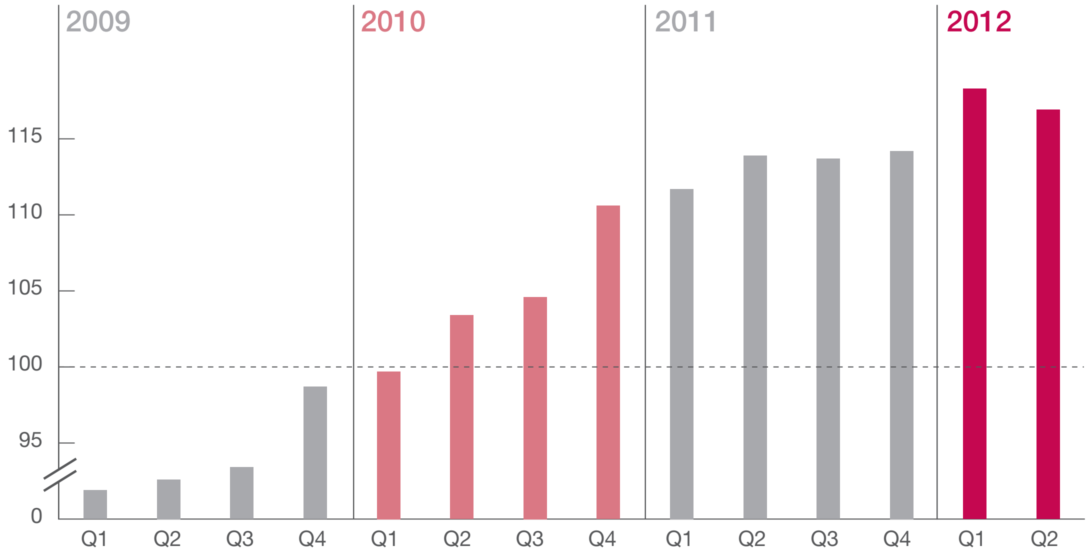
Unless otherwise stated, all the changes in revenue outlined below are based on comparable data (excluding currency, natural gas and significant scope impacts). Furthermore, the 2011 figures were revised to include the Specialty Ingredients activities of Seppic within the Gas and Services Healthcare business line.

In 1st half 2012, **Gas and Services revenue totaled 6,837 million euros**, up +5.6% on revised published figure. The currency impact, primarily due to the rise in the US dollar and the yen, totaled +3.4%. The impacts arising from natural gas price fluctuations and major scope changes broadly offset each other; on a comparable basis, Gas and Services sales increased by +2.4% compared to the same period in 2011.

This performance reflects comparable revenue growth of +4.0% in the 1st quarter and +0.9% in the 2nd quarter. The 2nd quarter activity index, adjusted for the number of invoicing days, declined slightly compared to 1st quarter 2012 and was further penalized by an unfavorable comparison base from a strong 2nd quarter 2011. As a result, comparable growth was more modest, despite growth being achieved in the 1st half in all regions and all business lines, excluding the effect of the Electronics investment cycle on Equipment & Installation sales.

GAS AND SERVICES QUARTERLY ACTIVITY INDICATOR [(a)]

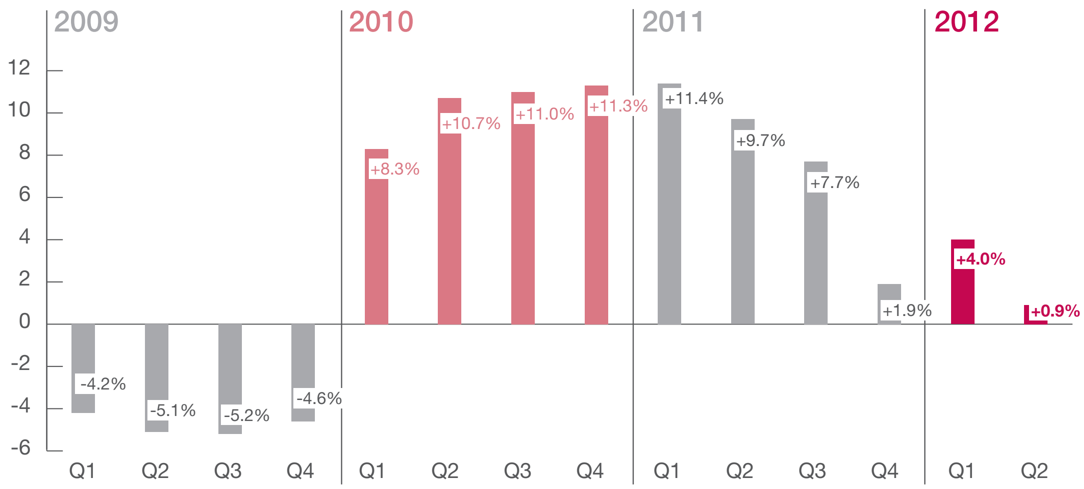
Base 100, average 2008



(a) Comparable revenue (excluding forex, natural gas and significant scope impacts), adjusted for the number of days per month.

COMPARABLE[(a)] GAS AND SERVICES SALES GROWTH

In percent

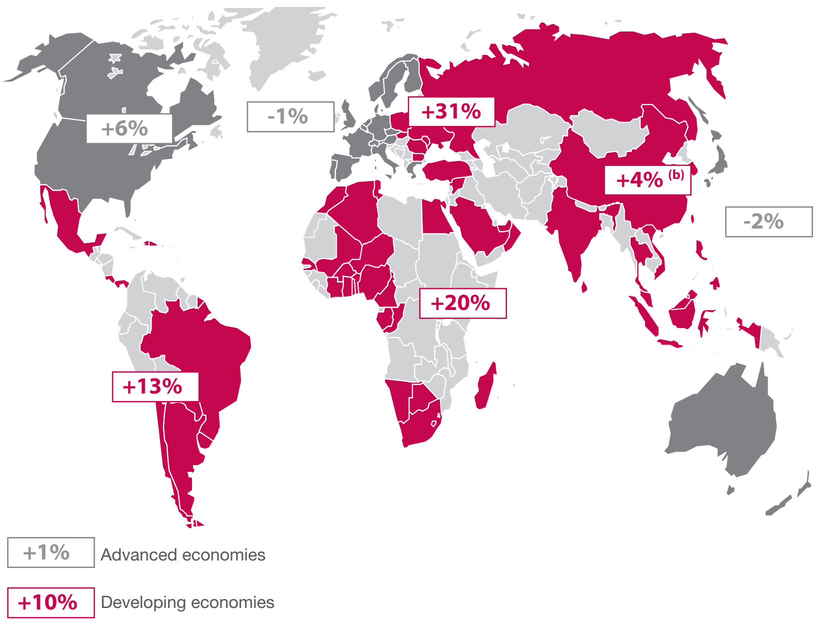


(a) Comparable: excluding forex, natural gas and significant scope impacts. Growth rates prior to 2012 are not revised for the integration of Seppic into the Gas and Services activity.

Performance continued to be driven by higher growth in developing economies, at +9.6%. Momentum remained high in Eastern Europe and Middle East and Africa. However, growth slowed in developing Asia, particularly in the 2nd quarter. The comparison with 2011 is strongly affected by the sharp decline in Equipment and Installation sales in Electronics. In addition, most large unit start-ups are scheduled for 2nd half 2012.

Advanced economies reported +0.6% growth. Industrial demand in Western Europe remained low and the 2nd quarter was marked by the transition of patient cover coming from the delay in the reallocation of Home Healthcare contracts in the UK. Japan continued to suffer from the problems in its Electronics industry. In North America, growth remained robust.

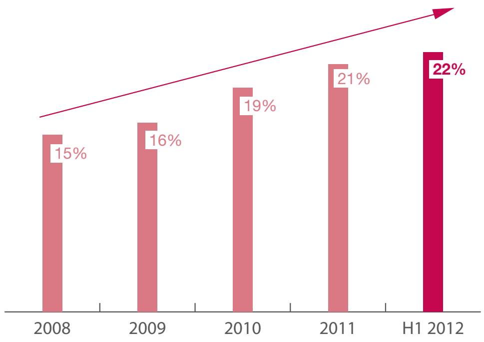
COMPARABLE[(a)] GAS AND SERVICES SALES GROWTH (H1 2012/H1 2011)



(a) Comparable: excluding forex, natural gas and significant scope impacts.

