NOTE 3 REVENUE

Consolidated revenue for the first half of 2011 totaled 7,115.2 million euros, up 9.2% compared to the first half of 2010 (6,515.7 million euros).

On a comparable basis adjusted for the cumulative impact of foreign exchange fluctuations and natural gas prices, the increase was 8.3%.

NOTE 4 DEPRECIATION AND AMORTIZATION EXPENSE

In millions of euros	2010	1st half 2010	1st half 2011
Intangible assets	(76.4)	(37.4)	(38.6)
Property, plant and equipment (PP&E) [(a)]	(1,045.7)	(511.7)	(533.6)
TOTAL	**(1,122.1)**	**(549.1)**	**(572.2)**

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

NOTE 5 OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

In millions of euros	2010	1st half 2010	1st half 2011
Reorganization, restructuring and integration costs	(7.8)	(2.9)	(1.9)
Acquisition costs [(a)]	(5.7)	(4.2)	(2.9)
Other	(14.9)	1.4	(49.1)
Total other non-recurring operating expenses	**(28.4)**	**(5.7)**	**(53.9)**
Other	30.4	25.4	54.1
Total other non-recurring operating income	**30.4**	**25.4**	**54.1**
TOTAL	**2.0**	**19.7**	**0.2**

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

In the first half of 2011:

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

In the first half of 2010:

- the Group had recognized an amount of 25.0 million euros in other non-recurring operating income due to the favorable resolution of a litigation;
- an 8.2 million euro provision recognized in 2008 with respect to the non-recoverability of receivables had been reversed to "other non-recurring operating expenses", after LyondellBasell's US subsidiary emerged from Chapter 11 bankruptcy protection and following the collection of receivables previously due.

NOTE 6 NET FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

In millions of euros	2010	1st half 2010	1st half 2011
Net finance costs	(228.9)	(112.6)	(114.5)
Other financial income	63.6	33.2	35.2
Other financial expenses	(145.9)	(84.1)	(68.5)
TOTAL	**(311.2)**	**(163.5)**	**(147.8)**

Net finance costs remained stable over the first half-year of 2011.

The decrease in the cost and average volume of the euro-denominated debt was offset by an increase in the volume of the average outstanding emerging countries debt at higher rates.

NOTE 7 INCOME TAXES

	2010	1st half 2010	1st half 2011
Average effective tax rate (%)	**26.4%**	**26.9%**	**26.3%**

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

The change in the average effective tax rate of the first half-year of 2011 remained immaterial compared to that of the first half-year of 2010.

NOTE 8 EMPLOYEE BENEFITS

The expense recognized for pension and other employee benefits totaled 61.8 million euros over the first half-year of 2011 and breaks down as follows:

In millions of euros	2010	1st half 2010	1st half 2011
Service cost	40.0	19.4	20.3
Interest cost (discount effect)	116.0	58.0	56.3
Expected return on plan assets	(51.5)	(25.6)	(28.0)
Other [(a)]	(1.3)	1.4	1.0
Defined benefit plans	**103.2**	**53.2**	**49.6**
Defined contribution plans	**23.8**	**11.9**	**12.2**

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

NOTE 9 NET EARNINGS PER SHARE

Net earnings per share stood at 2.65 euros, or an increase of 10.4% compared to June 2010.

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

Goodwill as of June 30, 2011

In millions of euros	As of December 31, 2010	Goodwill recognized during the period	Goodwill removed during the period	Foreign exchange differences	Other movements	As of June 30, 2011
Goodwill	**4,390.8**	**42.8**	**(1.8)**	**(116.0)**	**(0.5)**	**4,315.3**

The goodwill recognized in the first half of 2011 primarily stemmed from:

- the acquisition of ADEP Assistance in January 2011 (France);
- the acquisition of Licher MT GmbH by VitalAire GmbH in March 2011 (Germany).

This provisional determination of goodwill will be finalized during the measurement period in accordance with revised IFRS3 “Business Combinations”.

