AIR LIQUIDE

Creative Oxygen

FIRST HALF 2014 FINANCIAL REPORT

World leader in gases, technologies and services for Industry and Health, Air Liquide is present in **80 countries** with more than **50,000 employees** and serves more than **2 million customers and patients**. Oxygen, nitrogen and hydrogen have been at the core of the Company's activities since its creation in 1902. Air Liquide's ambition is to be the leader in its industry, **delivering long-term performance and acting responsibly.**

Air Liquide ideas create value over the long term. At the core of the Company's development are the commitment and constant inventiveness of its people.

Air Liquide anticipates the challenges of its markets, invests locally and globally, and delivers high-quality solutions to its customers and patients, and the scientific community.

The Company relies on **competitiveness** in its operations, **targeted investments** in growing markets and **innovation** to deliver profitable growth over the long-term.

Air Liquide's revenues amounted to 15.2 billion euros in 2013, and its solutions that protect life and the environment represented around 40% of sales. 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.

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www.airliquide.com

1 Activity report – First half 2014

> H1 2014 PERFORMANCE

- Activity progressing
- Performance in line with full year outlook

The confirmed improvement of the base business during first half 2014, enabled the Group to generate further net profit growth. Group revenue reached 7,506 million euros, up +4.8% compared to the first half 2013 on a comparable basis. Reported growth was -0.7% impacted by a significant foreign currency impact, which remains for a large part reversible. Progress in Gas & Services continued with sustained growth in the Americas and in the developing economies, in particular in China, confirmed recovery in Japan, which was up 6.4% excluding currency effect, as well as in the Electronics sector. Developing economies continued to show sustained momentum, up +14% on a comparable basis, while advanced economies showed a more modest rise of +2%.

Greater efforts on costs and efficiency plans which reached 152 million euros, contributed to increasing the operating margin by +10 basis points to 16.7% despite tariff weakness in Healthcare in Europe and an unfavourable mix in Large Industries. Net profit (Group share) rose to 755 million euros, a reported increase of +0.4%, or +3.8% excluding currency effect. For information, the Net profit (Group share) would have grown +5.0% excluding the currency effect and the impact of Anios divestiture.

Investment opportunities remained at a high level at 3.4 billion euros. Investment decisions reached 750 million euros, reflecting greater selectivity in the Group's investment process. The investment backlog remained stable at 2.6 billion euros and should generate over time fully ramped-up annual sales of 1.2 billion euros. Net cashflow from operating activities after changes in working capital was affected by the outflow on the realignment plans, provisioned in 2013, and remained virtually unchanged excluding the currency impact.

H1 2014 key figures

(in millions of euros)	H1 2013	H1 2014	2014/2013 published change	2014/2013 change excl. currency	2014/2013 comparable change [(a)]
Total revenue	**7,561**	**7,506**	**-0.7%**	**+3.5%**	**+4.8%**
Of which Gas & Services	*6,885*	*6,807*	*-1.1%*	*+3.3%*	-
Operating income recurring	1,256	1,254	-0.2%	+3.7%	-
Operating income recurring as % of revenue	16.6%	16.7%	+10bps	-	-
Net profit (Group share)	752	755	+0.4%	+3.8%	-
Earnings per share *(in euros)*	**2.20** [(b)]	**2.20**	0.0%	0.0%	-
Net cash flows from operating activities [(c)]	1,194	1,147	-4.0%	+0.1%	-
Net capital expenditure [(d)]	1,081	943		-	-
Net debt	6,837	6,797		-	-
Debt-to-equity ratio [(e)]	60%	57%		-	-
Return On Capital Employed – ROCE after tax [(f)]	11.0%	10.8% [(g)]	-	-	-

(a) Excluding natural gas, currency and significant scope impacts. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionally, according to the indexation.

(b) Adjusted for free share attribution on June 2, 2014.

(c) Cash flow from operating activities after change in working capital and other elements.

(d) Including transactions with minority shareholders.

(e) Adjusted to spread the dividend payment in H1 out over the full year.

(f) Return On Capital Employed after tax: (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, 3013 to June 30, 2014.

(g) Excluding the currency impact, the ROCE is 11.0%.

H1 2014 highlights

During first half 2014, Air Liquide has pursued its development initiatives in growing markets and major industrial basins, both in advanced and developing economies. The Group has also reinforced its innovation initiatives in high potential sectors.

INDUSTRIAL ACTIVITY DEVELOPMENT

In first half 2014, Air Liquide pursued its development initiatives through selective industrial investments. Air Liquide has strengthened its positions in the major industrial basins in which it is present and reinforced its leadership in the growing electronics industry in China.

- In the Rhein-Ruhr area, Air Liquide strengthened its positions by signing a major long-term supply contract with ThyssenKrupp Steel Europe AG. The industrial gases required, oxygen (4,600 tonnes per day), nitrogen and argon, will be supplied via Air Liquide's 500 kilometer local pipeline network. The pipeline is fed by Air Liquide air separation plants, including Germany's largest oxygen production plant with a capacity of 2,400 tonnes per day, started-up in 2012.
- In December 2013 and January 2014, Air Liquide strengthened its leadership position in growth markets with the start-up of eight large-scale production units around the world. Four of the units, based in China, are air separation units (ASUs), whose combined capacity is 10,000 tons per day, and have increased the Group's oxygen production capacity in that country by almost 50%.
- In Electronics in China, Air Liquide was awarded a major long-term contract with CEC Panda Flat Panel Display Technology (a joint venture of CEC Panda and Sharp LCD) to supply ultra-pure carrier gases to their first fab that will manufacture Oxide-TFT screens in Nanjing Crystal Park (Jiangsu). These new screens are used in mobile devices and TV sets on generation 8.5 size glass substrates. Air Liquide will invest around 25 million euros.
- In South Korea, Air Liquide sold its 40% interest in Daesung Industrial Gases in order to focus on the strategic development of its wholly owned subsidiary Air Liquide Korea.
- In Industrial Merchant, Air Liquide continued to develop its nitrogen production capacity in the United States to meet growing demand, particularly from the boom in oil and gas exploration activity in the northern part of the country. The new Tioga plant in North Dakota started up in the first quarter and will supply nitrogen to the surrounding states. At the same time, Air Liquide updated its bulk distribution fleet in the U.S. (with 145 new trucks) to maintain driver safety and supply reliability.
- The ITER project, through its European organization Fusion for Energy (F4E), has signed a new contract with Air Liquide for the supply of a second set of additional cryogenic equipment for a total amount of around 65 million euros. This follows a major contract, signed in 2012, for the supply of three helium refrigerators with record combined cooling capacity.

NEW INNOVATION INITIATIVES

- In first half 2014, Air Liquide committed to new investments to strengthen the Group's innovation capacities with:
  - the modernization of its Research and Development Center at Paris-Saclay, the Group's main global research center;
  - the creation of a center for the development of gas cylinder for Industry and Healthcare at the Paris-Saclay site;
  - the launch of a technical center of excellence for cryogenic production technologies in Vitry-sur-Seine, near Paris.

  These initiatives represent a total investment of nearly 100 million euros.
- Air Liquide is continuing to deploy TAKEO™, the first medical oxygen cylinder with a digital interface, which facilitates the work of hospital staff and ambulance attendants. Thanks to its electronic information system, TAKEO™ allows the user to visualize the remaining consumption time until oxygen runs out, emitting a warning sound when oxygen is low, and thereby improving patient safety. TAKEO™ is already in use in 15 countries and will be rolled out over the next two years, with around 100,000 cylinders being made available.
- Air Liquide pursued the initiatives launched in 2013 to promote open innovation: i-Lab, Air Liquide's new ideas laboratory, and ALIAD, the Group's capital investment subsidiary that takes minority stakes in innovative technology start-ups.

  During first half 2014, ALIAD made equity investments in three technology start-ups.
  - The French company McPhy Energy designs hydrogen generators based on water electrolysis and hydrogen storage in solid magnesium hydride to address the problem of storing renewable energy.

- The French innovative start-up Solumix has developed a new insulating construction material, made from natural raw materials.
- Based in Belgium, Xylowatt has developed a technology for producing clean syngas from solid biomass. Air Liquide will help develop this technology for use in oxygen-based processes.

- The Group also reinforced its investment in the field of hydrogen energy with the installation of four new hydrogen filling stations in Denmark, as part of the Copenhagen Hydrogen Network supported by the European Commission. These four stations will join two stations already in service and are a significant step towards the creation of a distribution network at national level.

  These stations will be equipped with an electrolyser, allowing them to produce Blue Hydrogen, a totally decarbonated hydrogen.

REFINANCING AT ATTRACTIVE RATES

Air Liquide issued bonds in first half 2014 for a total amount of 750 million euros, to refinance the bonds reaching maturity and fund the development while benefiting from very attractive market conditions. The three bond issues cover maturities between 10 and 15 years. The major issue was made under the EMTN program for an amount of 500 million euros with a 10-year maturity and a coupon of 1.875% p.a.