(b) +8% excluding Electronics.

PERCENTAGE OF G&S SALES IN DEVELOPING ECONOMIES



Small acquisitions, start-ups, ramp-ups and site takeovers continued to have a solid impact in 1st half 2012, contributing +4% to Gas and Services sales growth. More start-ups are scheduled for the 2nd half of the year. Furthermore, the recent acquisitions announced in Healthcare will not contribute to growth until 4th quarter 2012.

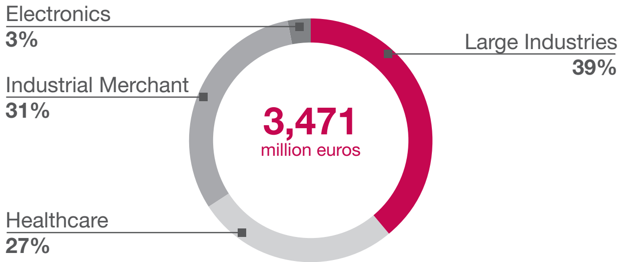
Revenue	H1 2011			Change H1 2012/2011	
In millions of euros	**published**	**revised**	**H1 2012**		**comparable[(a)]**
Europe	3,297	3,416	3,471	*+1.6%*	*+0.4%*
Americas	1,409	1,409	1,518	*+7.8%*	*+6.9%*
Asia-Pacific	1,505	1,505	1,675	*+11.2%*	*+1.2%*
Middle East and Africa	145	145	173	*+19.7%*	*+19.9%*
GAS AND SERVICES	**6,356**	**6,475**	**6,837**	***+5.6%***	***+2.4%***
Large Industries	2,255	2,255	2,466	*+9.4%*	*+5.1%*
Industrial Merchant	2,398	2,398	2,564	*+6.9%*	*+3.2%*
Healthcare	1,025	1,144	1,197	*+4.6%*	*+3.7%*
Electronics	678	678	610	*–10.1%*	*–11.1%*

(a) Excluding currency, natural gas and significant scope impacts.

Europe

Revenue in Europe totaled **3,471 million euros**, up **+0.4%.** Strong growth in Central and Eastern Europe and steady growth in Healthcare, excluding the temporary impact of contract reallocations in the UK, offset a slight decline in industrial activity in the advanced economies.

EUROPE GAS AND SERVICES REVENUE

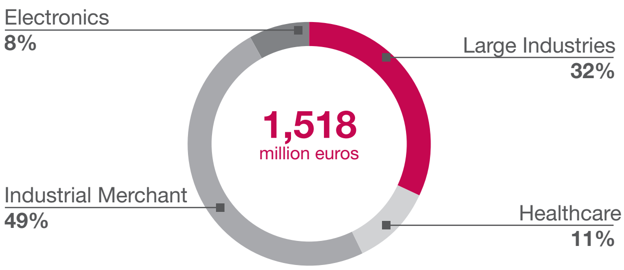


- **Large Industries** achieved **+2.0%** growth, with persistently low demand in the steel sector, which saw some site closures in Western Europe. Demand in the chemicals and refining sectors remained solid. Rapid growth was seen in Central and Eastern Europe, primarily due to a site takeover in Turkey at the 2011 year-end.
- **Industrial Merchant** sales down **–0.8%**, were impacted by a substantial decline in demand in Southern Europe in the 2nd quarter. Pricing impact continued to increase, reaching +1.0% in the 1st half. Growth in the developing economies was around +26%.
- **Healthcare** continued to develop, with **+2.2%** growth temporarily curbed by the reallocation of contracts in the UK, with the former contracts expiring a few months prior to the start-up of the new ones. Home Healthcare continued to achieve high volume growth, driven by a steady rise in the number of patients treated. Medical gas volumes were also up at a more modest rate. However, public sector deficits weighed heavily on prices, which declined following the revision of reimbursement rates for example in France or during new tenders. Hygiene maintained a growth rate of around +7% during the half-year. Growth in Specialty Ingredients decreased slightly, compared to a record level in 2011.
- **Electronics** revenue declined by **–14.7%** compared to 1st half 2011, which benefited from the completion of a major equipment delivery for the new photovoltaic panel *fab* in Italy. Carrier and specialty gas sales however continued to grow nearly +8%, due to new contracts, in particular since the start-up of the new *fab* in Italy.

Americas

Gas and Services revenue in the Americas totaled **1,518 million euros**, up **+6.9%.** This performance was driven by solid activity from all segments throughout the region. Growth was also helped by small acquisitions in Industrial Merchant and Home Healthcare.

AMERICAS GAS AND SERVICES REVENUE



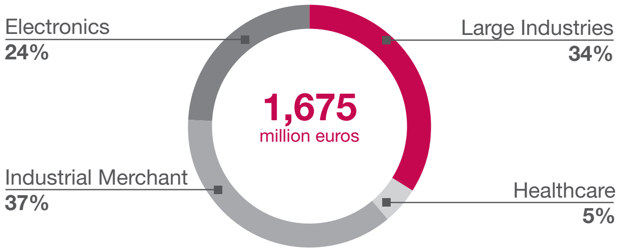
- **Large Industries** reported steady sales growth of **+7.5%**. Demand in the Chemicals sector benefited from the increasing competitiveness of US sites due to low natural gas prices. The takeover of a Georgia Gulf air separation unit into the Louisiana pipeline network has contributed to sales since the start of the year. Refining demand remained high. In contrast, co-generation sales declined due to a particularly mild winter and the reduction in electricity tariffs. Air gas and hydrogen sales increased significantly in South America.
- **Industrial Merchant** increased **+7.3%** during the half-year. In Canada, Liquid product sales for oil exploration rose due to steady demand and the start-up of new production facilities. Cylinder activity increased over the entire region, particularly in South America. Conversely, equipment and installation sales declined in the United States. Pricing effect was +3.6%.
- **Healthcare** revenue increased **+10.0%,** driven by the steady performance of Home healthcare in Latin America. The sustained growth in North America was driven by solid medical gas sales in the United States and minor acquisitions in Canada.
- **Electronics** revenue declined **–1.6%**, hindered by the base impact arising from the delivery in March 2011 of a major fab project for a customer. Excluding the Equipment and Installation activity, gas sales rose by nearly +7% due to new carrier and specialty gas contracts and Aloha™ precursor sales.

Asia-Pacific

Asia-Pacific revenue increased by **+1.2%** to reach **1,675 million euros**. The slowdown in regional growth was attributable to the substantial decline in Equipment and Installation sales in Electronics, particularly in Japan, the small number of start-ups during the period and a lower demand in developing Asia. The recovery in growth in the1st quarter did not continue with demand across the region slowing down again in the 2nd quarter.

- **Large Industries** sales increased **+9.6%** due to four start-ups in China in the chemical and steel sectors. Nevertheless, the growth rate was lower than the two previous half-years, which grew by +18% and +44% respectively. In 2nd quarter 2012, activity declined slightly in Japan and South Korea. A substantial number of start-ups are scheduled at the end of 2nd half 2012.
- **Industrial Merchant** revenue increased by **+3.3%** during the period. The situation differs according to the country. Japan has declined sequentially since 3rd quarter 2011 and the post-tsunami recovery is slow. In developing economies, sales growth remains strong despite a slowdown in China.

ASIA-PACIFIC GAS AND SERVICES REVENUE



- **Electronics** revenue declined **–12.5%** over the half-year. Equipment & Installation sales were down more than - 50%, thus returning to normal levels following the investment cycle peak in 1st half 2011. Excluding Equipment & Installation sales, gas sales rose across the region, except in Japan, where the restructuring of the Electronics supply chain continues. However, new investment projects have begun to emerge.

Middle East and Africa

Middle East and Africa revenue totaled **173 million euros**, up **+19.9%**, marking the turnaround in Egypt and North Africa after the Arab Spring events. The activity also benefited from a scope impact and steady demand in South Africa.

