

Paris, 4 September 2006

*Press Release*

**CONSOLIDATED RESULTS AT 30 JUNE 2006**

***Further growth in net profit in the first half of 2006  
Net profit: 480 million euros, +10.2%***

Air Liquide's Board of Directors, chaired by Benoît Potier, Chairman and CEO, met on 1<sup>st</sup> September 2006 and reviewed financial statements for the first half of 2006.

At 30 June 2006, Air Liquide recorded **revenue** of 5,483 million euros (+8.8%) and **net profit** Group share of 480 million euros (+10.2%). **Net profit per share (EPS)** stood at 4 euros (+9.0%).

**Benoît Potier, Chairman and CEO**, commented:

***« The first half of 2006 saw strong growth in all our activities, continuing the positive trends seen in 2005, and sustained progress in both revenues and earnings in all geographic zones.***

***Our margins ratios improved significantly, resulting from our continued efficiency programs together with high quality growth, as well as better recovery of increased costs in our pricing. Margins ratios have now returned to the high level seen in the first half of 2005.***

***This good performance is reflected in net profit growth of +10.2% and net EPS growth of +9%. Our solid cash flow from operations enables us to finance our significant capital expenditure program while pursuing our debt reduction target.***

***The momentum of our strategy is evidenced by the signing of large contracts and a rapidly growing project portfolio. These projects are mainly positioned in high growth sectors such as hydrogen linked to the environment, air gases to meet strong demand in emerging countries and finally Electronics in Asia.***

***We therefore remain confident and maintain our target for the year of growth in comparable net profit close to that of 2005. »***

## First half 2006 key figures

Since industrial and medical gases are very rarely exported, the impact of currency fluctuations on revenue and results is limited to the accounting consolidation in euros of the financial statements of our foreign subsidiaries. Fluctuations in natural gas prices are passed on to our customers through indexed pricing clauses.

In millions of euros	H1 2005	H1 2006	H1 06/05	H1 06/05 comparable*
Revenue	5,041	<b>5,483</b>	<b>+8.8%</b>	<b>+6.0%</b>
<i>Of which Gas and Services revenue</i>	<i>4,421</i>	<b>4,821</b>	<b>+9.0%</b>	<b>+5.9%</b>
Operating profit before depreciation	1,190	<b>1,271</b>	<b>+6.8%</b>	
Operating income recurring	751	<b>807</b>	<b>+7.5%</b>	
Operating income	774	<b>812</b>	<b>+4.9%</b>	
Net profit <i>Group share</i>	436	<b>480</b>	<b>+10.2%</b>	
Net profit per share (EPS)** <i>in €</i>	3.67	4.00	<b>+9.0%</b>	
Funds from operations	882	<b>941</b>	<b>+6.6%</b>	

\* excluding currency, natural gas and deconsolidation of US liquid chemicals

\*\* average number of shares outstanding at 30 June 2006 for net EPS calculation : 120,143,826

Operating margin in %	H1 2005	H1 2006
Operating income recurring / revenue	14.9%	<b>14.7%</b>
<i>excluding natural gas</i>		<b>14.9%</b>

## Group results at 30 June 2006

**Revenue** amounted to 5,483 million euros, an increase of +8.8% versus the first half of 2005. On a comparable basis (excluding currency, natural gas and deconsolidation of US liquid chemicals), growth was +6.0%.

**Revenue from Gas and Services activities** was 4,821 million euros, an increase of +9.0% (+5.9% on a comparable basis) versus the first half of 2005.

**Operating income recurring** was 807 million euros, up +7.5% over the half.

**Operating margin** (operating income recurring/revenue) therefore returned to the high level of the first half of 2005, reaching 14.7% for the Group and 14.9% excluding natural gas. This improvement stemming from strong volumes and increased recovery of higher costs, together with our efficiency efforts and synergies from acquired Messer activities.

Other **non-recurring operating expenses** (5 million euros) include the proceeds of asset disposals which were lower than the previous year and higher restructuring costs.

**Operating income** amounted to 812 million euros, an increase of +4.9%.

**Net finance costs** were lower, at 99 million euros versus 108 million euros in the first half of 2005, due to lower average debt.

**Share of profit from associates** was 14 million euros at 30 June 2006, down from 21 million euros at 30 June 2005, resulting from the sale of our share in Séchilienne in 2005.

In the first half of 2006, **the effective tax rate** was 29.7% versus 31.7% in the first half of 2005, as a consequence of some non-recurring tax transactions in the first half of 2006.

**Minority interests** amounted to 35 million euros versus 39 million euros in the first half of 2005, a decrease due primarily to the purchase of minority interests in SOAEO.