H1 2014 Income Statement

REVENUE

Revenue *(in millions of euros)*	H1 2013	H1 2014	2014/2013 change	2014/2013 change excl. FX & natural gas	2014/2013 comparable change [a]
Gas & Services	6,885	6,807	-1.1%	+3.3%	+4.7%
Engineering & Technology	372	405	+9.0%	+13.7%	+13.7%
Other activities	304	294	-3.7%	-2.7%	-2.7%
TOTAL REVENUE	**7,561**	**7,506**	**-0.7%**	**+3.6%**	**+4.8%**

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

Group

Group revenue for first half 2014 reached **7,506 million euros**, down 0.7% compared with first half 2013, and was penalized by a negative currency impact of -4.2%, and a natural gas impact of -0.1%. **Excluding the impact of currency and the price of natural gas**, revenue increased +3.6% compared with first half 2013.

On a comparable basis, excluding the impact of the disposal of Anios, first half revenue increased +4.8%.

Following a first quarter that had benefited from favourable previous-year period comparative base, comparable sales growth continued during the second quarter.

Revenue by quarter *(in millions of euros)*	Q1 2014	Q2 2014
Gas & Services	3,416	3,391
Engineering & Technology	175	230
Other activities	143	151
TOTAL REVENUE	**3,734**	**3,772**
2014/2013 published change	+1.0%	-2.4%
2014/2013 change excl. currency and natural gas	+4.9%	+2.4%
2014/2013 comparable change [a]	+6.2%	+3.6%

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

Currency, natural gas and significant scope impacts

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

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 customers through price indexation clauses.

(in millions of euros)	Group	Gas & Services
H1 2014 revenue	**7,506**	**6,807**
2014/2013 published change *(in %)*	-0.7%	-1.1%
Currency impact	-324	-303
Natural gas impact	-5	-5
Significant scope impact	-94	-94
2014/2013 change excl. currency and natural. gas *(in %)*	**+3.6%**	**+3.3%**
2014/2013 comparable change [(a)] *(in %)*	**+4.8%**	**+4.7%**

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

Gas & Services

Unless otherwise stated all the changes in revenue outlined below are on a comparable basis (excluding currency natural gas and significant scope impacts).

Gas and Services revenue amounted to **6,807 million euros**, or a comparable growth rate of +4.7%, with growth in all the business lines and strong growth in the Americas and Asia. The impact of the disposal of the Anios businesses was -1.4%, while growth at constant exchange rates and natural gas prices was +3.3%.

The overall impact of lower natural gas prices during the half-year was marginal and amounted to -0.1%. On a reported basis, revenue was down slightly at -1.1% compared with first half 2013, which was heavily penalized by a negative currency impact of -4.4%.

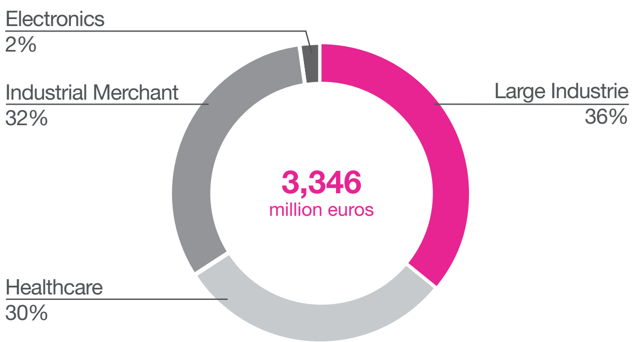
Revenue *(in millions of euros)*	H1 2013	H1 2014	2014/2013 change	2014/2013 change excl. currency & natural gas	2014/2013 comparable change [(a)]
Europe	3,547	3,346	-5.6%	-3.6%	-1.0%
Americas	1,590	1,647	+3.6%	+10.0%	+10.0%
Asia-Pacific	1,562	1,637	+4.8%	+12.3%	+12.3%
Middle-East and Africa	186	177	-5.3%	+4.0%	+4.0%
GAS & SERVICES	**6,885**	**6,807**	**-1.1%**	**+3.3%**	**+4.7%**
Large Industries	2,461	2,493	+1.3%	+4.8%	+4.8%
Industrial Merchant	2,538	2,480	-2.3%	+3.5%	+3.5%
Healthcare	1,344	1,263	-6.0%	-3.0%	+3.9%
Electronics	542	571	+5.3%	+11.7%	+11.7%

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

Europe

Revenue in Europe amounted to 3,346 million euros, or a decrease of -1.0%. Excluding the impact of the disposal of cogeneration businesses in late 2013 and the decrease in the cost of electricity, activity in the region was up slightly. Oxygen volumes increased throughout the region, especially in Northern Europe, while demand for hydrogen remained strong, mainly on the Benelux pipeline network. The region is still benefiting from the momentum of developing economies, which increased +5% due to the ramp-up of the units commissioned in 2013. The Healthcare business line grew +2.6%.

Europe Gas & Services H1 2014 – Revenue

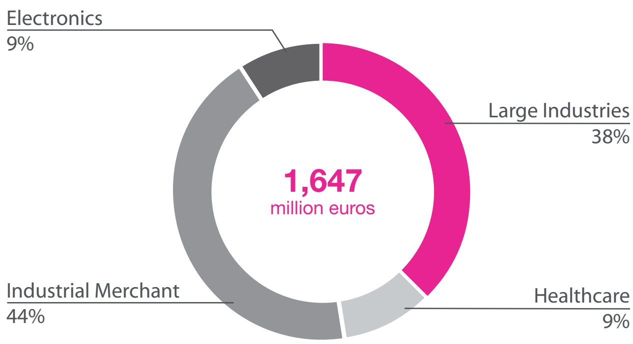


- **Large Industries** revenue was down **-3.6%**. Adjusted for the disposal of the cogeneration plants and the reduction in electricity prices, sales increased +1.0%. Hydrogen volumes were boosted by strong demand from the refining sector, while the improvement in demand from the metals sector continued, resulting in an increase in oxygen volumes. Large Industries business remained stable in Eastern Europe, following the ramp-up in 2013, and has been relatively immune to the events in Ukraine and Russia to date.
- **Industrial Merchant** sales registered a **-1.1%** decline. Developing economies continued their steady growth following the commissioning of new capacity in 2013, including in Russia, where growth was over +15%, and Poland. Conversely, activity in the advanced economies was affected by an economic environment that remained difficult, especially in Southern Europe, although Northern Europe showed a slight improvement. Liquid volumes in the region were stable, while cylinder volumes declined in Southern Europe. Helium volumes increased sharply, and have almost doubled since first half 2013. Pricing was negligible in the first half, while inflation has also slowed.
- **Healthcare** continued its expansion with growth of **+2.6%**. Home Healthcare was up +3.6%, with no acquisition during first half 2014, and helped by continued growth in demand and the ever increasing portfolio of therapies provided to patients. Pressure on tariffs continued, especially in Spain and France. In medical gases for hospitals, pressure on budgets affected gas volumes in France and Southern Europe. In prevention and wellbeing, the Specialty Ingredients business reported revenue growth of +4.3%, while the Schülke Hygiene business registered an increase of +12.8%. Pricing was down during the semester, slightly less than -2%.
- **Electronics** revenue was down **-4.6%**, affected by a sharp downturn in Equipment and Installation sales. Carrier gas sales were virtually stable, while specialty gas sales decreased due to the weak volumes in Europe and ongoing transfer of the business to Asia.

Americas

Gas & Services revenue in the Americas amounted to **1,647 million euros**, an increase of **+10.0%**. Industrial activity remained sustained in North America, with strong demand for hydrogen from the refining industry and for air gas from the chemicals industry. Growth in South America, at more than +15%, remained solid during the half-year with sustained industrial and health demand, boosted by developments in Argentina and Mexico.

Americas Gas & Services H1 2014 – Revenue



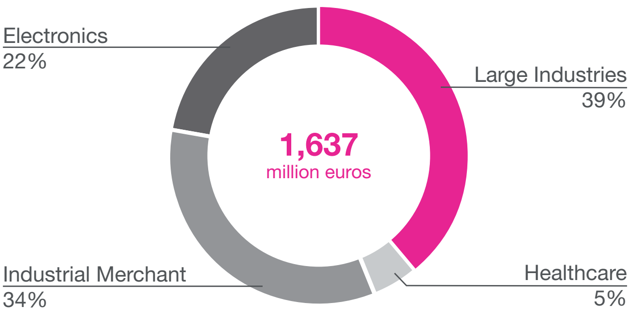
- **Large Industries** reported solid sales growth of **+8.7%**. The segment benefited from strong demand for air gas from the chemicals industry in the United States and from the start-up of units in Latin America, compensating falling volumes in the metals sector in Canada. Hydrogen volumes also grew sharply in the United States. Electricity and steam volumes registered a marked decrease due to some unit outages.

