FIRST HALF 2015
FINANCIAL REPORT

AIR LIQUIDE
Creative Oxygen

First half **2015** 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 15.4 billion euros in 2014, and its solutions that protect life and the environment represented more than 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.

Meet us on our website
www.airliquide.com

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ACTIVITY REPORT – FIRST HALF 2015

H1 2015 PERFORMANCE

In first half of 2015, Air Liquide reported sustained growth in an uncertain global environment. Group revenue stood at 8,115 million euros, up +8.1% as reported and +3.2% on a comparable basis compared to first half 2014. The positive currency impact of +7.8% was partially offset by a negative energy impact of -2.9%. Gas and Services sales were up +7.8% as reported and +3.1% on a comparable basis. Developing economies saw sustained momentum, growing +10% on a comparable basis. Europe's recovery was still very gradual. Growth in Asia was more contrasted but the Electronics sector remained highly dynamic, notably in Japan, and strong sales continued in China. In North America, Industrial Merchant sales were still impacted by a soft manufacturing sector and lower volumes in the oil well services sector. Growth in Latin America was solid, despite a difficult environment in Brazil. The Middle East and Africa region benefited from the startup of two large-scale hydrogen production plants in Yanbu (Saudi Arabia).

Ongoing cost reduction efforts led to efficiency gains of 132 million euros, in line with objectives. This helped increasing the operating margin to a high of 17.4%, with a positive contribution of low energy prices. Net profit (Group share) rose to 849 million euros, up +12.5% as reported and +5.2% excluding currency impact. Cash flow from operations before changes in working capital requirements amounted to 1,575 million euros, representing 19.4% of sales, up +13.0% compared to the first half of 2014 (+5.1% excluding currency impact).

Investment opportunities over the next 12 months stood at 2.9 billion euros at end of June 2015. Investment decisions reached 1.3 billion euros, the same level as in the second half 2014. The investment backlog amounted to 2.1 billion euros and over time should generate fully ramped-up annual sales of 0.9 billion euros.

H1 2015 Key figures

(in millions of euros)	H1 2014	H1 2015	2015/2014 published change	2015/2014 comparable change [a]
Total revenue	**7,506**	**8,115**	**+8.1%**	**+3.2%**
Of which Gas and Services	*6,807*	*7,340*	*+7.8%*	*+3.1%*
Operating income recurring	1,254	1,409	+12.3%	+4.7%
Operating income recurring *(as % of revenue)*	16.7%	17.4%	+70 pbs	-
Net profit (Group share)	755	849	+12.5%	-
Earnings per share *(in euros)*	**2.20**	**2.48**	**+12.7%**	**-**
Net cash flows from operating activities [b]	1,147	965	-15.8%	-
Net capital expenditure [c]	943	1,188	-	-
Net debt	6,797	7,927	-	-
Debt-to-equity ratio [d]	57%	59%	-	-
Return On Capital Employed – ROCE after tax [e]	10.8%	10.8%	-	-

(a) *Excluding natural gas, electricity, currency and significant scope impacts.*
(b) *Cash flow from operating activities after change in working capital and other elements.*
(c) *Including transactions with minority shareholders*
(d) *Adjusted to spread the dividend payment in H1 out over the full year*
(e) *Return On Capital Employed after tax: (net profit after tax before deduction of minority interests – average of net cost of debt after taxes for the periods 2nd half 2014 and 1st half 2015) / average of (shareholders' equity + minority interests + net indebtedness) for the periods June 30, 2014 to June 30, 2015.*

H1 2015 highlights

During the first half 2015, Air Liquide pursued its development initiatives in growing markets and major industrial basins, both in advanced and developing economies. In the first six months of 2015, the Group also reinforced its position in Healthcare and pursued energy transition initiatives.

INDUSTRIAL ACTIVITY DEVELOPMENT

In first half of 2015, Air Liquide announced several important start-ups in **Large Industries,** and pursued its development initiatives through selective industrial investments.