**Net profit (Group share)** in the first half showed growth of +10.2% to reach 480 million euros.

**Net profit per share (EPS)** amounted to 4 euros, an increase of +9.0% versus the first half of 2005. This includes a net increase in the average number of shares outstanding (120,143,826 shares at 30 June 2006), resulting principally from the public offer for SOAEO shares, an employee share issue and share buybacks.

### **Cash-flow statement and balance sheet at 30 June 2006**

**Funds from operations** before change in working capital requirement reached 941 million euros, an increase of +6.6%: this is in line with activity growth and includes cash outflows from restructuring programs provided for in prior years.

**Capital expenditure** was 525 million euros versus 508 million euros on the first half of 2005. **Total investment decisions** at 30 June are in line with the program for the year.

The change in **working capital requirement** (192 million euros) was mainly due to high levels of activity and a seasonal effect of inventories and trade payables.

**Net indebtedness** was 3,872 million euros at 30 June 2006, after the impact of dividends paid in the first half (457 million euros including minorities). This is in line with our debt reduction ambition for 2006.

**Gearing** stood at **63.3%** at 30 June 2006 versus 60.2% at the end of 2005. After this temporary increase, linked with dividend payment in the first half, the ratio should be lower than 60% at the end of the year. As a reminder, it was 78.9% at 30 June 2005.

### **Analysis by geographic zone**

In **Europe**, operating income recurring reached 552 million euros, an increase of +9.9% compared with the first half of 2005. Growth in certain segments, efficiency initiatives in different countries and the improved ability to pass on increased costs to our clients contributed to this performance.

Operating income recurring in the **Americas** zone was 196 million euros, an increase of +11.3%, underpinned by strong growth in Industrial Customers and a favorable pricing environment.

In **Asia-Pacific**, operating income recurring also rose to reach 129 million euros, showing only slight growth (+1.6%). However, this is compared to a first half 2005 which had benefited from the profit on disposal of some equipment activities in Japan.

### **Related activities**

With operating income recurring of 65 million euros, a rise of nearly +38%, **Related activities** contributed to Group growth in operating income.

Of note:

- Very good volume growth in **Welding**;
- Sustained activity levels in **Engineering and Construction** and a higher contribution to earnings;
- Strong margins in **Chemicals**, against a backdrop of dynamic growth.

## Outlook

The second half of 2006 should see our growth momentum maintained, with continued development in all our markets, particularly hydrogen with the start-up of new contracts, good trends in Healthcare and further progress in Asia.

We will make renewed price efforts in the second half, particularly in the context of ongoing high increases in raw material and energy costs, and our efficiency programs will be vigorously pursued.

On this basis, we remain confident and maintain our target for the year of growth in comparable net earnings close to that of 2005.

## Financial calendar 2006-2007

3rd quarter revenues 2006	Thursday 26 October 2006
2006 FY revenues	Thursday 25 January 2007
2006 FY results	Tuesday 27 February 2007
1st quarter revenues 2007	Wednesday 25 April 2007
Shareholders AGM	Wednesday 9 May 2007

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Present in more than 70 countries, **Air Liquide** provides industrial and medical gases and related services. The Group offers **innovative solutions** based on constantly enhanced **technologies**. These solutions, which are consistent with Air Liquide's commitment to **sustainable development**, help to protect life and enable our customers to manufacture many indispensable everyday products. Founded in 1902, Air Liquide has almost 36,000 employees. The Group has successfully developed a long-term relationship with its shareholders built on **trust** and **transparency** and guided by the principles of **corporate governance**. Since the publication of its first consolidated financial statements in 1971, Air Liquide has posted **strong and steady earnings growth**. Revenues in 2005 totalled 10,435 million euros, with revenues outside France accounting for almost 80%. Air Liquide is listed on the Paris stock exchange and is a component of the CAC 40 and Eurostoxx 50 indices (ISIN code FR 0000120073).

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**Appendix: Statement of earning – 1<sup>st</sup> Half-year 2006 (in million euros)**

**1. Consolidated Income Statement**

	June 2005	June 2006	Variation H1 06/ H1 05
<b>Revenue (*)</b>	<b>5,041.4</b>	<b>5,482.8</b>	<b>8.8 %</b>
Purchases (including changes in inventories)	(1,865.8)	(2,112.8)	
Personnel expenses	(918.1)	(977.0)	
Other income & expenses	(1,067.7)	(1,121.7)	
Depreciation and amortization expense	(439.2)	(464.2)	
<b>Operating Income Recurring (*)</b>	<b>750.6</b>	<b>807.1</b>	<b>7.5 %</b>
Other non-recurring operating expenses	23.1	4.5	
<b>Operating Income</b>	<b>773.7</b>	<b>811.6</b>	<b>4.9 %</b>
Net finance costs	(83.0)	(78.0)	
Other net financial expenses	(25.1)	(21.3)	
Income taxes	(211.2)	(211.7)	
Share of profit of associates	20.8	14.3	
<b>Profit before minority interests and discontinuing operations</b>	<b>475.2</b>	<b>514.9</b>	<b>8.4 %</b>
<b>Profit from discontinued operations</b>	<b>-</b>	<b>-</b>	
<b>Profit from the period</b>	<b>475.2</b>	<b>514.9</b>	<b>8.4 %</b>
- Minority interests	39.3	34.6	
<b>- Net Profit (Group share)</b>	<b>435.9</b>	<b>480.3</b>	<b>10.2 %</b>
<b>Basic earnings per share (in euros) (**)</b>	<b>3.67</b>	<b>4.00</b>	<b>9.0 %</b>