- **Industrial Merchant** activity was up **+6.1%**, boosted by an increase in sales, and by small bolt-on acquisitions in South America. Liquid volumes increased overall in the region, more significantly in South America and Canada. Cylinder volumes fell in South America and Canada, but were up significantly in the United States. Pricing campaigns continued throughout the period resulting in average price increases of +3.9%.
- **Healthcare** revenue rose **+9.1%**, driven by the performance of Home Healthcare and hospital gases in Latin America (Argentina, Brazil). The growth in North America remained lower, and was primarily driven by Home Healthcare business in Canada, despite strong pressure on rates, and a fall in medical gas volumes in the United States.
- **Electronics** registered an increase of **+47.4%**, benefiting from strong growth in demand for molecules and advanced precursors, produced by Voltaix. Equipment and Installation sales were also up sharply, proof of the gradual recovery of the sector in the region. Carrier gases also continued to increase.

Asia-Pacific

Revenue in the Asia-Pacific region increased **+12.3%** to **1,637 million euros**. The sales growth continued in all countries in the region, with Japan and China being the main sources of this growth. Momentum was strong in all business lines, helped by a recovery in Electronics in Japan and a steady contribution from start-ups in China.

Asia-Pacific Gas & Services H1 2014 – Revenue



- **Large Industries** sales increased **+21.1%**, driven by the ramp-up of the units in China that started up at the end of last year and in early 2014. Air gas and hydrogen volumes increased throughout the region.
- **Industrial Merchant** revenue increased **+8.9%** during the period. Japan posted growth of +9.6%, driven by an increase in bulk and cylinder volumes. The increase in VAT on April 1, 2014, did not have a material effect on growth. Developing economies activity was also up strongly, +13.5%, primarily in China, where all market segments registered growth. Pricing was down -0.1% during the period mainly due to a highly competitive environment in Australia. All other countries in the region achieved price increases.
- **Electronics** sales were up +5.2%. Japan confirmed a return to growth with a +2.1% increase in the first half, with sales rising +3.8% in the second quarter. Carrier gases registered growth of +7.2% in the second quarter (+6.0% in the first semester) in the region as a result of the start-up of new contracts in China and Taiwan, while sales of the Aloha range virtually doubled, boosted by the acquisition of Voltaix in September 2013.

Middle-East and Africa

Middle East and Africa revenue amounted to **177 million euros**, or an increase of **+4.0%**. The Africa region grew by +11%, while political unrest in the Middle East had a negative impact on volumes. Large Industries posted strong growth in South Africa due to the ramp-up of an Air Seperation Unit. Industrial Merchant demand held up well, both in bulk and cylinders, especially in Africa. The Healthcare business continued to expand.

Engineering & Technology

Engineering & Technology revenue amounted to **405 million euros**, an increase of **+13.7%** compared with first half 2013, reflecting progress in third-party projects.

Order intake amounted to 541 million euros in first half 2014, reflecting the Group's tight control on its investments and greater selectivity for third-party projects. The vast majority of projects concerned units for air gas production and natural gas transformation.

Total orders in hand remained stable at around 5 billion euros at the end of June 2014.

Other activities

Revenue *(in millions of euros)*	H1 2013	H1 2014	2014/2013 change	2014/2013 change excl. currency & natural gas
Welding	208	193	-7.1%	-7.0%
Diving	97	101	+3.6%	+6.4%
TOTAL	**304**	**294**	**-3.7%**	**-2.7%**

The -2.7% fall in revenue of **Other Activities** over the first six months of the year is attributable to the weakness of the Welding business, especially in Western Europe, where it was down by -7%.

Diving (Aqua Lung) was up +6.4% during the first half, thanks to steady demand.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization amounted to 1,872 million euros, a slight reported fall of -0.2%, and was up **+3.7% excluding the currency impact**, demonstrating the Group's tight cost control. Amortization and depreciation amounted to 618 million euros, a moderate decrease of -0.4% (+3.6% excluding the currency impact), in line with the greater selectivity over the Group's investment activity.

Group Operating Income Recurring (OIR) amounted to **1,254 million euros** in first half 2014, a slight decrease of -0.2% compared with first half 2013, and was up **+5.2% excluding the impact of currency and the disposal of Anios**, demonstrating positive leverage on sales. Accordingly, the operating margin (OIR to revenue) **was up +10 basis points to 16.7%**, primarily due to a significant **level of efficiencies**.

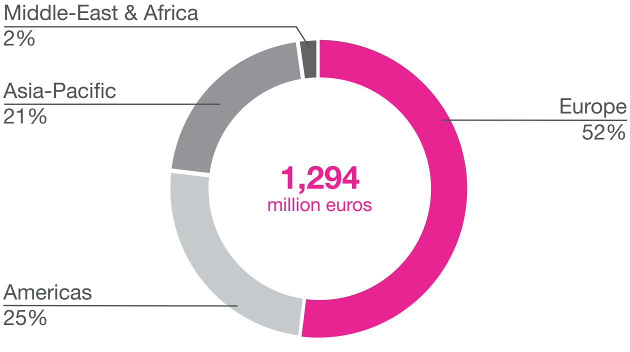
Efficiencies amounted to **152 million euros** during the first six months of the year, ahead of the annual target of over 250 million euros. These efficiencies represent cost saving of 2.7% over the cost base, relative to 2.4% of the cost base in first half 2013. This efficiency stems from purchasing and also benefited from the beginning of the savings coming from realignment plans implemented in organizations where activity levels have been impacted by demand weakness in 2013, especially in Japan, Western Europe and Welding. The efficiencies generated by the realignment plans are in line with the estimated 2-year pay-back. In the industrial field, other projects designed to reduce energy consumption and optimize the logistics chain were continued.

Gas & Services

Operating income recurring in the Gas & Services segment amounted to **1,294 million euros**, an increase of **+0.2%**. The reported margin (OIR-to-revenue) reached 19.0% compared with 18.7% in first half 2013. Excluding the impact of natural gas [(a)], the margin also improved by 30 basis points.

Cost inflation, excluding the impact of energy indexation, was +2.3% in the first half. Prices continued to increase +0.5% largely due to the continued efforts within Industrial Merchant (+1.3%), a small improvement in Electronics (+0.3%) and despite continued tariff pressure in Healthcare. Delivered efficiencies amounted to 143 million euros, some of which was absorbed in offsetting the difference between cost inflation and pricing. The remainder helped improve profit margins resulting in a retention rate of 41% during the semester.

Gas & Services H1 2014 – Operating income recurring



(a) *The explanation of the natural gas impact on margins can be found on page 37 of the 2013 Reference Document.*

Gas & Services Operating margin [a]	H1 2013	H1 2014
Europe	18.9%	19.9%
Americas	21.6%	19.9%
Asia-Pacific	15.6%	16.8%
Middle-East and Africa	18.4%	15.3%
TOTAL	**18.7%**	**19.0%**

(a) Operating income recurring/revenue.

Operating income recurring in **Europe** reached **665 million euros**, or a decrease of **-0.7%**. Excluding the impact of natural gas, the operating margin increased significantly by **+60 basis-points**, driven by a high level of efficiencies. In Industrial Merchant, the margin was maintained at the same level as in first half 2013, despite continued low volumes in Southern Europe and negligible pricing in a context of lower cost inflation. The Large Industries margin improved sharply throughout the region notably due to the decline in electricity prices and to a mix effect relating to the disposal of cogeneration units. The Healthcare margin resisted well the pressure on tariffs.

Operating income recurring in the **Americas** amounted to **327 million euros**, down **-4.7%**, due to a significant currency impact (+5.3% on a constant currency basis). Excluding the impact of natural gas, the operating margin fell **-110 basis points** due to increased transportation costs in the United States, especially during the harsh winter weather, which were not fully passed on to customers.

Operating income recurring in the **Asia-Pacific** region of **275 million euros**, increased **+12.7%**. The operating margin, excluding the impact of natural gas, increased **+120 basis points** as a result of the recovery in Electronics, industrial efficiencies and the effects of the realignment plans launched in 2013 in Japan.

Operating income recurring in the **Middle-East and Africa** region amounted to **27 million euros**, down **-21.2%**, due to lower volumes resulting from political unrest in the Middle East and a strong currency impact. The operating margin decreased **-310 basis points**, excluding the impact of natural gas.

Engineering & Technology

Operating income recurring for Engineering & Technology amounted to **28 million euros**. The operating margin was 6.9%, down from 8.9% in first half 2013, mainly due to startup delays on certain third-party projects. The margin remained within the target range of 5-10%.

Other activities

The Group's Other Activities, affected by the difficulties in Welding, reported operating income recurring of **16 million euros**, down **-5.7%**, while the operating margin was 5.6%, quasi stable compared with first half 2013.