Property, plant and equipment and intangible assets – Gross carrying amounts as of June 30, 2011

In millions of euros	As of December 31, 2010	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations	Other movements [(a)]	As of June 30, 2011
Land	298.7		(0.3)	(11.5)	2.3	2.6	291.8
Buildings	1,290.8	3.4	(1.9)	(37.9)	1.6	(1.1)	1,254.9
Equipment, cylinders, installations	21,550.2	130.1	(59.6)	(705.2)	20.4	294.3	21,230.2
Total property, plant and equipment in service	**23,139.7**	**133.5**	**(61.8)**	**(754.6)**	**24.3**	**295.8**	**22,776.9**
Construction in progress	1,505.8	684.7		(73.1)	0.1	(228.7)	1,888.8
Total property, plant and equipment	**24,645.5**	**818.2**	**(61.8)**	**(827.7)**	**24.4**	**67.1**	**24,665.7**
Internally generated intangible assets	263.6	7.7		(0.3)		(0.1)	270.9
Other intangible assets	998.6	11.2	(4.9)	(20.1)		8.2	993.0
Total gross intangible assets	**1,262.2**	**18.9**	**(4.9)**	**(20.4)**		**8.1**	**1,263.9**
TOTAL GROSS PP&E AND INTANGIBLE ASSETS	**25,907.7**	**837.1**	**(66.7)**	**(848.1)**	**24.4**	**75.2**	**25,929.6**

Property, plant and equipment and intangible assets – Depreciation, amortization and impairment losses as of June 30, 2011

In millions of euros	As of December 31, 2010	Charge for the period	Disposals	Foreign exchange differences	Other movements [(a)]	As of June 30, 2011
Buildings	(769.5)	(23.4)	1.3	21.3	4.4	(765.9)
Equipment, cylinders, installations	(12,839.3)	(515.1)	49.3	403.4	18.1	(12,883.6)
Total property, plant and equipment depreciation	**(13,608.8)**	**(538.5)**	**50.6**	**424.7**	**22.5**	**(13,649.5)**
Internally generated intangible assets	(179.5)	(9.1)		0.1		(188.5)
Other intangible assets	(412.6)	(29.5)	4.5	6.6	(5.9)	(436.9)
Total intangible asset amortization	**(592.1)**	**(38.6)**	**4.5**	**6.7**	**(5.9)**	**(625.4)**
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES	**(14,200.9)**	**(577.1)**	**55.1**	**431.4**	**16.6**	**(14,274.9)**

(a) The impacts of other movements primarily arose from the change from equity method to full consolidation of Air Liquide Syria LLC (Syrian Arab Republic) and Air Liquide Arabia LLC (Saudi Arabia).

NOTE 11 NON-CURRENT FINANCIAL ASSETS

In millions of euros	December 31, 2010	June 30, 2011
Available-for-sale financial assets	113.2	81.8
Loans	40.7	48.1
Other long-term receivables	227.9	208.7
Employee benefits – prepaid expenses	4.1	5.7
Non-current financial assets	**385.9**	**344.3**

NOTE 12 INVESTMENTS IN ASSOCIATES

Movements during the first half of 2011 were as follows:

In millions of euros	As of December 31, 2010	Share of profit for the period	Dividend distribution	Foreign exchange differences	Others movements [(a)]	As of June 30, 2011
Investments in associates	**196.4**	**12.9**	**(6.3)**	**(6.8)**	**(9.4)**	**186.8**

(a) *The impacts of other movements primarily arose from the change from equity method to full consolidation of Air Liquide Syria LLC (Syrian Arab Republic) and Medions (South Korea).*

NOTE 13 DEFERRED TAXES

In millions of euros	As of December 31, 2010	Income (expense) to the income statement	Items recognized in equity [(a)]	Foreign exchange differences	Acquisitions related to business combinations	Other	As of June 30, 2011
Deferred tax assets	306.3	2.4	(4.2)	(3.7)	3.8	3.5	308.1
Deferred tax liabilities	(1,126.4)	(59.7)	(17.9)	49.6	(1.0)	(9.8)	(1,165.2)
Deferred taxes (net)	**(820.1)**	**(57.3)**	**(22.1)**	**45.9**	**2.8**	**(6.3)**	**(857.1)**

(a) *Corresponds to the deferred taxes recognized in other items in the statement of net income and gains and losses directly recognized in equity: 2.0 million euros relating to the change in fair value of derivatives and (24.1) million euros relating to actuarial gains and losses.*

NOTE 14 WORKING CAPITAL REQUIREMENT

The 424.1 million euros increase in the working capital requirement as presented in the consolidated cash flow statement breaks down as follows:

- favorable impact of changes in current tax payables and receivables amounting to -18.0 million euros;
- decrease in the working capital resource of Engineering and Construction activity amounting to 73.9 million euros;
- increase in the working capital requirement of Gas and Services and Other activities amounting to 368.2 million euros.