(\*) : for geographic information see section 4.

(\*\*) : calculated on the adjusted weighted number of shares outstanding during the period (excluding treasury shares).

## 2. Consolidated Balance-Sheet (summarized)

	December 2005	June 2006
<b>ASSETS</b>		
Goodwill	2,646.1	2,625.5
Other intangible assets, property, plant and equipment	8,554.5	8,284.5
Other non-current assets	872.1	751.3
<b>Total non-current assets</b>	<b>12,072.7</b>	<b>11,661.3</b>
Inventories	653.8	723.3
Trade receivables, other current assets & current tax assets	2,897.6	2,887.1
Cash and cash equivalents & fair value of derivatives (assets)	664.3	556.3
<b>Total current assets</b>	<b>4,215.7</b>	<b>4,166.7</b>
<b>Total assets</b>	<b>16,288.4</b>	<b>15,828.0</b>
<hr/>		
	December 2005	June 2006
<b>Equity and liabilities</b>		
Shareholders' equity	5,930.5	5,844.9
Minority interests	278.2	273.0
<b>Total equity</b>	<b>6,208.7</b>	<b>6,117.9</b>
Provisions, employee benefits & deferred tax	2,798.2	2,627.4
Non-current borrowings	3,978.4	3,876.6
Other non-current liabilities	167.3	156.0
<b>Total non-current liabilities</b>	<b>6,943.9</b>	<b>6,660.0</b>
Provisions and employee benefits	155.4	152.4
Trade and other payables, other current liabilities & current tax payable	2,483.8	2,331.1
Current borrowings & fair value of derivatives (liabilities)	496.6	566.6
<b>Total current liabilities</b>	<b>3,135.8</b>	<b>3,050.1</b>
<b>Total equity and liabilities</b>	<b>16,288.4</b>	<b>15,828.0</b>
<b>Net indebtedness at the end of period</b>	<b>(3,739.8)</b>	<b>(3,872.3)</b>

### 3. Consolidated Cash-Flow Statement

	June 2005	June 2006
Net Profit (Group share)	435.9	480.3
Minority interests	39.3	34.6
Adjustments for :		
Depreciation	439.2	464.2
Changes in deferred taxes	4.6	18.8
Increase (decrease) in provisions	(21.3)	(35.1)
Share of profit of associates (less dividends received)	(1.4)	0.8
Investment income	(14.1)	(23.1)
<b><i>Cash-flow from operating activities before changes in working capital</i></b>	<b>882.1</b>	<b>940.5</b>
Changes in working capital	(134.7)	(192.3)
Other	3.5	(1.0)
<b>Net cash from operating activities</b>	<b>750.9</b>	<b>747.2</b>
Purchases of property, plant & equipment and intangible assets	(502.4)	(491.6)
Acquisition of subsidiaries and financial assets	(5.8)	(33.0)
Proceeds from sale of property, plant & equipment, intangible and financial assets	61.7	54.4
Proceeds from sale of divested activities	26.5	
<b>Net cash used in investing activities</b>	<b>(420.0)</b>	<b>(470.2)</b>
Dividends paid		
-L'Air Liquide S.A.	(391.0)	(432.0)
-Minority interests	(50.2)	(25.2)
Proceeds from issue of share capital	1.0	21.4
Purchase of treasury shares	(35.2)	(38.2)
Increase (decrease) of borrowings	138.5	113.3
<b>Net cash used in financing activities</b>	<b>(336.8)</b>	<b>(360.7)</b>
Exchange rate and consolidation scope effect	(4.5)	2.9
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(10.4)</b>	<b>(80.8)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>(****) 700.4</b>	<b>559.4</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>690.0</b>	<b>478.6</b>

(\*\*\*\*) The impact of IAS 32/39 implementation on cash and cash equivalents at the beginning of the period is (13.0) millions of euros.