Research & Development and corporate costs

Research & Development and corporate costs including consolidation adjustments amounted to 84 million euros, reduced by **-1.1%**, reflecting tight control on corporate costs.

NET PROFIT

Other operating income and expenses was a net expense **of 6 million euros** compared with a net expense of 41 million euros in first half 2013. These charges primarily include 13 million euros relating to the realignment programs, mostly in Western Europe, which will continue during the second half.

Net financial costs, at 146 million euros, decreased -6.8% compared with the 157 million euros reported in first half 2013. **Cost of debt**, which was down -2.2% (or +2.7% excluding the currency impact), reflected a fall in the average cost of net debt, from 4.3% in first half 2013 to 4.1%, primarily as a result of new bonds issued in euros under favorable conditions, partially compensated by the increase of the debt in developing economies.

Other financial income and expenses decreased -18.8%.

Taxes amounted to 323 million euros, increasing significantly +13.5%. Accordingly, the **effective tax rate** increased to **29.3%**, compared with 26.9% in first half 2013. This rate is explained by adverse effects relating to the geographical mix, as well as a non-recurring income tax expense following the disposal of the investment in Daesung Industrial Gases Co., Ltd (South Korea).

The **Group's share in the profit of associates** amounted to **4 million euros**, compared with 9 million euros in first half 2013. **Minority interests** decreased by **-9%** to 28 million euros.

Overall, first half 2014 **net profit (Group share)** amounted to **755 million euros**, a reported increase of +0.4%, up **+3.8% excluding the currency impact**.

Earnings per share amounted to 2.20 euros, stable compared to first half 2013 adjusted for the free share attribution on June 2, 2014. The average number of outstanding shares used to calculate net earnings per share at June 30, 2014 was 343,094,668.

Change in the number of shares

	H1 2013	H1 2014
Average number of outstanding shares [(a)]	341,709,898	343,094,668

(a) Used to calculate earnings per share, H1 2013 adjusted for free share attribution on June 2, 2014.

Change in net indebtedness

Cash flow from operations before changes in working capital requirements amounted to 1,394 million euros, down **-7.2%** compared with first half 2013 and -3.8% excluding the currency impact. Net cash flow after changes in the working capital requirement was 1,147 million euros, below first half 2013, strongly impacted by the expenditure relating to the realignment plans for which a provision was recorded in 2013. **Excluding the currency impact**, net cash flow after changes in the working capital requirement **increased slightly +0.1%**.

The change in working capital requirement, which amounted to -232 million euros in first half 2014, was in line with the seasonality. The working capital-to-sales ratio, excluding taxes, was 8.4% compared with 8.7% in first half 2013, such improvement being due to the Gas & Services activity.

Industrial capital expenditure, which amounted to 934 million euros, decreased -4.8%. Including transactions with minority shareholders and 58 million euros in acquisition, total net capital expenditure amounted to 943 million euros, a decrease of -12.8% compared with first half 2013, reflecting the Group's strict control on capital expenditure and efforts made to optimise existing capacities and improve loading of recently started-up units.

Net indebtedness at June 30, 2014, amounted to **6,797 million euros**, an increase of 735 million euros compared with December 31, 2013, and reflected the usual seasonal effect of the full payment of the 2013 dividend in first half 2014. The level of net indebtedness was slightly lower than the level at June 30, 2013.

Net debt-to-equity amounted to 57%, adjusted for the impact of the seasonality of the dividend, compared with 56% at the end of 2013 and 60% at June 30, 2013. The Group's financial structure remains sound, guaranteeing the flexibility to continue to seize investment opportunities.

Return on capital employed after tax was **10.8%** at June 30, 2014, compared with the reported ratio of 11.1% at the end of 2013. This slight decrease reflects the continued importance of the ongoing industrial investments, which will contribute to medium-term growth. Excluding the currency impact, ROCE was 11.0%.

CAPITAL EXPENDITURE

Gross capital expenditure in first half 2014 amounted to 1,081 million euros. This amount included some small bolt-on acquisitions and transactions with minority shareholders, for a total amount of 147 million euros, primarily in the Industrial Merchant and Healthcare segments.

Disposals of fixed assets, which amounted to 139 million euros, primarily related to the sale of an investment in South Korea.

Gross capital expenditure in the Gas & Services activity represented 14.6% of sales, down slightly compared with first half 2013. Accordingly, net capital expenditure amounted to 943 million euros.

> INVESTMENT CYCLE

The Group's steady long-term growth is largely based on its ability to invest each and every year in new projects. Industrial gas investment projects are spread throughout the world, highly capital-intensive and supported by long-term contracts, particularly for Large Industries.

Investments

INVESTMENT OPPORTUNITIES

The 12-month opportunity portfolio amounted to **3.4 billion euros** at the end of June 2014, a slight decline compared with the end of 2013. This slight decrease was primarily due to the adaptation of our development initiatives to the geopolitical context. The number of unit takeovers also decreased moderately. Developing economies account for 77% of the portfolio, with China accounting for a significant portion of the opportunities. The share in the Americas decreased slightly, due to project decisions during the period in the region.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Investment decisions continued throughout the half-year, and amounted to **0.8 billion euros**. Industrial decisions accounted for the largest portion of these decisions, given the small number of acquisitions during the semester.

The share of Developing economies was preponderant, including projects in Latin America, China and Singapore. Financial investments included small bolt-on acquisitions in the Industrial Merchant segment in developing economies (China, Latin America and Africa).

The total investment backlog amounted to 2.6 billion euros, leading to a future contribution to revenue of approximately 1.2 billion euros after full ramp-up.

START-UPS

During the first half 11 units were started-up, seven of them in developing economies. These new units will serve the steel, chemicals and electronics markets. The Group is still planning on around 50 start-ups in 2013 and 2014.

> MAIN RISKS AND UNCERTAINTIES

There was no change in risk factors during first half 2014, as described in the 2013 Reference Document on pages 24 to 29.

> OUTLOOK

The Group's performance during the first half was solid and in line with the outlook for the year. This performance benefited from regional sources of growth – the Americas, Asia-Pacific and more globally the developing economies –, as well as from the pick-up in Electronics and the contribution from new unit start-ups. While the pace of activity in Southern Europe remains modest, it is stabilizing. Published results for the period were impacted by an unfavorable currency translation effect.

The increase in profit reflects Air Liquide's ability to control costs and consistently generate substantial efficiencies, which contribute to the regular improvement in operating margin. The Group thus continues to align itself to the market trends to prepare for its growth over the medium term.

The investment decisions during the first half of the year reflect the Group's greater selectivity in its projects. The investment backlog amounts to 2.6 billion euros. As with the Group-led innovation and technologies initiatives, it will contribute to growth in the next few years.

In this context, and barring a degradation of the environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2014.

> APPENDIX

2ND QUARTER 2014 REVENUE

By geography

Revenues *(in millions of euros)*	Q2 2013	Q2 2014	Published change	Comparable change [a]
Europe	1,778	1,645	-7.4%	-1.8%
Americas	824	833	+1.1%	+8.4%
Asia-Pacific	782	821	+4.9%	+11.2%
Middle-East and Africa	95	92	-3.8%	+5.0%
GAS AND SERVICES REVENUES	**3,479**	**3,391**	**-2.5%**	**+3.7%**
Engineering & Technology	225	230	+2.3%	+7.2%
Other Activities	159	151	-5.5%	-4.6%
GROUP REVENUE	**3,863**	**3,772**	**-2.4%**	**+3.6%**

By World Business Line

Revenues *(in millions of euros)*	Q2 2013	Q2 2014	Published change	Comparable change [a]
Large industries	1,236	1,208	-2.3%	+3,4%
Industrial Merchant	1,284	1,251	-2.6%	+2,7%
Electronics	274	295	+7.4%	+13,0%
Healthcare	685	637	-6.9%	+2,6%
GAS AND SERVICES REVENUES	**3,479**	**3,391**	**-2.5%**	**+3,7%**

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

CURRENCY, NATURAL GAS AND SIGNIFICANT SCOPE IMPACTS

In addition to the comparison of published figures, financial information for second quarter 2014 is provided before currency, natural gas price fluctuations and significant scope impacts.

Since gases for industry and health 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 customers through price indexation clauses.

Consolidated 2014 second quarter revenue includes the following:

(in millions of euros)	Revenue Q2 2014	Q2 2014/2013 change	Currency	Natural gas	Significant scope	Q2 2014/2013 comparable change [(a)]
Group	3,772	-2.4%	(155)	(29)	(47)	+3.6%
Gas & Services	3,391	-2.5%	(143)	(29)	(47)	+3.7%

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

For the Group:

- the currency impact was -4.0%;
- the impact of lower natural gas prices was -0.7%;
- the significant scope impact was -1.2%.

For Gas & Services:

- the currency impact was -4.1%;
- the impact of lower natural gas prices was -0.8%;
- the significant scope impact was -1.3%.