- In Germany, Air Liquide inaugurated its new Steam Methane Reformer (SMR) unit located in Dormagen, near Cologne. The Group invested around 100 million euros in this highly flexible, state-of-the-art production unit. This SMR, which has an annual production capacity of 22,000 tonnes of hydrogen and 120,000 tonnes of carbon monoxide, will supply Bayer MaterialScience's new large-scale TDI (toluene diisocyanate) plant. It will also provide other customers on the Rhine-Ruhr pipeline network with hydrogen.
- In Yanbu, Saudi Arabia, Air Liquide started up its largest industrial investment ever. With two global-scale hydrogen production units and one purification unit, the Air Liquide site has a total hydrogen capacity of 340,000 Nm^3/hour. This investment of around 350 million euros will supply hydrogen to the new YASREF refinery (a joint venture between Saudi Aramco and Sinopec), under a long-term agreement. Hydrogen will allow the reduction of the sulfur content of fuels produced. With the start-up of these new units, the Group's hydrogen production capacity increased by close to 20%.
- In China, Air Liquide announced a long-term agreement with Shandong Fangyuan, China's leading privately-owned copper smelter and one of the world's largest copper producers. The Group will invest around 60 million euros in a state-of-the-art ASU (Air Separation Unit) with a capacity of 2,000 tonnes of oxygen per day, expected to be commissioned by the second half of 2017. This new ASU offers energy efficiencies as well as optimal reliability and safety. The oxygen supplied will boost productivity of the smelter while reducing overall CO_2 emissions and maintenance costs.

- Air Liquide and Sasol, an international integrated energy and chemicals company, signed a long-term agreement for the supply of large quantities of industrial gases to Sasol's Secunda site in South Africa (140 km East of Johannesburg). Air Liquide will invest around 200 million euros for the construction of the largest Air Separation Unit (ASU) ever built, with a total capacity of 5,000 tonnes of oxygen per day (equivalent to 5,800 tonnes per day at sea level). It is the first time Sasol will outsource its oxygen needs to a specialist of industrial gas production at its Secunda site.
- In Australia, Air Liquide announced a new long-term agreement with Nyrstar, an integrated mining and metals company. Air Liquide will invest 60 million euros in a 1,400 tonnes per day new Air Separation Unit (ASU), to help Nyrstar reduce the environmental footprint of the site and enhance both efficiency and production capabilities. Near Adelaide, Air Liquide also announced a partnership to recover carbon dioxide (CO_2) emitted by AGL Energy Limited's power station at its Torrens Island site. This unit will have a capacity of 50,000 tonnes of CO_2 per year.

NEW DEVELOPMENTS IN HEALTHCARE

An ageing population and the rise in the number of patients affected by chronic diseases are major **public health** issues. Air Liquide pursued its strategy of patients' densification in the Group's geographies through additional acquisitions in Home Healthcare.

- In Germany, the Group strengthened its Home Healthcare offering with the acquisition of Optimal Medical Therapies (OMT). OMT provides services for around 5,000 patients and is recognized for its expertise in home infusion services that include immunotherapy, pain management, and the treatment of pulmonary hypertension and Parkinson's disease.
- Air Liquide expanded its Home Healthcare business with the acquisition of Baywater Healthcare Ireland Limited in Ireland, a major player in treating and monitoring respiratory diseases in the patient's home (oxygen therapy, continuous positive airway pressure and non-invasive ventilation).

Schülke, Air Liquide Healthcare's subsidiary specializing in hygiene, expanded its presence through two acquisitions during the first half.

- In Asia-Pacific, it acquired Healthcare Antisepsis Solutions (HAS), the skin disinfection and hygiene business unit for Advanced Sterilization Products, a division of Ethicon, Inc.
- In Eastern Europe, Schülke increased its presence and widened its range of complementary products through the acquisition of the Hygiene division of Bochemie, a major player in the Czech Republic.

ENERGY TRANSITION DEVELOPMENTS

Important developments occurred in the **energy transition** field.

- Air Liquide announced that is has acquired a 5% stake in the capital of Fonroche Biogaz, a subsidiary of the Fonroche Group, a key player in the production of renewable energies. In connection with this acquisition, the two groups plan to pool their skills in order to develop, in partnership, projects involving the purification and upgrading of biogas for the French market.
- The Group was chosen by FM Logistic, an international logistics and supply chain group, to provide support for its planned deployment of hydrogen-powered forklift trucks on its sites. At its logistics platform located near the city of Orléans (France), Air Liquide installed a hydrogen charging station that will service FM Logistic's forklifts equipped with hydrogen fuel cells.
- During first half of 2015, Air Liquide inaugurated a charging station at its Sassenage site in Isère (France). It will allow the users of the Hyway project, the first French project to deploy fleets of hydrogen-powered electric vehicles, to recharge their vehicles with hydrogen. This project follows the installations of several hydrogen charging stations in Saint-Lô in France, in Denmark and in Nagoya and Toyota in Japan.