Engineering and Construction

Engineering and Construction revenue totaled **365 million euros**, up +26.0% as published, compared to 1st half 2011, benefiting from the significant progress of certain projects.

The 2012 1st half order intake totaling 1,079 million euros has already exceeded the full year 2011 level. This significant intake was due to the signing of numerous projects, particularly from third-party customers in the energy sector, such as air gas separation units for gasification projects, a major hydrogen project in Canada; and hydrogen and carbon monoxide units for the Chemicals sector.

Other Activities

Revenue	H1 2011			H1 2012/2011 change	
In millions of euros	published	revised	H1 2012		comparable[(a)]
Welding	231	231	232	*+0.3%*	*+0.2%*
Diving and other	238	119	98	*–17.6%*	*–21.7%*
TOTAL	**469**	**350**	**331**	***–5.8%***	***–7.2%***

(a) Comparable: excluding the currency impact.

Revenue for **Other Activities** was down –5.8% for the 1st half to reach 331 million euros. This decline reflects the disposal of a portion of the industrial activities of **Specialty Chemicals** in 2nd half 2011.

Welding activity was steady due to weak growth in consumable sales, as a result of the European economic situation, and lackluster equipment and automation sales. **Diving** (Aqualung) sales rose +3.3% thanks to steady demand.

OPERATING INCOME RECURRING

The Group preserved the quality of its operating performance despite the soft growth environment.

Efficiency programs and ongoing Industrial Merchant pricing campaigns partially offset the 2nd quarter slowdown in volume growth and therefore revenue and the cost inflation experienced in many countries. Productivity gains were also achieved, particularly in the advanced economies.

With revenue growth of +5.9%:

- purchases rose by +7.7%, primarily due to a +10% increase in natural gas and electricity costs, and a +7% increase in transport costs;
- personnel expenses were up +7.7%, impacted by currency translation. Excluding the currency impact, the increase was +4.6% related principally to a +3.8% increase in the average number of employees;
- the +1.7% increase in other costs reflects a strict cost discipline particularly with regards to overheads.

Operating income recurring (OIR) before depreciation and amortization thus was up +4.6%, to 1,845 million euros. The OIR margin before depreciation and amortization stood at 24.5%, in line with 2nd half 2011.

Depreciation and amortization were contained, up +5.0%. The OIR thus amounted to **1,244 million euros**, up +4.4%. The OIR margin at 16.5%, or 16.6% excluding the natural gas impact, is virtually stable compared to 1st half 2011.

Additional efficiencies represented **126 million euros** in the 1st half, ahead of the ALMA annual objective of more than 200 million euros. They largely stem from programs aimed at reducing energy consumption and optimizing logistics, in a context where discipline has been maintained on all costs. These efficiencies and pricing have again offset the gap with cost inflation, which remains high.

Gas and Services

For **Gas and Services**, OIR was 1,277 million euros, up +3.5%. The OIR margin stood at **18.7%**, down **–30 basis points**. Natural gas impact on sale was nearly nil as the positive margin impact in the United States was offset by a negative impact in the rest of the world. Efficiency programs continued over the period and generated 120 million euros in new savings. Industrial Merchant pricing was up +1.8% for the half-year further improving relative to full year 2011. However, cost inflation (excluding energy indexation) continued over the period, at +3%.

In **Europe**, OIR was 621 million euros, a decline of –6.4%, compared to a +1.6% increase in revenue. The OIR margin was **17.9%**. Excluding the negative impact of the increase in natural gas prices, the OIR margin declined by **–110 basis points** compared to 1st half 2011. The decline is attributable to weak Industrial Merchant demand in southern Europe and lower Electronics sales. The Industrial Merchant pricing campaigns continued but did not offset persistent inflation during the period. Efficiencies compensated for a large portion of the difference. The development efforts in Eastern Europe were maintained.

In the **Americas**, OIR grew +22.1%, to reach 355 million euros, generating an OIR margin of **23.4%**. Excluding the impact of lower natural gas prices, the margin improved **+170 basis points** compared to 1st half 2011. This performance was helped by significant price increases in Industrial Merchant, volume growth in Healthcare providing improved productivity, solid Large Industries performance and a high level of new efficiencies.

In **Asia-Pacific**, OIR was 265 million euros, up +6.3%. The OIR margin was **15.8%.** Excluding the natural gas impact, the margin decreased by **–60 basis points** compared to 1st half 2011. Development efforts were maintained despite the slowdown in growth and the substantial decline in Electronics to take advantage of the numerous mid-term opportunities.

Engineering and Construction

OIR was **33 million euros**, up +15.3%. The OIR margin of the Engineering and Construction activity stood at **9.1%**, at the high end of the industry benchmark range, compared to 9.9% the previous year.

Other Activities

Other Activities OIR was **23 million euros**, lower as a result of the sale of the industrial part of the Specialty Chemicals activities in 2nd half 2011. OIR margin stood at **7.0%**, with improved operating performance from Diving offset by a slight volume decline in Welding activity.

Research and Development and Corporate Costs

Research and Development and Corporate costs represented **88.5 million euros**, down **–9.9%.** This reduction reflects ongoing efficiency programs and strict overhead cost control, despite higher innovation costs which continue to grow in line with revenue.

NET PROFIT

Other operating income and expenses amounted to nearly 10 million euros and include a capital gain relating to the divestment of minor subsidiaries in Polynesia and New Caledonia.

Operating income was 1,254 million euros, an increase of +5.2%, in line with revenue growth.

Financial expenses rose +3.5%, impacted by currency translation. **Net finance costs** amounted to **123 million euros**, up +3.8% excluding the currency impact, as the share of local currency debt in developing economies continued to rise. **Other financial income and expenses** fell by **–**11% to **–**29 million euros.

The **effective tax rate** was **26.5%**, virtually stable compared to 1st half 2011 resulting from non-recurring elements in Germany and Japan. Excluding non-recurring elements, the rate would have been close to 29%.

Net profit (Group share) reached **790 million euros**, up +5.3%.

Net earnings per share amounted to **2.54 euros**, up +5.4% over the prior period, following the purchase of the equivalent of 1.3 million shares during the half-year. The average number of outstanding shares used for the calculation of net profit per share as of June 30, 2012 was 311,254,031, adjusted for the free share allocation on May 31, 2012.

Change in net indebtedness

Cash flow from operating activities before changes in working capital totaled 1,422 million euros, up +6.0% compared to 1st half 2011. The change in working capital requirement net of other items amounted to 284 million euros, a more modest increase relative to that in 1st half 2011. The working capital requirement to Gas and Services sales ratio remained stable compared to December 31, 2011.

Net cash from operating activities was 1,138 million euros, up +23.3%.

In 1st half 2012, gross investments rose by +16.9% over the period to reach 1,017 million euros. **Net investments**, including minority interest transactions and the sale of an activity, amounted to **991 million euros**, up 25.6% compared to the previous period, reflecting the strong momentum of the investment cycle.

The cash payout to shareholders totaled 742 million euros, compared to 670 million euros in 1st half 2011, reflecting the +6.4% increase in the dividend per share for 2011. The share buy-back program completed in April resulted in the purchase of the equivalent of 1.3 million shares for an amount of 113 million euros, thus compensating the potential dilution of stock options and free share attributions.

As of June 30, 2012, **net indebtedness** totaled **6,011 million euros**, up +7.7% year on year. The net debt/equity ratio was 60.3% *versus* 62.5% as of June 30, 2011. Compared to December 31, 2011, net debt was up by 763 million euros. Adjusted for dividend seasonality, gearing was steady at 55%, compared to 53% at the end of 2011.

Investment cycle

PORTFOLIO OF OPPORTUNITIES

The 12-month portfolio of opportunities was stable during the 1st half, totaling 4.1 billion euros as of June 30, 2012, compared to 4.2 billion euros as of December 31, 2011, even though the level of investment decisions and therefore portfolio outflows was high.

Project review activity remains intense, with a significant number of new projects entering the 12-month portfolio in the 2nd quarter.