2 Condensed consolidated financial statements

> CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	1st half 2013	1st half 2014
Revenue	**(3)**	**7,561.5**	**7,505.5**
Other income		55.0	89.0
Purchases		(2,960.1)	(2,920.0)
Personnel expenses		(1,373.8)	(1,369.8)
Other expenses		(1,406.2)	(1,432.9)
Operating income recurring before depreciation and amortization		**1,876.4**	**1,871.8**
Depreciation and amortization expense	(4)	(620.2)	(617.8)
Operating income recurring		**1,256.2**	**1,254.0**
Other non-recurring operating income	(5)	12.2	2.2
Other non-recurring operating expenses	(5)	(52.9)	(7.9)
Operating income		**1,215.5**	**1,248.3**
Net finance costs	(6)	(113.6)	(111.1)
Other financial income		3.5	5.4
Other financial expenses		(46.5)	(40.3)
Income taxes	(7)	(284.2)	(322.6)
Share of profit of associates		8.7	3.7
Profit for the period		**783.4**	**783.4**
■ Minority interests		31.0	28.2
■ Net profit (Group share)		752.4	755.2
Basic earnings per share *(in euros)*	**(9)**	**2.20**	**2.20**
Diluted earnings per share *(in euros)*	**(9)**	**2.19**	**2.19**

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

(in millions of euros)	1st half 2013	1st half 2014
Profit for the period	**783.4**	**783.4**
Items recognized in equity		
Change in fair value of financial instruments	19.4	6.6
Change in foreign currency translation reserve	(183.3)	56.9
Items that may be subsequently reclassified to profit	**(163.9)**	**63.5**
Actuarial gains/(losses)	113.7	(98.4)
Items that may not be subsequently reclassified to profit	**113.7**	**(98.4)**
Items recognized in equity, net of taxes	**(50.2)**	**(34.9)**
Net income and gains and losses recognized directly in equity	**733.2**	**748.5**
■ Attributable to minority interests	23.1	29.1
■ Attributable to equity holders of the parent	710.1	719.4

> CONSOLIDATED BALANCE SHEET

ASSETS *(in millions of euros)*	**Notes**	**December 31, 2013**	**June 30, 2014**
Goodwill	(10)	5,089.8	5,139.9
Other intangible assets		713.2	709.4
Property, plant and equipment		13,225.7	13,616.6
Non-current assets		**19,028.7**	**19,465.9**
Non-current financial assets		435.5	438.0
Investments in associates	(11)	201.7	100.8
Deferred tax assets	(12)	301.7	303.9
Fair value of non-current derivatives (assets)		122.4	102.4
Other non-current assets		**1,061.3**	**945.1**
TOTAL NON-CURRENT ASSETS		**20,090.0**	**20,411.0**
Inventories and work-in-progress		792.3	859.6
Trade receivables		2,691.1	2,893.9
Other current assets		449.8	486.3
Current tax assets		90.7	52.6
Fair value of current derivatives (assets)		40.6	19.9
Cash and cash equivalents	(16)	940.1	567.0
TOTAL CURRENT ASSETS		**5,004.6**	**4,879.3**
TOTAL ASSETS		**25,094.6**	**25,290.3**

EQUITY AND LIABILITIES *(in millions of euros)*	**Notes**	**December 31, 2013**	**June 30, 2014**
Share capital		1,720.6	1,894.8
Additional paid-in capital		81.2	4.2
Retained earnings		7,271.2	7,879.3
Treasury shares		(88.2)	(104.0)
Net profit (Group share)		1,640.3	755.2
Shareholders' equity		**10,625.1**	**10,429.5**
Minority interests		**263.0**	**267.2**
TOTAL EQUITY [(a)]	**(14)**	**10,888.1**	**10,696.7**
Provisions, pensions and other employee benefits	(15)	2,040.5	2,141.5
Deferred tax liabilities	(12)	1,196.3	1,200.6
Non-current borrowings	(16)	5,817.5	6,333.6
Other non-current liabilities		191.0	239.9
Fair value of non-current derivatives (liabilities)		29.4	19.8
TOTAL NON-CURRENT LIABILITIES		**9,274.7**	**9,935.4**
Provisions, pensions and other employee benefits	(15)	246.5	191.6
Trade payables		1,922.6	1,905.0
Other current liabilities		1,407.7	1,333.2
Current tax payables		156.8	169.6
Current borrowings	(16)	1,188.8	1,030.6
Fair value of current derivatives (liabilities)		9.4	28.2
TOTAL CURRENT LIABILITIES		**4,931.8**	**4,658.2**
TOTAL EQUITY AND LIABILITIES		**25,094.6**	**25,290.3**

(a) A breakdown of changes in equity and minority interests is provided on pages 19 and 20.

> CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	Notes	1st half 2013	1st half 2014
Operating activities			
Net profit (Group share)		**752.4**	**755.2**
Minority interests		**31.0**	**28.2**
Adjustments:			
■ Depreciation and amortization	(4)	620.2	617.8
■ Changes in deferred taxes [a]		57.5	34.5
■ Increase (decrease) in provisions		39.0	(59.2)
■ Share of profit of associates (less dividends received)		14.6	3.4
■ Profit/loss on disposal of assets		(13.7)	13.7
Cash flows from operating activities before changes in working capital		**1,501.0**	**1,393.6**
Changes in working capital	(13)	(266.4)	(232.4)
Other		(40.8)	(14.6)
Net cash flows from operating activities		**1,193.8**	**1,146.6**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(981.5)	(934.4)
Acquisition of subsidiaries and financial assets		(109.1)	(57.6)
Proceeds from sale of property, plant and equipment and intangible assets		8.9	138.7
Proceeds from sale of financial assets		0.7	
Net cash flows used in investing activities		**(1,081.0)**	**(853.3)**
Financing activities			
Dividends paid [b]			
■ L'Air Liquide S.A.	(18)	(819.4)	(837.9)
■ Minority interests		(35.3)	(27.6)
Proceeds from issues of share capital [b]		39.0	35.9
Purchase of treasury shares [b]		(116.8)	(117.9)
Increase (decrease) in borrowings		668.9	426.5
Transactions with minority shareholders		(0.1)	(89.2)
Net cash flows from (used in) financing activities		**(263.7)**	**(610.2)**
Effect of exchange rate changes and change in scope of consolidation		10.0	0.5
Net increase (decrease) in net cash and cash equivalents		**(140.9)**	**(316.4)**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**1,086.5**	**853.0**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**945.6**	**536.6**

(a) Changes in deferred taxes shown in the consolidated cash flow statement do not include changes in deferred taxes relating to disposals of assets.
(b) A breakdown of dividends paid, share capital increases and treasury shares purchases is provided on pages 19 and 20.

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

(in millions of euros)	Notes	December 31, 2013	June 30, 2013	June 30, 2014
Cash and cash equivalents	(16)	940.1	1,024.7	567.0
Bank overdrafts (included in current borrowings)		(87.1)	(79.1)	(30.4)
NET CASH AND CASH EQUIVALENTS		**853.0**	**945.6**	**536.6**

Net indebtedness calculation

(in millions of euros)	Notes	December 31, 2013	June 30, 2013	June 30, 2014
Non-current borrowings (long-term debt)	(16)	(5,817.5)	(6,533.8)	(6,333.6)
Current borrowings (short-term debt)	(16)	(1,188.8)	(1,336.1)	(1,030.6)
TOTAL GROSS INDEBTEDNESS		**(7,006.3)**	**(7,869.9)**	**(7,364.2)**
Cash and cash equivalents	**(16)**	**940.1**	**1,024.7**	**567.0**
Derivative instruments (assets) – fair value hedge of borrowings	(16)	4.3	8.2	
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD		**(6,061.9)**	**(6,837.0)**	**(6,797.2)**

Statement of changes in net indebtedness

(in millions of euros)	Notes	Year 2013	1st half 2013	1st half 2014
Net indebtedness at the beginning of the period		**(6,102.5)**	**(6,102.5)**	**(6,061.9)**
Net cash flows from operating activities		2,802.7	1,193.8	1,146.6
Net cash flows used in investing activities		(2,230.9)	(1,081.0)	(853.3)
Net cash flows used in financing activities excluding increase (decrease) in borrowings		(874.8)	(932.6)	(1,036.7)
Total net cash flows		**(303.0)**	**(819.8)**	**(743.4)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others		343.6	85.3	8.1
Change in net indebtedness		**40.6**	**(734.5)**	**(735.3)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(16)**	**(6,061.9)**	**(6,837.0)**	**(6,797.2)**

> CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity from January 1, 2014 to June 30, 2014

(in millions of euros)	Notes	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2014		**1,720.6**	**81.2**	**9,578.9**	**28.2**	**(695.6)**	**(88.2)**	**10,625.1**	**263.0**	**10,888.1**
Profit for the period				**755.2**				**755.2**	**28.2**	**783.4**
Items recognized in equity				(98.3)	6.6	55.9		(35.8)	0.9	(34.9)
Net income and gains and losses recognized directly in equity [(a)]				**656.9**	**6.6**	**55.9**		**719.4**	**29.1**	**748.5**
Increase (decrease) in share capital		3.2	32.0					35.2		35.2
Free share attribution		176.5	(24.7)	(151.8)						
Distribution	(18)			(839.0)				(839.0)	(27.6)	(866.6)
Cancellation of treasury shares [(d)]		(5.5)	(84.3)	(5.9)			95.7			
Purchase of treasury shares [(d)]							(117.7)	(117.7)		(117.7)
Share-based payments				2.2			6.2	8.4		8.4
Put options granted to minority shareholders				(2.5)				(2.5)	3.8	1.3
Transactions with minority shareholders recognized directly in equity				(2.3)				(2.3)	(0.5)	(2.8)
Others				2.9 [(e)]				2.9	(0.6)	2.3
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2014		**1,894.8** [(b)]	**4.2** [(c)]	**9,239.4**	**34.8**	**(639.7)**	**(104.0)** [(d)]	**10,429.5**	**267.2**	**10,696.7**

(a) The statement of net income and gains and losses recognized directly in equity is presented on page 15.