NOTE 15 PROVISIONS, PENSIONS AND OTHER EMPLOYEE BENEFITS

In millions of euros	As of December 31, 2010	Charge	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements	As of June 30, 2011
Pensions and other employee benefits	1,545.4	21.3	(57.9)		(39.4) [b]	(16.0)	0.6	(0.4)	1,453.6
Restructuring plans	18.1	0.3	(3.5)			(0.1)	0.5	(1.1)	14.2
Guarantees and other provisions of Engineering and Construction activity	113.1	30.3	(16.5)	(14.3)		(1.9)		(6.6)	104.1
Dismantling	147.8		(0.9)		2.9	(3.0)		8.3	155.1
Other provisions [a]	195.6	16.0	(11.4)	(13.7)		(2.0)	3.9	3.2	191.6
TOTAL PROVISIONS	**2,020.0**	**67.9**	**(90.2)**	**(28.0)**	**(36.5)**	**(23.0)**	**5.0**	**3.4**	**1,918.6**

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

As of June 30, 2011, the assets covering defined benefit plan obligations were measured at fair value. The discount rates used to determine the present value of the Group's obligations were also reviewed. These valuation reviews generated a decrease in pension provisions of -67.5 million euros.

NOTE 16 BORROWINGS

In millions of euros	December 31, 2010	June 30, 2011
Non-current borrowings [a]	(5,680.8)	(5,490.7)
Current borrowings (including bank overdrafts)	(921.2)	(1,127.4)
Total gross indebtedness	**(6,602.0)**	**(6,618.1)**
Cash and cash equivalents	1,523.1	1,012.7
Derivatives – fair value hedge of borrowings	39.6	25.3
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(5,039.3)**	**(5,580.1)**

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

As of June 30, 2011, gross indebtedness was stable compared to that as of December 31, 2010. The repayment of the commercial paper in May 2011 and a favorable foreign exchange impact resulting from the appreciation of the euro compared to the Japanese Yen, the US Dollar and the Chinese Renminbi were partially offset by an increase in the subsidiaries' bank borrowings.

Short-term borrowings (with maturities less than 12 months) increased by 206 million euros compared to December 31, 2010 following L'Air Liquide S.A. private placement reclassification as short term (130 million euros maturing in March 2012), and an increase in the subsidiaries short-term bank borrowings (mainly Air Liquide China).

The amount of cash available is down by 510 million euros primarily as a result of the payment of dividends in May 2011 wholly financed by Air Liquide Finance cash.

Maturity of borrowings

June 2011	Nominal amount	Carrying amount	Maturity									
					≥ 1 year and ≤ 5 years				> 5 years			
In millions of euros			On demand	< 1 year	June 2013	June 2014	June 2015	June 2016	June 2017	June 2018	June 2019	>June 2019
Bonds	3,812.8	3,803.9		352.9	1,079.1	555.9	268.1			525.0	425.6	597.3
Private placements	268.4	272.5		201.0	71.5							
Commercial paper programs [(a)]	332.0	331.6						231.6	100.0			
Bank debt and other financial debt	2,061.5	2,072.8		567.6	444.1	443.1	260.6	206.8	50.4	47.7	13.6	38.9
Finance leases	21.9	21.9		5.9	4.6	2.5	5.0	0.6	0.4	0.6	1.5	0.8
Put options granted to minority shareholders	115.4	115.4	115.4									
TOTAL BORROWINGS	**6,612.0**	**6,618.1**	**115.4**	**1,127.4**	**1,599.3**	**1,001.5**	**533.7**	**439.0**	**150.8**	**573.3**	**440.7**	**637.0**