Nearly two thirds of the projects in the 12-month portfolio continue to be located in developing economies. However, the weighting of China has declined slightly, compensated by other countries in Asia and the Middle East. The share of the Americas has also grown with major projects particularly in the United States and Canada. The number of site takeovers in the portfolio has increased, with 13 projects representing more than 25% of total opportunities.

The breakdown by business line remains stable. However, the share of energy-related projects within Large Industries has increased.

INVESTMENT DECISIONS

Industrial and financial investment decisions, representing Group commitments to invest, amounted to 1.2 billion euros for the half-year, up +18% compared to 1st half 2011. As a result of major projects being signed in Germany and the United States, investment decisions have been more balanced in favor of the advanced economies, which represented 62% of the total for the period. A series of carrier gas contracts in the Electronics sector in Asia and the United States have also been concluded.

The decisions in the 1st half are essentially industrial. Acquisitions, pursuant to the Group's strategy, include Home Healthcare activities and Industrial Merchant distributors, or innovative projects such as the production of Blue Hydrogen.

The Group has also seized several acquisition opportunities for a total amount of nearly 800 million euros, including LVL Médical in France and Gasmedi in Spain in the Home Healthcare activity, and Energas & Engweld in Industrial Merchant in the UK. These acquisitions are scheduled to close in the 2nd half.

CAPITAL EXPENDITURE

Net capital expenditure, including transactions with minority shareholders, was 991 million euros in 1st half 2012.

START-UPS

There were seven start-ups in the 1st half, including four in China and three in the United States. The number of start-ups planned for the year has been revised to 24 following the postponement for a few months of projects in Russia and Turkey. In the 2nd half, 17 start-ups are planned, while 29 are expected for 2013.

2012 first-half highlights

CREATING SYNERGIES IN HEALTHCARE

Air Liquide has created a new segment in its Healthcare world business line, by integrating its subsidiary Seppic, a recognized leader in **specialty ingredients** intended for health and personal care. This transfer will provide synergies in terms of marketing, regulatory framework, growth drivers, the management of medical expertise or research and innovation. As a result Healthcare revenue share rose from 16% to 18% (2011 revised data), and Gas and Services accounts for 90% of Group revenue.

In June 2012, Air Liquide announced its plan to acquire **LVL Médical**, a French player in the Home healthcare sector (respiratory assistance, infusion/nutrition, etc.), for a net investment of 316 million euros. LVL Médical in France provides care to 50,000 patients. It employs 750 people and generated 104 million euros in 2011 revenue. Following the transaction, Air Liquide will own the French activities of LVL Médical. The Group plans to pursue the development of LVL Médical by encouraging brand, management and team continuity, while generating synergies in terms of purchasing and innovation. The acquisition, which is in line with the Healthcare development strategy, will reinforce the Group's presence in the French market. The acquisition is subject to French anti-trust authorizations and is expected to complete in 4th quarter 2012.

In July 2012, the Group also announced that it has entered into an agreement to acquire **Gasmedi**, the third largest Spanish Home healthcare player, with revenue of 82 million euros in 2011 for a net investment of 330 million euros. Gasmedi employs more than 500 employees, caring for 125,000 patients in 14 of the 17 regions in Spain. This acquisition strengthens Air Liquide's position in the Spanish Home healthcare market. The combination of the Gasmedi performance and team expertise, associated with Air Liquide's capacity to bring innovation to the market should strengthen the Group's capacity to grow its business for the benefit of all its patients. The acquisition is subject to Spanish anti-trust authorizations and is expected to complete in 4th quarter 2012.

ADVANCED ECONOMIES: INVESTING IN INDUSTRIAL PROJECTS

In the **US** state of Louisiana, the Group has bolstered its pipeline network to meet the growing customer needs of the region. Two new air separation units have been integrated into the existing **basin strategy**, one inaugurated at Geismar, and another acquired from Georgia Gulf Corporation in Plaquemine. Air Liquide now has 15 air separation units along the Mississippi meeting the needs of some 30 customers.

In the US state of Georgia, Air Liquide has acquired a **bio-gas recovery** facility that uses its proprietary MEDAL Membrane Technology. Using land-fill waste, this technology can recover bio-gas for Blue Hydrogen production, hydrogen produced from renewable energy sources.

In **Canada**, the Group has invested nearly 50 million euros in the construction of new nitrogen production units. This investment will satisfy a growing need in regard to **enhanced oil recovery** in British Columbia and Alberta.

In **Germany**, Air Liquide has been awarded a major long-term contract with the chemical company Bayer MaterialScience, for the supply of large quantities of hydrogen and carbon monoxide to be used for polymer production. A **100 million euro investment** will be necessary for the construction of a new production unit to be commissioned near Cologne in 2014.

The Group has decided to construct 10 new **hydrogen filling stations** in Germany, as part of the German Ministry of Transport program, to build out to 50 the number of stations by 2015. This network development prepares the ground for the commercialization of fuel cell vehicles that the German automobile industry has announced for 2014/2015.

In the **United Kingdom**, Air Liquide acquired in July Energas & Engweld, a well established supplier of packaged gases, with 2011 revenue of 45 million euros from a wide and diverse customer base. This acquisition enhances the Group's position in the UK market and will be consolidated from July 2012.

DEVELOPING ECONOMIES: EXPANDING THE GROUP'S COVERAGE FURTHER

In **South Africa**, Air Liquide has committed to invest in a new air separation unit for the country's second largest steel producer. The unit will be operational at the end of 2013 and produce 770 tons of oxygen daily. This 40 million euro investment will also satisfy the growing Industrial Merchant demand in the region.

In **Russia**, in the Moscow region, Air Liquide recently acquired 75% of LOGIKA, a regional gas company that produces bulk and packaged gases for industrial and medical markets. The overall investment amounts to around 40 million euros.

The Group has pursued its development in the Special Economic Zone Elabuga in Tatarstan with the start-up of a new air gas separation unit to supply the current and future needs of local industrial customers. Air Liquide has been present in Elabuga since 2008 and plans to further develop its business by creating a pipeline network and developing the supply chain for its customers.

Finally, in the Saint Petersburg region, Air Liquide inaugurated a new gas filling center in Kolpino, with a capacity of 30,000 cylinders per month.

These three projects form part of Air Liquide's long-term development program in Russia.

PARTICIPATING IN THE DEVELOPMENT OF HIGH TECHNOLOGIES

In Electronics, Air Liquide has launched a new offering to meet the strong demand for cleaning gases for the production equipment of large flat panel display and silicon thin film photovoltaic manufacturing sites. The more environmentally-friendly and very reliable **fluorine** gas has therefore become an alternative to nitrogen trifluoride (NF_3). Air Liquide has joined forces with the Solvay Group to develop this product *via* a worldwide joint venture.

In **Aerospace**, Air Liquide and Astrium have announced the creation of EuroCryospace, a strategic European partnership focusing on the development and production of cryogenic tanks, in particular for the Ariane 5 Midlife Evolution rocket.

Furthermore, due to the success of the **ALOHA**™ range in the United States, the Group has doubled its worldwide advanced precursor production capacity.

MAIN RISKS AND UNCERTAINTIES

There was no change in risk factors during 1st half 2012, as described in the 2011 Reference Document on pages 21 to 25.

OUTLOOK

In 1st half 2012, activity levels reflect the caution of many of Air Liquide's customers around the world, in the context of an economic environment which is still affected by the sovereign debt crisis in Europe and by further slackening of global growth.

Yet, the Group has delivered once again a solid performance which will be enhanced in the second half by a large number of plant start-ups. Competitiveness and development initiatives defined in the ALMA program thus continue to bear fruit.

Medium term, growth initiatives as well as the seizing of acquisition opportunities demonstrate the Group's ability to constantly adapt its actions in the pursuit of growth over the long term. Therefore the Group has decided 1.2 billion euros in new investments during the first six months of 2012.

Finally, the exceptional level of the Engineering and Construction order intake and a 12-month portfolio of opportunities which is at its highest level strengthen the Group's confidence in the long term.

In this context, the Group has delivered a satisfying first half and barring a major downturn in the economic situation, Air Liquide continues to aim for growth in net profit in 2012.