(b) Share capital as of June 30, 2014 amounted to 344,503,806 shares at a par value of 5.50 euros. In the 1st half of 2014, movements affecting share capital were as follows:

- *on June 2, 2014, share capital increase by capitalization of "additional paid-in capital" and "retained earnings" and attribution of 32,095,812 free shares with a parity of one new share for 10 former shares and one new share for 100 former shares held in registered form continuously from December 31, 2011 to June 1, 2014, inclusive. This share capital increase was performed by deducting 24.7 million euros from "Additional paid-in capital" and 151.8 million euros from "Retained earnings";*
- *issuance of 511,594 shares in cash at a par value of 5.50 euros resulting from the exercise of options prior to the free share attribution;*
- *issuance of 64,724 shares in cash at a par value of 5.50 euros resulting from the exercise of options after the free share attribution;*
- *share capital decrease resulting from the cancellation of 1,000,000 treasury shares prior to the free share attribution.*

(c) "Additional paid-in capital" was increased by the amount of share premiums relating to share capital increases for 32.0 million euros and reduced by the amount of share premiums relating to the cancellation of treasury shares for 84.3 million euros.

(d) The number of treasury shares as of June 30, 2014 totaled 1,336,433 (including 1,220,552 held by L'Air Liquide S.A.). In the 1st half of 2014, movements affecting treasury shares were as follows:

- *acquisitions net of disposals of 1,207,750 shares at an average price of 97.43 euros, of which 1,199,000 shares prior to the free share attribution;*
- *cancellation of 1,000,000 shares prior to the free share attribution;*
- *issuance of 132,462 shares in connection with the free share attribution;*
- *allocation of 97,146 shares as part of conditional grants of shares.*

(e) Changes in "Retained earnings" primarily result from the impact of the cancellation of gains or losses arising from disposals of treasury shares and from the tax impact related to items recognized directly in equity.

Consolidated statement of changes in equity from January 1, 2013 to June 30, 2013

(in millions of euros)	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Restated Equity and minority interests as of January 1, 2013	**1,717.5**	**20.8**	**8,740.2**	**(3.3)**	**(209.8)**	**(75.0)**	**10,190.4**	**232.6**	**10,423.0**
Profit for the period			**752.4**				**752.4**	**31.0**	**783.4**
Items recognized in equity			113.7	19.4	(175.4)		(42.3)	(7.9)	(50.2)
Net income and gains and losses recognized directly in equity [(a)]			**866.1**	**19.4**	**(175.4)**		**710.1**	**23.1**	**733.2**
Increase (decrease) in share capital	2.6	23.1					25.7	13.3	39.0
Distribution			(820.6)				(820.6)	(35.3)	(855.9)
Cancellation of treasury shares	(5.5)	(37.7)	(49.4)			92.6			
Purchase of treasury shares						(116.5)	(116.5)		(116.5)
Share-based payments			8.9				8.9		8.9
Transactions with minority shareholders recognized directly in equity			(0.2)				(0.2)	0.2	
Others			0.2				0.2		0.2
EQUITY AND MINORITY INTERESTS AS OF DECEMBER 31, 2013	**1,714.6**	**6.2**	**8,745.2**	**16.1**	**(385.2)**	**(98.9)**	**9,998.0**	**233.9**	**10,231.9**

(a) The statement of net income and gains and losses recognized directly in equity is presented on page 15.

> ACCOUNTING PRINCIPLES

The condensed interim consolidated financial statements for the half-year ended June 30, 2014 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, 2013 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, 2013.

Except for the application of standards, interpretations and amendments being mandatory as of January 1, 2014, 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, 2013. They were drawn up in accordance with IFRS, as adopted by the European Union as of June 30, 2014, without the carve-out option as 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 whose application is optional or not yet effective in the European Union as of June 30, 2014.

The financial statements are presented in million euros. They were reviewed by the Board of Directors on July 30, 2014.

New IFRS and interpretations

1. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS WHOSE APPLICATION IS MANDATORY AS OF JANUARY 1, 2014

The following texts do not have a material impact on the Group condensed interim financial statements:

- IAS27 revised "Separate Financial Statements", published on May 12, 2011;
- IAS28 revised "Investments in Associates and Joint Ventures", published on May 12, 2011;
- IFRS10 "Consolidated Financial Statements", published on May 12, 2011;
- IFRS11 "Joint Arrangements", published on May 12, 2011;
- IFRS12 "Disclosure of Interests in Other Entities", published on May 12, 2011;
- amendments to the transition guidances for IFRSs 10, 11 and 12, published on June 28, 2012;
- amendments to IFRS10, IFRS12 and IAS27 "Investment Entities", published on October 31, 2012;
- amendment to IAS36 "Recoverable Amount Disclosures for Non-Financial Assets", published on May 29, 2013;
- amendment to IAS39 "Novation of Derivatives and Continuation of Hedge Accounting", published on June 27, 2013;
- amendment to IAS32 "Offsetting Financial Assets and Financial Liabilities", published on December 16, 2011.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ENDORSED BY THE EUROPEAN UNION WHOSE APPLICATION IS OPTIONAL IN 2014

The Group financial statements as of June 30, 2014 do not include any potential impacts from the standards, interpretations and amendments endorsed by the European Union in the 1st half of 2014 whose adoption is only mandatory as of fiscal years beginning after January 1, 2014.

These texts are as follows:

- IFRIC 21 "Levies", published on May 20, 2013.

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

The impacts on the financial statements of standards, interpretations and amendments published by the IASB in the 1st half of 2014 and not yet endorsed by the European Union are currently being analyzed. These standards, interpretations and amendments are as follows:

- amendments to IFRS11 “Accounting for Acquisitions of Interests in Joint Operations”, published on May 6, 2014;
- amendments to IAS16 and IAS38 “Clarification of Acceptable Methods of Depreciation and Amortization”, published on May 12, 2014;
- IFRS15 “Revenue from Contracts with Customers”, published on May 28, 2014.

Additionally, IFRS14 “Regulatory Deferral Accounts”, published on January 30, 2014 and amendments to IAS16 and IAS41 “Bearer Plants” published on June 30, 2014 are not applicable to the Group.

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 revenue and expense items in the consolidated 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 half-year condensed consolidated financial statements, 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, 2013.

Basis for presentation and measurement of 1st 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, 2014

Note 1 – Major events

There was no major event in the 1st half of 2014.

Note 2 – Segment information

NOTE 2.1. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2014

	Gas and Services								
(in millions of euros)	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total	Engineering and Technology	Other activities	Reconci-liation	Total
Revenue	**3,346.5**	**1,647.5**	**1,636.5**	**176.6**	**6,807.1**	**405.1**	**293.3**		**7,505.5**
Inter-segment revenue						*327.5*		*(327.5)*	
Operating income recurring	**664.5**	**327.2**	**275.0**	**27.1**	**1,293.8**	**28.1**	**16.4**	**(84.3)**	**1,254.0**
incl. depreciation and amortization	*(285.9)*	*(141.5)*	*(145.9)*	*(16.3)*	*(589.6)*	*(14.0)*	*(6.8)*	*(7.4)*	*(617.8)*
Other non-recurring operating income									2.2
Other non-recurring operating expenses									(7.9)
Net finance costs									(111.1)
Other financial income									5.4
Other financial expenses									(40.3)
Income taxes									(322.6)
Share of profit of associates									3.7
Profit for the period									**783.4**

NOTE 2.2. PUBLISHED INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2013

(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 and Technology	Other activities	Reconci-liation	Total
Revenue	**3,546.2**	**1,590.8**	**1,562.0**	**186.5**	**6,885.5**	**371.5**	**304.5**		**7,561.5**
Inter-segment revenue						*287.3*		*(287.3)*	
Operating income recurring	**669.5**	**343.4**	**243.9**	**34.4**	**1,291.2**	**32.9**	**17.4**	**(85.2)**	**1,256.2**
incl. depreciation and amortization	*(298.7)*	*(145.1)*	*(135.3)*	*(16.2)*	*(595.3)*	*(13.6)*	*(7.6)*	*(3.7)*	*(620.2)*
Other non-recurring operating income									12.2
Other non-recurring operating expenses									(52.9)
Net finance costs									(113.6)
Other financial income									3.5
Other financial expenses									(46.5)
Income taxes									(284.2)
Share of profit of associates									8.7
Profit for the period									**783.4**

Note 3 – Revenue

Consolidated revenue for the 1st half of 2014 totaled 7,505.5 million euros, down 0.7% compared to the 1st half of 2013 (7,561.5 million euros).