BOND ISSUE

Air Liquide issued bonds in first half 2015 for a total amount of 988 million euros at the date of the issue, to refinance the bonds reaching maturity and fund the development while benefiting from very attractive market conditions. Two fixed-rate issues cover maturities between 7 and 10 years and two variable-rates ones between 2 to 3 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 1.25% p.a.

One of the issues allowed Air Liquide Finance to innovate again with the issue of its first **Chinese renminbi-denominated bond** on the Taiwanese market ("Formosa Bond") for a total of 500 million Chinese renminbi, equivalent to 68 million euros at the date of the issue. Air Liquide is thus the first non-Taiwanese corporate to issue bonds in Chinese renminbi on this market.

H1 2015 Income Statement

REVENUE

Revenue *(in millions of euros)*	H1 2014	H1 2015	2015/2014 change	2015/2014 comparable change [(a)]
Gas and Services	6,807	7,340	+7.8%	+3.1%
Engineering and Technology	405	477	+17.6%	+10.5%
Other activities	294	298	+1.6%	-3.3%
TOTAL REVENUE	**7,506**	**8,115**	**+8.1%**	**+3.2%**

(a) Excluding currency, energy and significant scope impacts.

Group

Group revenue for H1 2015 stood at **8,115 million euros,** a reported increase of **+8.1%** compared to H1 2014. This was boosted by a positive currency impact of +7.8%, which was partially offset by a negative energy impact (-2.9%). Comparable growth was up **+3.2%.**

Q2 sales were stronger than in Q1.

Revenue by quarter *(in millions of euros)*	Q1 2015	Q2 2015
Gas and Services	3,632	3,708
Engineering and Technology	217	259
Other activities	144	154
TOTAL REVENUE	**3,993**	**4,121**
2015/2014 published change	+7.0%	+9.3%
2015/2014 comparable change [(a)]	+3.0%	+3.4%

(a) Excluding currency, energy and significant scope impacts.

CURRENCY, ENERGY AND SIGNIFICANT SCOPE IMPACTS

In addition to the comparison of published figures, financial information is given excluding currency, energy (natural gas and electricity) 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 and electricity prices are generally passed on to customers through price indexation clauses. Natural gas is an essential raw material for the production of hydrogen and the operation of cogeneration plants. Electricity consumption is significant for Air Separation Units. For example, when the natural gas price varies, the price of hydrogen or steam for the customer is automatically adjusted proportionately, according to the price indexation clauses.

(in millions of euros)	Group	Gas and Services
H1 2015 revenue	**8,115**	**7,340**
2015/2014 published change *(in %)*	+8.1%	+7.8%
Currency impact	+585	+542
Natural gas impact	-193	-193
Electricity impact	-24	-24
Significant scope impact	0	0
2015/2014 comparable change [(a)] *(in %)*	**+3.2%**	**+3.1%**

(a) Excluding currency, energy and significant scope impacts.

Gas and Services

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

Gas and Services revenue stood at **7,340 million euros,** a reported increase of **+7.8%** compared to H1 2014. This was boosted by a positive currency impact of +7.9% which was partially offset by a negative energy impact (-3.2%). Comparable growth was **+3.1%,** with growth in all geographic regions. Comparable growth in Q2 was higher than that in Q1, +3.5% versus +2.6%.

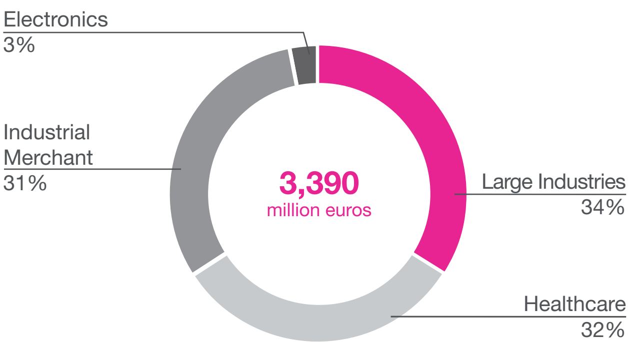
Revenue *(in millions of euros)*	H1 2014	H1 2015	2015/2014 change	2015/2014 comparable change [(a)]
Europe	3,346	3,390	+1.3%	+2.3%
Americas	1,647	1,813	+10.1%	+0.7%
Asia-Pacific	1,637	1,914	+16.9%	+6.0%
Middle-East and Africa	177	223	+26.1%	+13.0%
GAS AND SERVICES	**6,807**	**7,340**	**+7.8%**	**+3.1%**
Large Industries	2,493	2,565	+2.9%	+2.6%
Industrial Merchant	2,480	2,660	+7.3%	-0.7%
Healthcare	1,263	1,382	+9.4%	+6.8%
Electronics	571	733	+28.3%	+13.1%

(a) Excluding currency, energy and significant scope impacts.