APPENDIX

Currency, natural gas and significant scope 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 industrial and medical gases are rarely exported, the impact of currency fluctuations on activity levels and results is limited to euro translation impacts with respect to 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 2012 1st semester revenue includes the following:

In millions of euros	Revenue	Change H1 2012/2011(a)	Currency	Natural gas	Significant scope	Change H1 2012/2011 comparable(b)
Group	7,533	*+5.9%*	+231	+22	–38	*+2.8%*
Gas and Services	6,837	*+5.6%*	+220	+22	–38	*+2.4%*

(a) Compared to 2011 revised data, after integration of Seppic within Gas and Services.
(b) Excluding currency, natural gas and significant scope impacts.

For the Group,

- the currency impact was +3.3%;
- the impact of an increase in natural gas prices in Europe, somewhat offset by a decline in the US, was +0.3%;
- the significant scope impact was –0.5%.

For Gas and Services,

- the currency impact was +3.4%;
- the impact of an increase in natural gas prices was +0.3%;
- the significant scope impact was –0.5%.

Consolidated 2012 2nd quarter revenue includes the following:

In millions of euros	Revenue	Change Q2 2012/2011(a)	Currency	Natural gas	Significant scope	Change Q2 2012/2011 comparable(b)
Group	3,754	*+5.1 %*	+159	0	–19	*+1.2 %*
Gas and Services	3,394	*+4.9 %*	+150	0	–19	*+0.9 %*

(a) Compared to 2011 revised data, after integration of Seppic within Gas and Services.
(b) Excluding currency, natural gas and significant scope impacts.

Reallocation of Specialty ingredients within Healthcare business line – 2011

In millions of euros	Q1 2011 published	Q2 2011 published	Q3 2011 published	Q4 2011 published	2011 published
Large Industries	1,133	1,121	1,157	1,174	4,585
Industrial Merchant	1,200	1,199	1,238	1,256	4,892
Electronics	343	336	317	291	1,286
Healthcare	509	515	511	539	2,076
Revenue Gas and services	**3,185**	**3,171**	**3,223**	**3,260**	**12,839**
Engineering and Construction	134	156	158	258	705
Other Activities	224	246	216	227	913
GROUP REVENUE	**3,543**	**3,573**	**3,597**	**3,745**	**14,457**

In millions of euros	Q1 2011 revised	Q2 2011 revised	Q3 2011 revised	Q4 2011 revised	2011 revised
Large Industries	1,133	1,121	1,157	1,174	4,585
Industrial Merchant	1,200	1,199	1,238	1,256	4,892
Electronics	343	336	317	291	1,286
Healthcare	564	579	564	592	2,301
Revenue Gas and services	**3,240**	**3,235**	**3,276**	**3,313**	**13,064**
Engineering and Construction	134	156	158	258	705
Other Activities	169	182	163	174	688
GROUP REVENUE	**3,543**	**3,573**	**3,597**	**3,745**	**14,457**

Q2 2012 Revenue

- **By geography:**

			Change	
Revenue *In millions of euros*	Q2 2011 revised	Q2 2012		Comparable[a]
Europe	1,715	1,724	*+0.5%*	*–0.5%*
Americas	699	746	*+6.7%*	*+3.7%*
Asia-Pacific	746	835	*+11.8%*	*–0.3%*
Middle East and Africa	75	89	*+20.4%*	*+18.5%*
Revenue Gas and services	**3,235**	**3,394**	***+4.9%***	***+0.9%***
Engineering and Construction	156	188	*+20.3%*	*+17.0%*
Other Activities	182	172	*–4.9%*	*–7.1%*
GROUP REVENUE	**3,573**	**3,754**	***+5.1%***	***+1.2%***

(a) Excluding currency, natural gas and significant scope impacts.

- **By world business line:**

			Change	
Revenue *In millions of euros*	Q2 2011 revised	Q2 2012		Comparable[a]
Large Industries	1,121	1,204	*+7.4%*	*+2.9%*
Industrial Merchant	1,199	1,283	*+7.0%*	*+1.9%*
Electronics	336	308	*–8.1%*	*–11.5%*
Healthcare	579	599	*+3.2%*	*+1.9%*
Revenue Gas and services	**3,235**	**3,394**	***+4.9%***	***+0.9%***

(a) Excluding currency, natural gas and significant scope impacts.

Condensed consolidated financial statements

CONSOLIDATED INCOME STATEMENT

In millions of euros	Notes	1st half 2011	1st half 2012
Revenue	**(4)**	**7,115.2**	**7,532.5**
Other income		44.4	59.6
Purchases		(2,793.9)	(3,010.3)
Personnel expenses		(1,245.0)	(1,341.0)
Other expenses		(1,357.1)	(1,396.0)
Operating income recurring before depreciation and amortization		**1,763.6**	**1,844.8**
Depreciation and amortization expense	(5)	(572.2)	(600.6)
Operating income recurring		**1,191.4**	**1,244.2**
Other non-recurring operating income	(6)	54.1	12.5
Other non-recurring operating expenses	(6)	(53.9)	(2.8)
Operating income		**1,191.6**	**1,253.9**
Net finance costs	(7)	(114.5)	(123.4)
Other financial income	(7)	35.2	34.5
Other financial expenses	(7)	(68.5)	(64.0)
Income taxes	(8)	(274.3)	(291.6)
Share of profit of associates		12.9	13.6
Profit for the period		**782.4**	**823.0**
• Minority interests		32.1	33.3
• Net profit (Group share)		750.3	789.7
Basic earnings per share *(in euros)*	**(10)**	**2.41**	**2.54**
Diluted earnings per share *(in euros)*	**(10)**	**2.40**	**2.53**

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

In millions of euros	1st half 2011	1st half 2012
Profit for the period	**782.4**	**823.0**
Change in fair value of financial instruments	(1.2)	(10.4)
Change in foreign currency translation reserve	(250.4)	119.2
Actuarial gains (losses)	44.1	(107.3)
Items recognized in equity, net of taxes(a)	**(207.5)**	**1.5**
Net income and gains and losses recognized directly in equity	**574.9**	**824.5**
• Attributable to minority interests	25.4	35.6
• Attributable to equity holders of the parent	549.5	788.9

(a) With the exception of actuarial gains and losses, the other items recognized in equity will be subsequently transferred in the consolidated income statement.

CONSOLIDATED BALANCE SHEET

In millions of euros	Notes	December 31, 2011	June 30, 2012
ASSETS			
Goodwill	(11)	4,558.5	4,612.0
Other intangible assets		638.2	656.2
Property, plant and equipment		12,096.9	12,579.3
Non-current assets		**17,293.6**	**17,847.5**
Non-current financial assets		398.3	405.8
Investments in associates		211.1	213.7
Deferred tax assets	(12)	290.3	351.9
Fair value of non-current derivatives (assets)		63.6	49.1
Other non-current assets		**963.3**	**1,020.5**
TOTAL NON-CURRENT ASSETS		**18,256.9**	**18,868.0**
Inventories and work-in-progress		784.1	813.1
Trade receivables		2,779.3	2,818.9
Other current assets		444.8	515.6
Current tax assets		52.0	39.6
Fair value of current derivatives (assets)		45.2	24.2
Cash and cash equivalents		1,761.1	1,121.5
TOTAL CURRENT ASSETS		**5,866.5**	**5,332.9**
TOTAL ASSETS		**24,123.4**	**24,200.9**

In millions of euros	Notes	December 31, 2011	June 30, 2012
EQUITY AND LIABILITIES			
Share capital		1,561.0	1,715.5
Additional paid-in capital		122.6	1.7
Retained earnings		6,631.7	7,310.5
Treasury shares		(91.6)	(84.4)
Net profit (Group share)		1,534.9	789.7
Shareholders' equity		**9,758.6**	**9,733.0**
Minority interests		**237.1**	**235.4**
TOTAL EQUITY[(a)]	**(16)**	**9,995.7**	**9,968.4**
Provisions, pensions and other employee benefits	(14)	1,897.0	1,990.4
Deferred tax liabilities	(12)	1,204.9	1,215.4
Non-current borrowings	(15)	5,662.5	5,352.5
Other non-current liabilities		190.4	202.0
Fair value of non-current derivatives (liabilities)		126.1	126.9
TOTAL NON-CURRENT LIABILITIES		**9,080.9**	**8,887.2**
Provisions, pensions and other employee benefits	(14)	190.6	200.6
Trade payables		1,992.5	1,888.4
Other current liabilities		1,244.4	1,200.0
Current tax payables		162.3	172.3
Current borrowings	(15)	1,373.5	1,803.5
Fair value of current derivatives (liabilities)		83.5	80.5
TOTAL CURRENT LIABILITIES		**5,046.8**	**5,345.3**
TOTAL EQUITY AND LIABILITIES		**24,123.4**	**24,200.9**

(a) A breakdown of changes in equity and minority interests is presented on page 20.