On a comparable basis after adjusting for the cumulative impact of foreign exchange and natural gas prices fluctuations, revenue is up 3.6%.

Note 4 – Depreciation and amortization expense

(in millions of euros)	1st half 2013	1st half 2014
Intangible assets	(44.7)	(46.5)
Property, plant and equipment (PP&E) [(a)]	(575.5)	(571.3)
TOTAL	**(620.2)**	**(617.8)**

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

Note 5 – Other non-recurring operating income and expenses

(in millions of euros)	1st half 2013	1st half 2014
Expenses		
Reorganization, restructuring and realignment program costs	(49.8)	(13.2)
Acquisition costs	(3.6)	(1.6)
Others	0.5	6.9
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(52.9)**	**(7.9)**
Income		
Gain on the disposals of assets and financial investments		2.3
Others	12.2	(0.1)
TOTAL OTHER NON-RECURRING OPERATING INCOME	**12.2**	**2.2**
TOTAL	**(40.7)**	**(5.7)**

In the 1st half of 2014:

- the Group incurred 13.2 million euros in realignment programs primarily in advanced economies.

In the 1st half of 2013:

- the Group had incurred 49.8 million euros in realignment programs in advanced economies.

Note 6 – Net finance costs

The average cost of net indebtedness stood at 4.1% in the 1st half of 2014 (4.3% for the 1st half of 2013).

Note 7 – Income taxes

	1st half 2013	1st half 2014
Average effective tax rate *(%)*	26.9%	29.3%

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

The average effective tax rate for the 1st half of 2014 increased compared to the 1st half of 2013 primarily due to a non-recurring income tax expense following the disposal of the investment in Daesung Industrial Gases Co., Ltd (South Korea).

Note 8 – Employee benefits

The expense recognized for pension and other employee benefits totaled 59.9 million euros in the 1st half of 2014 and can be broken down as follows:

(in millions of euros)	1st half 2013	1st half 2014
Service cost	24.6	20.8
Interest cost on the net defined benefit liability	30.0	25.3
Others [a]	(29.3)	(10.0)
Defined benefit plans	**25.3**	**36.1**
Defined contribution plans	**19.8**	**23.8**
TOTAL	**45.1**	**59.9**

(a) Including the impact of plan curtailments and amendments in Switzerland and Brazil in 2013 and in the United States in 2013 and 2014.

Note 9 – Net earnings per share

NOTE 9.1. BASIC EARNINGS PER SHARE

	1st half 2013	1st half 2014
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	752.4	755.2
Weighted average number of ordinary shares outstanding	341,709,898	343,094,668
Basic earnings per share *(in euros)*	**2.20**	**2.20**

The average number of ordinary shares outstanding and net earnings per share for the 1st half of 2013 include the impact of L'Air Liquide S.A. free share attribution completed on June 2, 2014.

NOTE 9.2. DILUTED EARNINGS PER SHARE

	1st half 2013	1st half 2014
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**752.4**	**755.2**
Weighted average number of ordinary shares outstanding	341,709,898	343,094,668
Adjustment for dilutive impact of share subscription options	945,057	887,688
Adjustment for dilutive impact of conditional grant of shares	327,000	236,320
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**342,981,955**	**344,218,676**
Diluted earnings per share *(in euros)*	**2.19**	**2.19**

Diluted earnings per share and the average number of ordinary shares outstanding for the 1st half of 2013 include the impact of L'Air Liquide S.A. free share attribution completed on June 2, 2014.

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

Note 10 – Goodwill

In the 1st half of 2014, there was no significant change in goodwill.

The Group performed a review of goodwill as of June 30, 2014 and did not identify any indications of impairment loss.

Note 11 – Investments in associates

(in millions of euros)	As of December 31, 2013	Share of profit for the period	Dividend distribution	Foreign exchange differences	Other movements [(a)]	As of June 30, 2014
Investments in associates	201.7	3.7	(7.1)	16.0	(113.5)	100.8

(a) Other movements are mainly related to the disposal of the investment in Daesung Industrial Gases Co., Ltd (South Korea). The Group recognized a gain on disposal, calculated in accordance with IAS27 §34 of 2.3 million euros. It was presented under “gain on the disposal of assets and financial investments” (see note 5).

Note 12 – Deferred taxes

(in millions of euros)	As of December 31, 2013	Income (expense) recognized in the income statement	Items recognized in equity [(a)]	Foreign exchange differences	Acquisitions related to business combinations	Others	As of June 30, 2014
Deferred tax assets	301.7	(23.9)	17.6	(0.8)		9.3	303.9
Deferred tax liabilities	(1,196.3)	(10.3)	23.6	(12.4)	(0.9)	(4.3)	(1,200.6)
DEFERRED TAX (NET)	**(894.6)**	**(34.2)**	**41.2**	**(13.2)**	**(0.9)**	**5.0**	**(896.7)**

(a) Correspond to the deferred taxes recognized under other items in the statement of net income and gains and losses recognized directly in equity: -4.4 million euros for the change in fair value of derivative instruments and 45.6 million euros for actuarial gains and losses.

Note 13 – Working capital requirement

The 232.4 million euros increase in working capital requirement, as presented in the consolidated cash flow statement, primarily resulted from:

- the increase of 200.3 million euros in working capital requirement of Gas and Services and Other activities;
- the decrease of 76.1 million euros in working capital resources of the Engineering and Technology activity;
- the increase of -64.5 million euros in net tax liabilities.

Note 14 – Shareholders' equity

FREE SHARE ATTRIBUTION

The Board of Directors' Meeting of May 7, 2014 decided to create 31,234,327 new shares with a par value of 5.50 euros, ranking for dividends as of January 1, 2014. These shares were granted as free shares to shareholders at the parity of one new share for ten former shares on June 2, 2014 by capitalizing additional paid-in capital and retained earnings.

In accordance with article 21 of the Articles of Association, 861,485 new shares were created at a par value of 5.50 euros, ranking for dividends as of January 1, 2014. These shares were granted as free shares to shareholders at the parity of one new share for one hundred former shares on June 2, 2014 by capitalizing retained earnings. The shares subject to this additional free share attribution are the shares held in registered form continuously from December 31, 2011 to June 1, 2014 inclusive.

SHARE SUBSCRIPTION PLANS

The expense relating to share subscription options and to conditional grants of shares granted by the Group totaled 8.4 million euros in the 1st half of 2014 (compared to 8.9 million euros in the 1st half of 2013).

Note 15 – Provisions, pensions and other employee benefits

(in millions of euros)	As of December 31, 2013	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements	As of June 30, 2014
Pensions and other employee benefits	1,671.1	10.8	(57.9)		168.2 [b]	2.4		(1.0)	1,793.6
Restructuring plans/ realignment programs	94.9	4.8	(41.8)	(0.1)		1.3		(0.1)	59.0
Guarantees and other provisions of Engineering and Technology activity	93.6	27.1	(29.1)	(20.3)		(0.1)		(3.3)	67.9
Dismantling	170.5		(2.3)		3.3	1.3		(2.0)	170.8
Other provisions [a]	256.9	19.0	(10.0)	(25.1)		0.9		0.1	241.8
TOTAL PROVISIONS	**2,287.0**	**61.7**	**(141.1)**	**(45.5)**	**171.5**	**5.8**		**(6.3)**	**2,333.1**

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

In the 1st half of 2014, no new litigation is likely to have a material impact on the Group's financial position or profitability.

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 discount rates revision mainly explains the increase in pension provisions for 143.3 million euros.