**Net indebtedness calculation**

	June 2005	December 2005	June 2006
Non-current borrowings (long-term debt)	(4,635.2)	(3,978.4)	(3,876.6)
Current borrowings (short-term debt)	(538.1)	(417.7)	(518.8)
<b>Total gross indebtedness</b>	<b>(5,173.3)</b>	<b>(4,396.1)</b>	<b>(4,395.4)</b>
<b>Total cash and cash equivalents</b>	<b>747.6</b>	<b>598.2</b>	<b>522.6</b>
Derivative instruments (fair value hedge)	99.2	58.1	0.5
<b>Total net indebtedness at the end of the period</b>	<b>(4,326.5)</b>	<b>(3,739.8)</b>	<b>(3,872.3)</b>

**Statement of changes in net indebtedness**

<b>Net indebtedness at the beginning of the period</b>	<b>(4,012.5)</b>	<b>(4,012.5)</b>	<b>(3,739.8)</b>
<b>Net cash from operating activities</b>	750.9	1,720.1	747.2
<b>Net cash used in investing activities</b>	(420.0)	(770.6)	(470.2)
<b>Net cash used in financing activities excluding increase (decrease) of borrowings</b>	(475.3)	(457.3)	(474.0)
<b>Exchange rate and consolidation scope effect on debt</b>	(169.6)	(177.3)	63.5
<b>Change in net indebtedness</b>	<b>(314.0)</b>	<b>314.9</b>	<b>(133.5)</b>
<b>IAS32 impact</b>		(42.2)	1.0
<b>Net indebtedness at the end of the period</b>	<b>(4,326.5)</b>	<b>(3,739.8)</b>	<b>(3,872.3)</b>

#### 4. Revenue and Operating Income Recurring in geographic zones

##### 2006: June 30th

<b>Revenue</b>	<b>France</b>	<b>Europe (excl. France)</b>	<b>Americas</b>	<b>Asia Pacific</b>	<b>Africa</b>	<b>Total</b>
Gas & Services	903.5	1,668.7	1,312.4	848.9	87.5	4,821.0
AL Welding Group	89.1	185.4				274.5
Other activities	139.9	23.0	37.5	3.4		203.8
<b>Sub-total without Engineering</b>	<b>1,132.5</b>	<b>1,877.1</b>	<b>1,349.9</b>	<b>852.3</b>	<b>87.5</b>	<b>5,299.3</b>
Engineering	58.7	35.4	20.8	61.2	7.4	183.5
<b>Total</b>	<b>1,191.2</b>	<b>1,912.5</b>	<b>1,370.7</b>	<b>913.5</b>	<b>94.9</b>	<b>5,482.8</b>
<b>Operating Income Recurring</b>	<b>France</b>	<b>Europe (excl. France)</b>	<b>Americas</b>	<b>Asia Pacific</b>	<b>Africa</b>	<b>Total</b>
Gas & Services	169.8	328.1	192.3	121.4	22.6	834.2
Other	25.8	28.1	3.7	7.6		65.2
R&D centers / Corporate					(92.3)	(92.3)
<b>Total</b>	<b>195.6</b>	<b>356.2</b>	<b>196.0</b>	<b>129.0</b>	<b>22.6</b>	<b>(92.3)</b>

##### 2005 : June 30th

<b>Revenue</b>	<b>France</b>	<b>Europe (excl. France)</b>	<b>Americas</b>	<b>Asia Pacific</b>	<b>Africa</b>	<b>Total</b>
Gas & Services	851.6	1,529.8	1,172.8	789.0	78.0	4,421.2
AL Welding Group	84.5	172.6				257.1
Other activities	125.4	24.0	31.6	3.8		184.8
<b>Sub-total without Engineering</b>	<b>1,061.5</b>	<b>1,726.4</b>	<b>1,204.4</b>	<b>792.8</b>	<b>78.0</b>	<b>4,863.1</b>
Engineering	53.4	35.5	28.9	48.0	12.5	178.3
<b>Total</b>	<b>1,114.9</b>	<b>1,761.9</b>	<b>1,233.3</b>	<b>840.8</b>	<b>90.5</b>	<b>5,041.4</b>
<b>Operating Income Recurring</b>	<b>France</b>	<b>Europe (excl. France)</b>	<b>Americas</b>	<b>Asia Pacific</b>	<b>Africa</b>	<b>Total</b>
Gas & Services	160.5	300.7	172.6	124.0	19.4	777.2
Other	16.3	24.5	3.6	2.9		47.3
R&D centers / Corporate					(73.9)	(73.9)
<b>Total</b>	<b>176.7</b>	<b>325.2</b>	<b>176.2</b>	<b>127.0</b>	<b>19.4</b>	<b>(73.9)</b>

*Nota :*

- Revenue is based upon the location of operations. except for the Engineering activity, which is based upon the customer location.
- AL Welding Group produces and distributes welding and cutting consumables and equipments; other activities mainly include chemicals and diving.