CONSOLIDATED CASH FLOW STATEMENT

In millions d'euros	1st half 2011	1st half 2012
Operating activities		
Net profit (Group share)	**750.3**	**789.7**
Minority interests	**32.1**	**33.3**
Adjustments:		
• Depreciation and amortization	572.2	600.6
• Changes in deferred taxes	57.3	34.1
• Increase (decrease) in provisions	(10.7)	(34.3)
• Share of profit of associates (less dividends received)	(6.6)	4.0
• Profit/loss on disposal of assets	(53.3)	(5.6)
Cash flow from operating activities before changes in working capital	**1,341.3**	**1,421.8**
Changes in working capital	(424.1)	(270.1)
Other	6.1	(13.6)
Net cash flows from operating activities	**923.3**	**1,138.1**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(809.9)	(957.4)
Acquisition of subsidiaries and financial assets	(59.9)	(59.4)
Proceeds from sale of property, plant and equipment and intangible assets	80.5	30.9
Proceeds from sale of financial assets	0.8	0.6
Net cash flows used in investing activities	**(788.5)**	**(985.3)**
Financing activities		
Dividends paid		
• L'Air Liquide S.A.	(684.0)	(722.6)
• Minority interests	(28.4)	(37.3)
Proceeds from issues of share capital	42.8	17.4
Purchase of treasury shares	(97.2)	(112.5)
Increase (decrease) in borrowings	77.6	37.4
Transactions with minority shareholders	(0.7)	(6.2)
Net cash flows from (used in) financing activities	**(689.9)**	**(823.8)**
Effect of exchange rate changes and change in scope of consolidation	33.9	(25.0)
Net increase (decrease) in net cash and cash equivalents	**(521.2)**	**(696.0)**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,482.2**	**1,712.4**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**961.0**	**1,016.4**

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

In millions of euros	1st half 2011	1st half 2012
Cash and cash equivalents	1,012.7	1,121.5
Bank overdrafts (included in current borrowings)	(51.7)	(105.1)
Net cash and cash equivalents	**961.0**	**1,016.4**

Net indebteness calculation

In millions of euros	December 31, 2011	1st half 2011	1st half 2012
Non-current borrowings (long-term debt)	(5,662.5)	(5,490.7)	(5,352.5)
Current borrowings (short-term debt)	(1 373.5)	(1,127.4)	(1,803.5)
Total gross indebtedness	(7,036.0)	(6,618.1)	(7,156.0)
Cash and cash equivalents	**1,761.1**	**1,012.7**	**1,121.5**
Derivative instruments (assets) – fair value hedge of borrowings	26.8	25.3	23.3
Total net indebtedness at the end of the period	(5,248.1)	(5,580.1)	(6,011.2)

Statement of change in net indebtedness

In millions of euros	December 31, 2011	1st half 2011	1st half 2012
Net indebtedness at the beginning of the period	**(5,039.3)**	**(5,039.3)**	**(5,248.1)**
Net cash flows from operating activities	2,425.8	923.3	1,138.1
Net cash flows used in investing activities	(1,672.3)	(788.5)	(985.3)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(767.0)	(767.5)	(861.2)
Total net cash flow	**(13.5)**	**(632.7)**	**(708.4)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and other	(195.3)	91.9	(54.7)
Change in net indebtedness	**(208.8)**	**(540.8)**	**(763.1)**
Net indebtedness at the end of the period	(5,248.1)	(5,580.1)	(6,011.2)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity from January 1, 2012 to June 30, 2012

				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**	**Share-holders' equity**	**Minority interests**	**Total equity**
Equity and minority interests as of January 1, 2012	**1,561.0**	**122.6**	**8,329.4**	**(31.2)**	**(131.6)**	**(91.6)**	**9,758.6**	**237.1**	**9,995.7**
Profit for the period			**789.7**				**789.7**	**33.3**	**823.0**
Items recognized in equity			(107.3)	(10.4)	116.9		(0.8)	2.3	1.5
Net income and gains and losses recognized directly in equity for the period[e]			**682.4**	**(10.4)**	**116.9**		**788.9**	**35.6**	**824.5**
Increase (decrease) in share capital	1.6	15.8					17.4	(0.0)	17.4
Free share attribution	159.5	(27.2)	(132.3)						
Distribution			(722.6)				(722.6)	(37.3)	(759.9)
Cancellation of treasury shares[c]	(6.6)	(109.5)				116.1			
Purchase of treasury shares[c]						(113.0)	(113.0)		(113.0)
Share-based payments			3.8			4.1	7.9		7.9
Transactions with minority shareholders recognized directly in equity			(4.9)				(4.9)	1.0	(3.9)
Other			0.7[d]				0.7	(1.0)	(0.3)
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2012	**1,715.5[a]**	**1.7[b]**	**8,156.5**	**(41.6)**	**(14.7)**	**(84.4)**	**9,733.0**	**235.4**	**9,968.4**

(a) Share capital as of June 30, 2012 amounted to 311,911,140 shares at a par value of 5.50 euros. In first half 2012, movements affecting share capital were as follows:

- *on May 31, 2012, share capital increase by incorporating additional paid-in capital resulting from the attribution of 29,003,797 free shares at the rate of one new share for 10 former shares and one new share for 100 former shares for the ones held in registered form continuously from December 31, 2009 to May 30, 2012 inclusive. The share capital increase was realized by transfer of 27.2 million euros from "Additional paid-in capital" and 132.3 million euros from "Retained earnings";*
- *issuance of 245,020 shares in cash at a par value of 5.50 euros resulting from the exercise of options before free share attribution;*
- *issuance of 49,382 shares in cash at a par value of 5.50 euros resulting from the exercise of options after free share attribution;*
- *share capital decrease resulting from the cancellation of 1,200,000 treasury shares before free share attribution.*

(b) "Additional paid-in capital" was increased by the amount of share premiums relating to the share capital increases in the amount of 15.8 million euros and was reduced by the amount of share premiums incorporated to share capital in the amount of (109.5) million euros.

(c) The number of treasury shares as of June 30, 2012 totaled 1,113,686 (including 936,204 held by L'Air Liquide S.A.). In first half 2012, movements affecting treasury shares were as follows:

- *acquisitions, net of disposals, of 1,142,084 shares at an average price of 98.97 euros including 1,144,724 shares before free share attribution;*
- *cancellation of 1,200,000 shares before free share attribution;*
- *creation of 102,572 shares as part of free share attribution;*
- *allocation of 59,009 shares as conditional grants of shares.*

(d) The changes in "Retained earnings" primarily result from the impact of the cancellation of gains or losses arising from disposals of treasury shares.

(e) The statement of net income and gains and losses recognized directly in equity is presented on page 16.

Consolidated statement of changes in equity from January 1, 2011 to June 30, 2011

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

(a) The statement of net income and gains and losses recognized directly in equity is shown on page 16.

ACCOUNTING PRINCIPLES

The condensed interim consolidated financial statements for first half 2012 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, 2011 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, 2011.

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, 2011. They were drawn up in accordance with IFRS, as adopted by the European Union as of June 30, 2012 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, 2012.

The financial statements are presented in millions of euros. They were reviewed by the Board of Directors on July 27, 2012.