Note 16 – Borrowings

	December 31, 2013			June 30, 2014		
	Carrying amount			Carrying amount		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds and Private placements	4,521.8	595.0	5,116.8	4,759.5	559.1	5,318.6
Commercial paper programs	292.0		292.0	636.1		636.1
Bank debt and other financial debt	944.9	588.3	1,533.2	904.8	466.4	1,371.2
Finance leases	15.1	5.5	20.6	16.1	5.1	21.2
Put options granted to minority shareholders	43.7		43.7	17.1		17.1
TOTAL BORROWINGS (A)	**5,817.5**	**1,188.8**	**7,006.3**	**6,333.6**	**1,030.6**	**7,364.2**
TOTAL CASH AND CASH EQUIVALENTS (B)		**940.1**	**940.1**		**567.0**	**567.0**
TOTAL DERIVATIVES INSTRUMENTS RELATING TO BORROWINGS (C)		**(4.3)**	**(4.3)**			
NET INDEBTEDNESS (A) - (B) +(C)	**5,817.5**	**244.4**	**6,061.9**	**6,333.6**	**463.6**	**6,797.2**

Total borrowings increased by 357.9 million euros between December 31, 2013 and June 30, 2014.

Bond issues which took place during the 1st half of 2014 were as follows:

- a private placement, under the EMTN program, of 150 million euros maturing on January 23, 2026, with a fixed rate of 3%;
- a private placement, under the EMTN program, of 100 million euros, maturing on March 17, 2029, with a fixed rate of 3%;
- a public bond issue, under the EMTN program, of 500 million euros, maturing on June 5, 2024, with a coupon of 1.875% (actuarial rate of 2.051%), the interest rate of which had been hedged at the end of 2013.

These issues were performed by Air Liquide Finance S.A. and guaranteed by L'Air Liquide S.A.

The June bond issue was used to refinance the L'Air Liquide S.A. bond issue of 535 million euros, maturing in June 2014.

Short-term borrowings (maturing in less than 12 months) decreased by 158.2 million euros compared to December 31, 2013, following:

- the repayment of the bond issue for 535 million euros;
- the reclassification to current borrowings of two long-term bond issues maturing in June 2015 and amounting to 256 million euros and 250 million euros; and the reimbursement of local debts, mainly in Asia.

Note 17 – Commitments

There was no significant change in commitments compared to December 31, 2013.

Note 18 – Dividend per share

The 2013 dividends on ordinary shares declared and made payable on May 21, 2014 was 839.0 million euros (including the additional premium and tax on dividends), amounting to 2.55 euros per share.

The Amended Finance Act for 2012, enacted in August 2012, introduced an additional contribution of 3% in the event of dividend distribution in cash. L'Air Liquide S.A. is liable for the tax, which totaled 24.4 million euros as of June 30, 2014, for the dividends paid in May 2014. The Group considers it as a cost associated with the dividend distribution and therefore decides to recognize this contribution cost as a deduction from shareholders' equity.

Note 19 – Related party information

Due to the activities and the legal organization of the Group, only transactions with executives, associates and joint ventures are considered to be related party transactions. Transactions performed between the above mentioned individuals or companies and Group subsidiaries did not change significantly.

Note 20 – Contingent liabilities

To the best of the Group's knowledge, there is no exceptional event or litigation that has affected in the recent past or which is likely to materially affect its financial situation or profitability.

In September 2010, the Brazilian competition authority (CADE) fined the major industrial gas companies operating in Brazil, including Air Liquide Brazil, for unfair trade practices prior to 2004. Air Liquide Brazil was fined 197.6 million Brazilian reals before interests on arrears amounting to 65.4 million Brazilian reals as of December 31, 2013 (equivalent to 61 million euros regarding the fine and 20 million euros regarding interests on arrears at the rate ruling as of December 31, 2013).

Air Liquide Brazil strongly contests this decision and has consequently filed an application to annul the fine before the Brasilia Federal Court. At this stage, the Group considers that Air Liquide Brazil's position is likely to legally prevail and consequently no provision had been recognized as of December 31, 2013.

In May 2014, the Brasilia Federal Court rendered a first instance judgment cancelling the judgment rendered by the CADE.

Note 21 – Post-balance sheet events

There were no significant post-balance sheet events.

3

Statutory Auditors review report on the interim financial information

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

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

To the Shareholders,

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

- our review of the accompanying condensed interim consolidated financial statements of L'Air Liquide S.A., for the period from January 1 to June 30, 2014, 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.

> 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 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.

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

> 2. 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.

Paris – La Défense, July 31, 2014

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Lionel Gotlib	Daniel Escudeiro	Jean-Yves Jégourel	Pierre-Yves Caër

4 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

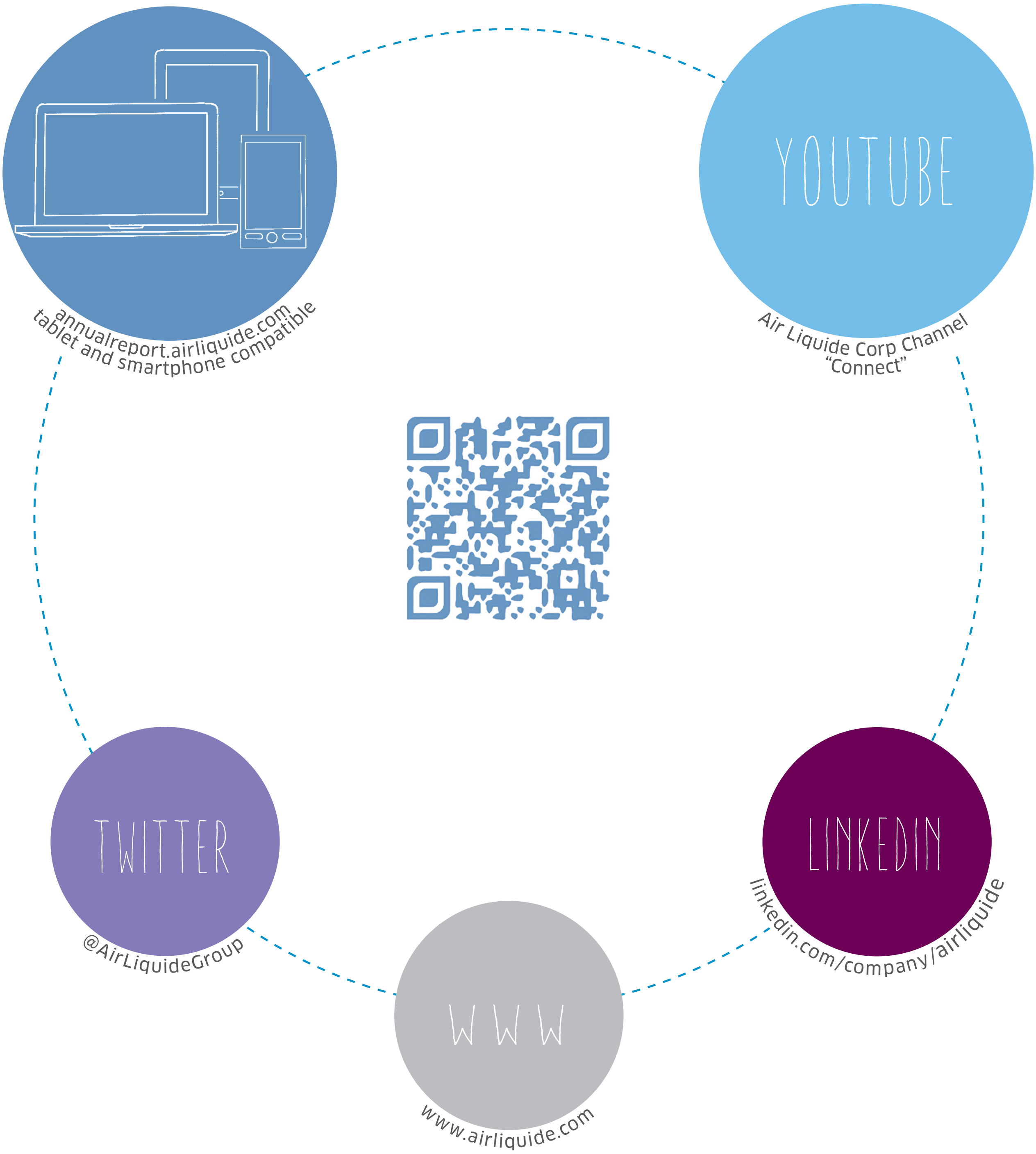
I hereby declare that, to the best of my knowledge, the condensed financial statements for the half-year ended June 30, 2014 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and the profit of the company and the entities 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, July 31, 2014

Benoît Potier

Chairman and CEO

RR DONNELLEY



Shareholder Services

N° Vert 0 800 166 179
FREE FROM A FRENCH LANDLINE

or +33 (0) 1 57 05 02 26
From outside France

Contact us directly through the website:
http://contact.shareholders.airliquide.com

Shareholders Lounge
Open Monday-Friday
From 9:00 am to 6:00 pm (GMT +1)
75, quai d'Orsay – Paris 7e
France

Investor Relations

+33 (0)1 40 62 57 37

Contact us directly:
IRteam@airliquide.com

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Air Liquide - Company established for the study and application of processes developed by Georges Claude with issued capital of 1,894,414,951.00 euros