Europe

Revenue in Europe was up by **+2.3%** to **3,390 million euros,** sign of a very gradual recovery. Gas and Services sales for Industry posted positive growth in Q2 for the first time since Q2 2013. For H1 overall, sales for Industry were stable. The Large Industries business was slightly down for H1 as a whole but showed an increase in Q2, with higher volumes in Northern Europe. H1 Industrial Merchant sales were stable with wide variations persisting between countries. Europe continued to benefit from the momentum of developing economies. Healthcare also posted strong growth in the region and was up by +7.3%.

Europe – Gas and Services H1 2015 revenue



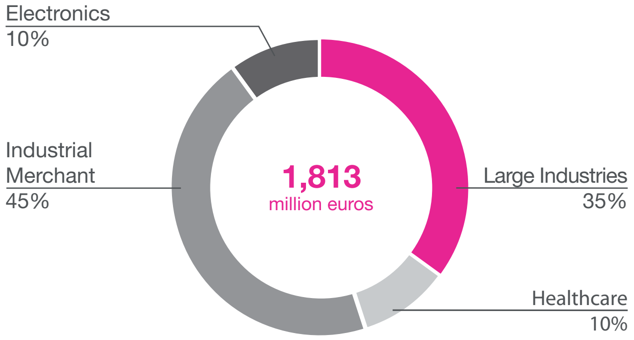
- **Large Industries** business fell slightly by **-1.0%** in H1 but increased by +1.8% in Q2. Air gases volumes rose in Northern Europe in Q2, driven by the chemicals and metals industry sectors. Cogeneration plants also contributed to growth, while hydrogen volumes were down compared to their high level in 2014. Sales in Eastern Europe posted a limited increase, supported by Poland.
- Revenue for the **Industrial Merchant** activity was more or less stable, dropping **-0.3%** in H1. In developing economies, sales continued to rise steadily, especially in Russia and Poland, and grew by +8.1%. In advanced economies, the economic environment remained challenging, especially for the oil sector, and contrasted. Sales growth remained solid in Iberia and Scandinavia. Liquid volumes were low in Italy but stabilized in Germany and were up slightly in France. Pricing was down during H1 by -0.3%.
- The **Healthcare** segment continued to expand posting **+7.3%** growth. The Home Healthcare activity was up by +8.9%, driven by the increased number of patients, a larger portfolio of therapies treated, and acquisitions made in late 2014 and during H1 2015. There was no let-up in pricing pressure, especially in Spain, France and Germany. Pricing was down -2.5% during the semester. Hygiene activity was up +12.2% supported by acquisitions made in H1.

- **Electronics** revenue was up sharply by **+23.1%** in H1, with strong sales across all product lines particularly in Equipment and Installation.

Americas

Gas and Services revenue in the Americas was up by **+0.7%** to **1,813 million euros.** Manufacturing activity was weak in North America, largely due to the slowdown in the oil exploration sector. The adverse effects caused by the drop in oil price were more marked than anticipated and had a particularly strong impact on Industrial Merchant sales. In Large Industries, after a series of temporary turnarounds in Q1 for maintenance purposes, air separation units gradually resumed operations in Q2. Sales continued to increase in South America, especially in the Large Industries and Healthcare segments.

Americas – Gas and Services H1 2015 revenue



- **Large Industries** posted **+0.5%** sales growth for the first half. In North America, hydrogen volumes continued to be impacted by customer temporary maintenance outages. Air gases volumes gradually increased in Q2 after the turnarounds at the beginning of the year. In South America, business continued to develop as production ramped up at plants that began operating in 2014.

- **Industrial Merchant** activity dropped by **-1.3%** as a result of the slowdown in manufacturing activity in North America, where a depressed oil price is impacting the oil exploration sector and a strong dollar is limiting exports. Brazil evolves also in a difficult economic environment. Liquid revenue in the Americas was down slightly with lower volumes, while Cylinder sales proved more resilient although with wide variations between countries. Pricing in the region was up by +4.4%.