New IFRS and interpretations

1. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP AS OF JANUARY 1, 2012

The amendment to IFRS7 “Financial Instruments: Disclosures – Transfers of Financial Assets” applicable since January 1, 2012, had no impact on the Group financial statements.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION BUT NOT YET MANDATORY IN 2012

The Group financial statements as of June 30, 2012 do not include any potential impacts from the standards, interpretations and amendments endorsed by the European Union in first half 2012 for which adoption is only mandatory as of fiscal years beginning after January 1, 2012.

These texts are as follows:

- amendment to IAS1 «Presentation of Items of Other Comprehensive Income»;
- revision of IAS19 «Employee Benefits».

The expected impacts of the IAS19 revision will not be significant on the Group financial statements.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED BY THE EUROPEAN UNION

The impacts on the financial statements of the standards, interpretations and amendments published by the IASB in first half 2012 and not yet mandatory within the European Union are currently being analyzed. These standards, interpretations and amendments are as follows:

- amendment to IFRS1 “Government loans”;
- improvements to IFRSs (2009-2011);
- amendments to the transition guidance for IFRSs 10, 11 and 12.

Use of estimates and assumptions

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

The significant judgments exercised by the Group and subsidiary Management in applying the Group accounting policies used in preparing the condensed interim consolidated financial statements for first half 2012, 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, 2011.

Basis for presentation and measurement of first half 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.

In first half 2012 and following its decision to refocus on healthcare specialty ingredients, Air Liquide integrated the activities of Seppic and its subsidiaries in its Healthcare world business line.

The integration of the Seppic group within the “Gas and Services” activities leads to a change in the Group’s segment information.

Subsequent to this change, the activities presented in “Other activities” are Welding and Diving.

The 2011 revenue and operating income of the “Gas and Services” and “Other activities” were revised and are presented in note 3.

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 FIRST HALF 2012

Note 1 – Major events

There was no major event over first half 2012.

Note 2 – Consolidation scope

Changes in scope in first half 2012, taken separately or as a whole, had no material impact on the Group's consolidated financial statements.

Besides, the Group has announced acquisition transactions with closings planned to be completed on second half 2012.

- On June 8, 2012, Air Liquide announced that it had entered into exclusive negotiations to acquire 70.49% of LVL Médical Groupe S.A.'s share capital from the controlling shareholders at a price of 30.89 euros per share. The acquisition of LVL Médical Groupe S.A. will be followed by a simplified public tender offer and, possibly, by a compulsory squeeze-out of the remaining equity securities. This transaction, once finalized, will enable Air Liquide to gain the full ownership of LVL Médical's French activities, for a total net investment of 316 million euros. The transaction is subject to approval by the French competition authority.
- On July 5, 2012, the Group acquired 100% of the shares of Energas Ltd & Engineering and Welding Supplies Ltd, suppliers of packaged gases in the United Kingdom for a total net investment of 109 million euros.
- On July 19, 2012, Air Liquide announced that it had entered into an agreement to acquire 100% of the shares of Grupo Gasmedi S.L., leading home healthcare provider in Spain for a total net investment of 330 million euros. The transaction will be completed after authorization by the Spanish competition authority and will enable Air Liquide to gain the full ownership of Grupo Gasmedi S.L. activities.

Note 3 – Segment information

Segment information as of June 30, 2012	Gas and Services					Engineering and Construction	Other activities	Recon-ciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	3,471.2	1,518.2	1,674.4	173.3	6,837.1	365.0	330.4		7,532.5
Inter-segment revenue						319.8		(319.8)	
Operating income recurring	**621.0**	**355.3**	**264.8**	**35.5**	**1,276.6**	**33.1**	**23.0**	**(88.5)**	**1,244.2**
incl. depreciation and amortization	*(276.5)*	*(146.8)*	*(137.2)*	*(17.3)*	*(577.8)*	*(12.7)*	*(7.9)*	*(2.2)*	*(600.6)*
Other non-recurring operating income									12.5
Other non-recurring operating expenses									(2.8)
Net finance costs									(123.4)
Other financial income									34.5
Other financial expenses									(64.0)
Income taxes									(291.6)
Share of profit of associates									13.6
Profit for the period									823.0

Segment information as of June 30, 2011 – Revised[(a)]	Gas and Services					Engineering and Construction	Other activities	Recon-ciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	3,416.4	1,408.5	1,505.3	144.8	6,475.0	289.7	350.5		7,115.2
Inter-segment revenue						260.6		(260.6)	
Operating income recurring	**663.8**	**291.1**	**249.1**	**29.1**	**1,233.1**	**28.7**	**27.8**	**(98.2)**	**1,191.4**
incl. depreciation and amortization	*(273.4)*	*(139.7)*	*(120.1)*	*(13.9)*	*(547.1)*	*(12.9)*	*(10.1)*	*(2.1)*	*(572.2)*
Other non-recurring operating income									54.1
Other non-recurring operating expenses									(53.9)
Net finance costs									(114.5)
Other financial income									35.2
Other financial expenses									(68.5)
Income taxes									(274.3)
Share of profit of associates									12.9
Profit for the period									782.4

(a) The specialty ingredients activities of Seppic and its subsidiaries were reclassified from "Other activities" to "Gas and services" in Europe.

Segment information as of June 30, 2011 – Published	Gas and Services					Engineering and Construction	Other activities	Recon-ciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	3,297.4	1,408.5	1,505.3	144.8	6,356.0	289.7	469.5		7,115.2
Inter-segment revenue						260.6		(260.6)	
Operating income recurring	**636.3**	**291.1**	**249.1**	**29.1**	**1,205.6**	**28.7**	**55.3**	**(98.2)**	**1,191.4**
incl. depreciation and amortization	*(271.5)*	*(139.7)*	*(120.1)*	*(13.9)*	*(545.2)*	*(12.9)*	*(12.0)*	*(2.1)*	*(572.2)*
Other non-recurring operating income									54.1
Other non-recurring operating expenses									(53.9)
Net finance costs									(114.5)
Other financial income									35.2
Other financial expenses									(68.5)
Income taxes									(274.3)
Share of profit of associates									12.9
Profit for the period									**782.4**

Note 4 – Revenue

Consolidated revenue for first half 2012 totaled 7,532.5 million euros, up 5.9% compared to first half 2011 (7,115.2 million euros).

On a comparable basis after adjustment for the cumulative impact of foreign exchange fluctuations and natural gas prices, the increase was 2.3%.

Note 5 – Depreciation and amortization expense

In millions of euros	1st half 2011	1st half 2012
Intangible assets	(38.6)	(38.9)
Property, plant and equipment (PP&E)[a]	(533.6)	(561.7)
TOTAL	**(572.2)**	**(600.6)**

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

Note 6 – Other non-recurring operating income and expenses

In millions of euros	1st half 2011	1st half 2012
Reorganization, restructuring and integration costs	(1.9)	(7.9)
Acquisition costs	(2.9)	(4.0)
Other	(49.1)	9.1
Total other non-recurring operating expenses	**(53.9)**	**(2.8)**
Capital gains on disposals of PP&E and investments	52.6	12.2
Other	1.5	0.3
Total other non-recurring operating income	**54.1**	**12.5**
TOTAL	**0.2**	**9.7**

In first half 2012:

- in May 2012, the Group sold its interest in the Esqal and Gaz de Polynésie subsidiaries. The capital gain on those disposals calculated in accordance with IAS27 section 34 totaled 12.2 million euros.

In first half 2011:

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

Note 7 – Net finance costs and other financial income and expenses

Net finance costs amounted to 123.4 million euros, up 3.8% excluding exchange rate. The average cost of net indebtedness stood at 4.95% for first half 2012 (4.83% for first half 2011).

Note 8 – Income taxes

	1st half 2011	1st half 2012
Average effective tax rate *(in %)*	26.3%	26.5%

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

The average effective tax rate of first half 2012 remained unchanged compared to that of first half 2011.