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

2010	Nominal amount	Carrying amount	Maturity									
					≥1 year and ≤5 years				> 5 years			
In millions of euros			On demand	< 1 year	2012	2013	2014	2015	2016	2017	2018	>2018
Bonds	3,825.2	3,839.9		347.0	465.3	638.9	572.2	273.9		512.0	416.2	614.4
Private placements	279.7	286.9		74.8	212.1							
Commercial paper programs [(a)]	461.2	460.8						360.8	100.0			
Bank debt and other financial debt	1,860.0	1,872.2		492.6	290.3	386.1	414.0	134.4	113.8	14.2	11.4	15.4
Finance leases	25.5	25.5		6.8	5.3	2.5	3.0	3.3	0.5	0.7	0.5	2.9
Put options granted to minority shareholders	116.7	116.7	116.7									
TOTAL BORROWINGS	**6,568.3**	**6,602.0**	**116.7**	**921.2**	**973.0**	**1,027.5**	**989.2**	**772.4**	**214.3**	**526.9**	**428.1**	**632.7**

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

NOTE 17 SHAREHOLDERS' EQUITY

Share subscription plans

The expense relating to all the Group's share subscription plans totaled 7.1 million euros in the first half of 2011 (compared to 3.1 million euros in the first half of 2010 and 12.3 million euros for 2010).

No new share-based payment plan has been decided during the first half-year of 2011.

NOTE 18 COMMITMENTS

There was no significant modification to the commitments in relation to December 31, 2010.

NOTE 19 DIVIDENDS PER SHARE

2010 dividends distributed on ordinary shares declared and paid on May 16, 2011 totaled 684.0 million euros (including dividends on treasury shares), representing a dividend per share of 2.35 euros. Dividends paid represent a distribution rate of 48.7% of profit for the period attributable to shareholders of the parent.

NOTE 20 RELATED PARTY INFORMATION

Due to the activities and legal organization of the Group, only transactions with executives, associates and proportionately consolidated companies are considered to be related party transactions. Transactions performed between these companies and Group subsidiaries did not undergo any significant changes.

NOTE 21 CONTINGENT LIABILITIES

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

On May 26, 2011, Air Liquide Japan Ltd and three other competitors received a fine payment order from the Japanese Fair Trade Commission (JFTC), regarding unfair practices in sales of liquid oxygen, liquid nitrogen and liquid argon (excluding medical use) in Japan between April 2008 and January 2010.

The JFTC has required Air Liquide Japan Ltd to take corrective actions and to pay a 4.8 billion Japanese Yen fine (equivalent to 41.3 million euros as of June 30, 2011). Air Liquide Japan Ltd has decided to engage into administrative proceedings following the JFTC's decision. A provision was booked representing the best estimate of the amounts payable in respect of such proceedings. The Group has not provided the detail of the calculation as it considers that disclosing the amount of the provision is likely to seriously harm the Group.

NOTE 22 POST-BALANCE SHEET EVENTS

There was no significant post-balance sheet event.

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, 2011, and
- the verification of information contained in the interim management report.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

II. SPECIFIC VERIFICATION

We have also verified the information provided in the interim Management Report in respect of the condensed interim consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed interim consolidated financial statements.

Courbevoie and Neuilly-sur-Seine, August 1, 2011

The statutory auditors
French original signed by

MAZARS

Lionel Gotlib **Daniel Escudeiro**

ERNST & YOUNG ET AUTRES

Jean-Yves Jégourel **Emmanuelle Mossé**

Certification by the person responsible for the first half financial report

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

PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

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

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE FIRST HALF FINANCIAL REPORT

I hereby declare that, to the best of my knowledge, the condensed financial statements for the half-year ended June 30, 2011 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and the profit of the company and the entities included in the scope of consolidation of the Group and that the first half management report includes a faithful representation of the major events which occurred during the first six months of the fiscal year, their impact on the financial statements, and the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the fiscal year.

Paris, August 1, 2011

Benoît Potier
Chairman and CEO

Designed & published by Labrador +33 (0)1 53 06 30 80

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