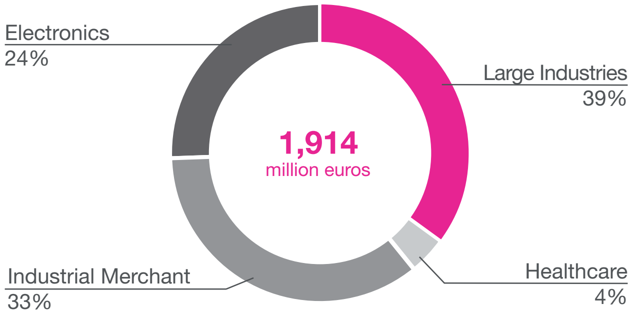
- **Healthcare** revenue rose by **+7.2%** driven by stronger number of patients for Home Healthcare in Canada supported by an acquisition, and in South America. Sales of Medical Gases for hospitals enjoyed strong growth in South America (Argentina and Brazil).

- **Electronics** activity was up by **+4.9%,** reflecting a dynamic business with a strong comparison basis in H1 2014, which included high sales of Equipment and Installation. Carrier gases and advanced molecules activities continued to experience vigorous growth.

Asia-Pacific

Revenue in the Asia-Pacific region was up by **+6.0%** to **1,914 million euros.** The region showed diverse country environments but benefited from the ramp-up of Large Industries plants in China and a dynamic Electronics sector. China recorded solid sales, up by +15% in H1, while Japan also posted positive growth supported by strong sales in Electronics.

Asia-Pacific – Gas and Services H1 2015 revenue



- **Large Industries** sales were up by **+7.2%,** thanks to the ramp-up of plants that began operating in China in 2014, although this impact is starting to level out. Air gases and hydrogen volumes in the region are rising.

- **Industrial Merchant** activity was almost stable **(-0.2%)** in H1, although the situation varies from country to country. China and South-East Asia thrived as Liquid volumes increased. Sales were down in Australia as a result of the weak mining sector, in Japan and also in Singapore, where the economy is suffering from the slowdown in the oil industry. Pricing pressure intensified in the region and prices were down by -1.3% in H1.

- **Electronics** continued to post strong sales, rising by **+14.4%** with double-digit growth in China, Japan, Taiwan and Singapore. Advanced molecule sales were up by more than +50%. Equipment and Installation activity also continued to do well.

Middle-East and Africa

Middle East and Africa revenue amounted to **223 million euros,** an increase of **+13.0%.** Sales benefited from the start-up of two large-scale hydrogen production plants in Yanbu (Saudi Arabia) in Q2. South Africa continued to demonstrate steady growth in Large Industries as production ramped up at a plant which had been in service since H1 2014. The country also experienced steady growth in the Industrial Merchant and Healthcare segments. Business was also up in Egypt but remained weak in North Africa, where economic development is heavily impacted by geopolitical instability.

Engineering and Technology

Engineering and Technology revenue amounted to **477 million euros,** an increase of **+17.6%** as reported compared with H1 2014, reflecting progress in third-party customer projects.

For H1 2015, total order intake was up +11% to **600 million euros,** versus 541 million euros for H1 2014. The vast majority of projects concerned air separation units.

At 5.3 billion euros, the amount for total orders in-hand is +7% higher than at the end of June 2014 and stable compared to the level at the end of December 2014.

Other activities

Revenue *(in millions of euros)*	**H1 2014**	**H1 2015**	**2015/2014 change**	**2015/2014 comparable change** [(a)]
Welding	193	190	-1.8%	-2.7%
Diving	101	108	+8.1%	-4.4%
TOTAL	**294**	**298**	**+1.6%**	**-3.3%**

(a) Excluding currency, energy and significant scope impacts.

Other Activities revenue in H1 2015 fell by **-3.3%** to **298 million euros.**

- **Welding** revenue was down by **-2.7%,** still affected by the weak European economy.
- The **Diving activity** (Aqua Lung™) posted a strong reported growth and a **-4.4%** drop in sales on a comparable basis after the disposal of a non-strategic business in late 2014. Excluding this disposal, revenue growth was positive.

OPERATING INCOME RECURRING

Operating income recurring before depreciation and amortization totaled 2,102 million euros, up **+12.3%** as reported and **+4.3% excluding the impact of currency.** Depreciation and amortization amounted to 693 million euros, up **+12.3%** (+3.4% excluding the currency impact).

Group Operating Income Recurring (OIR) amounted to **1,409 million euros** in first half 2015, up **+12.3%** compared with first half 2014, and **+4.7% excluding the currency impact,** demonstrating positive leverage on sales. Operating margin (OIR to revenue) was **up +70 basis points to 17.4%,** having benefited from substantial efficiencies and a favorable energy impact. Excluding the impact of energy, the operating margin increased by +10 basis points.