Note 9 – Employee benefits

The expense recognized for pension and other employee benefits totaled 64.2 million euros over first half 2012 and breaks down as follows:

In millions of euros	1st half 2011	1st half 2012
Service cost	20.3	21.3
Interest cost (discount effect)	56.3	54.7
Expected return on plan assets	(28.0)	(29.3)
Other[(a)]	1.0	2.5
Defined benefit plans	**49.6**	**49.2**
Defined contribution plans	**12.2**	**15.0**

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

Note 10 – Net earnings per share

BASIC EARNINGS PER SHARE

	June 30, 2011	June 30, 2012
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	750.3	789.7
Weighted average number of ordinary shares outstanding	311,595,164	311,254,031
Basic earnings per share (in euros)	2.41	2.54

The average number of ordinary shares outstanding and net earnings per share for 2011 included the impact of the L'Air Liquide S.A. free share attribution of May 31, 2012.

DILUTED EARNINGS PER SHARE

	June 30, 2011	June 30, 2012
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**750.3**	**789.7**
Weighted average number of ordinary shares outstanding	311,595,164	311,254,031
Adjustment for dilutive impact of share subscription options	1,098,318	1,018,497
Adjustment for dilutive impact of conditional grant of shares	332,741	304,550
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**313,026,223**	**312,577,078**
Diluted earnings per share (in euros)	2.40	2.53

Diluted earnings per share for 2011 and the average number of shares outstanding included the impact of the L'Air Liquide S.A. free share attribution of May 31, 2012.

The Group has not issued any other financial instruments that may generate further dilution of net earnings per share.

Note 11 – Goodwill

In first half 2012, there was no significant change in goodwill.

The Group performed a review of goodwill as of June 30, 2012 and did not identify any indications of impairment loss.

Note 12 – Deferred taxes

In millions of euros	As of December 31, 2011	Income (charge) to the income statement	Items recognized in equity[a]	Foreign exchange differences	Acquisitions related to business combinations	Other	As of June 30, 2012
Deferred tax assets	290.3	32.1	29.4		0.7	(0.6)	351.9
Deferred tax liabilities	(1,204.9)	(66.1)	26.4	(16.6)	11.1	34.7	(1,215.4)
DEFERRED TAX (NET)	**(914.6)**	**(34.0)**	**55.8**	**(16.6)**	**11.8**	**34.1**	**(863.5)**

(a) *Corresponds to the deferred taxes recognized in other items in the statement of net income and gains and losses directly recognized in equity: 4.9 million euros relating to the change in fair value of derivatives and 50.9 million euros relating to actuarial gains and losses.*

Note 13 – Working capital requirement

The 270.1 million euros increase in the working capital requirement as presented in the consolidated cash flow statement breaks down as follows:

- increase in changes in current tax payables and receivables amounting to 8.5 million euros;
- increase in the working capital resources of the Engineering and Construction activity amounting to 3.7 million euros;
- increase in the working capital requirement of Gas and Services and Other Activities amounting to 265.3 million euros.

Note 14 – Provisions, pensions and other employee benefits

In millions of euros	As of December 31, 2011	Charge	Utilized	Other reversals	Discounting	Foreign exchange differences	Other movements	As of June 30, 2012
Pensions and other employee benefits	1,581.1	23.8	(59.3)		183.3[b]	8.6	(0.8)	1,736.7
Restructuring plans	22.0	2.8	(1.7)	(0.1)		0.2	(1.1)	22.1
Guarantees and other provisions of Engineering and Construction activity	126.4	22.4	(19.0)	(34.8)		0.4	(3.5)	91.9
Dismantling	165.8		(0.7)		3.2	(0.2)	2.1	170.2
Other provisions[a]	192.3	6.6	(12.5)	(16.1)			(0.2)	170.1
TOTAL PROVISIONS	**2,087.6**	**55.6**	**(93.2)**	**(51.0)**	**186.5**	**9.0**	**(3.5)**	**2,191.0**

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

In first half 2012:

- no single litigation is likely to have a material impact on the Group's financial position or profitability;
- no new event has been occurred concerning the litigation between Air Liquide Japan Ltd and the Japanese Fair Trade Commission (JFTC).

As of June 30, 2012, 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. The revision of the discount rates mainly explains the increase in pension provisions in the amount of 157.9 million euros.

Note 15 – Borrowings

In millions of euros	December 31, 2011	June 30, 2012
Non-current borrowings[a]	(5,662.5)	(5,352.5)
Current borrowings (including bank overdrafts)	(1,373.5)	(1,803.5)
Total gross indebtedness	**(7,036.0)**	**(7,156.0)**
Cash and cash equivalents	1,761.1	1,121.5
Derivative instruments – fair value hedge of borrowings	26.8	23.3
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,248.1)**	**(6,011.2)**

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

Gross indebtedness increased by 120 million euros between December 31, 2011 and June 30, 2012, due to a private placement for 200 million dollars issued in January 2012 as part of the EMTN program (maturity in March 2019).

Short-term borrowings (with maturities less than 12 months) are up by 430 million euros compared to December 31, 2011 due to transfers to current borrowings of the L'Air Liquide S.A. bond maturing in March 2013 and of the Air Liquide Finance S.A. bond maturing in June 2013.

Cash and cash equivalents included the balance of the renminbi bond issue issued in September 2011 in the amount of 42 million euros (130 million euros as of December 31, 2011).

In addition, a private placement for 700 million dollars was set up on June 29, 2012 by Air Liquide Finance S.A. and will be issued in three series maturing in 2022, 2024 and 2027. The funds will be released in second half 2012.

Note 16 – Shareholders' equity

FREE SHARE ATTRIBUTIONS

The Board of Directors' meeting of May 9, 2012 decided to create 28,285,796 new shares with a par value of 5.50 euros, ranking for dividends as of January 1, 2012. On May 31, 2012, these shares were granted as free shares to shareholders, at the rate of one new share for ten former shares, by incorporating additional paid-in capital to share capital.

Furthermore, in accordance with Article 21 of the Bylaws, 718,001 new shares were created at a par value of 5.50 euros, ranking for dividends as of January 1, 2012. On May 31, 2012, these shares were granted as free shares to shareholders, at the rate of one new share for one hundred former shares, by incorporating additional paid-in capital to share capital. The shares affected by this additional grant are those shares held in registered form continuously from December 31, 2009 to May 30, 2012 inclusive.

SHARE SUBSCRIPTION PLANS

The expense relating to all the Group's share subscription plans totaled 7.9 million euros in first half 2012 (compared to 7.1 million euros in first half 2011 and 14.6 million euros for 2011).

Note 17 – Commitments

There was no significant modification to the commitments in relation to December 31, 2011.

Note 18 – Dividends per share

2011 dividends distributed on ordinary shares declared and paid on May 16, 2012 totaled 728.8 million euros (including dividends on treasury shares), representing a dividend per share of 2.50 euros before the impact of the free share attribution as of May 31, 2012 as detailed in note 16. Dividends paid represent a distribution rate of 47.5% 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 natural persons or these companies and Group subsidiaries did not undergo any significant changes.

Note 20 – Contingent liabilities

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

In first half 2012, there were no new events concerning the contingent liabilities described in the Reference Document for the year ended December 31, 2011.

Note 21 – Post-balance sheet events

There was no significant post-balance sheet event except the acquisition transactions detailed in note 2.

Statutory auditors review report on the first half-yearly financial information

This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the group's interim management report. 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:

- the review of the accompanying condensed half-yearly consolidated financial statements of L'Air Liquide, for the period from January 1 to June 30, 2012; and
- the verification of information contained in the interim management report.

These condensed half-yearly 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.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists primarily in making inquiries, 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 the condensed half-yearly 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.

2. Specific verification

We have also verified the information presented in the interim management report in respect of the condensed interim consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency of this information with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, August 1, 2012

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Emmanuelle Mossé

Certification by the person responsible for the first half financial report

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

Person responsible for the first half financial report

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

Certification by the person responsible for the first half financial report

I hereby declare that, to the best of my knowledge, the condensed financial statements for the half-year ended June 30, 2012 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and the profit of the company and the entities included in the scope of consolidation of the Group and that the first half management report includes a faithful representation of the major events which occurred during the first six months of the fiscal year, their impact on the financial statements, and the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the fiscal year.

Paris, August 1, 2012

Benoît Potier

Chairman and CEO

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of processes developed by Georges Claude
with registered capital
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