Efficiencies amounted to **132 million euros** during the first six months of the year, in line with the annual target of over 250 million euros. These efficiencies represented cost saving of 2.1% over the cost base, relative to 2.7% of the cost base in first half 2014. Half of these efficiencies stemmed from industrial projects (plant optimization, logistics planning, maintenance processes), one third came from purchasing and the remaining from administrative efficiencies.

Gas and Services

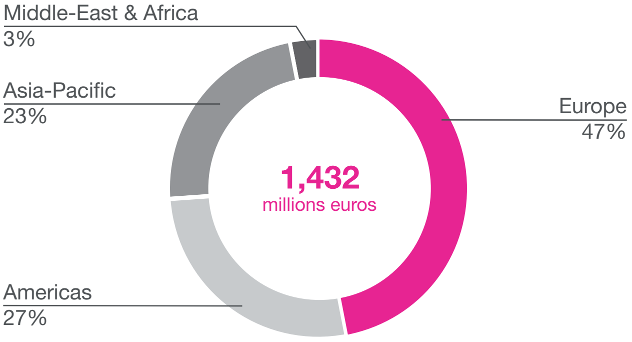
Operating income recurring in the Gas and Services activity amounted to **1,432 million euros,** an increase of **+10.7%.** The OIR margin stood at 19.5%, compared with 19.0% for first half 2014. Excluding the energy impact, this ratio was down by -10 basis points.

Cost inflation, excluding the impact of energy indexation, was +2.7% in the first half. Prices continued to increase by +0.2% largely due to the continued efforts within Industrial Merchant (+1.0%), a small improvement in Electronics (+0.8%) and despite continued tariff pressure in Healthcare. Delivered efficiencies amounted to 121 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 12% during the semester.

Gas and Services Operating margin [a]	H1 2014	H1 2015
Europe	19.9%	19.7%
Americas	19.9%	21.2%
Asia-Pacific	16.8%	17.5%
Middle-East and Africa	15.3%	19.5%
TOTAL	**19.0%**	**19.5%**

(a) Operating income recurring/revenue.

Gas and Services
H1 2015 Operating income recurring



Operating income recurring in **Europe** was up by **+0.7%** to **669 million euros.** Excluding the energy impact, the operating margin was down by **-40 basis points** as a result of pricing pressure in the Healthcare segment, particularly in France and Southern Europe.

Operating income recurring in the **Americas** amounted to **385 million euros,** up by **+17.6%** thanks to a significant currency impact (+0.1% on a constant currency basis). Operating margin, excluding the energy impact, fell by **-10 basis points.**

In **Asia-Pacific,** operating income recurring amounted to **335 million euros,** an increase of **+21.7%** due to a significant impact from currency (+5.5% on a constant currency basis). The operating margin, excluding the energy impact, was **stable** despite pricing pressure in Australia. This pressure was offset by manufacturing efficiencies, particularly in China and the Electronics business line.

Operating income recurring in the **Middle East and Africa** region amounted to **43 million euros,** up **+60.1%** thanks to the startup of plants in Yanbu and a strong currency impact (+38.0% on a constant currency basis). Operating margin was up **+420 basis points,** excluding the energy impact.

Engineering and Technology

Operating income recurring for Engineering and Technology amounted to **34 million euros.** Operating income recurring as a percentage of revenue was 7.0%. The margin remained within the target range of 5 to 10%.

Other Activities

The Group's Other Activities posted operating income recurring of **23 million euros,** up **+37.8%** as a result of the solid improvement in the Welding business margin and, to a lesser extent, a better Diving segment margin. Operating income recurring to revenue reached 7.6%, an increase of +200 basis points over first half 2014.

Research & Development and corporate costs

Research & Development and corporate costs including consolidation adjustments were down **-5.6%** to 80 million euros, reflecting tight control over corporate costs.

NET PROFIT

Other operating income and expenses had an almost **stable negative balance of -7 million euros** compared to first half 2014.

Net financial costs, at -157 million euros, increased by +7.8% compared with the -146 million euros reported in first half 2014. **Cost of debt** was up +9.5% but **decreased by -2.2% excluding currency impact.** The average cost of net debt slightly decreased to **3.9%** from 4.0% at December 31, 2014 and 4.1% in first half 2014, primarily as a result of new bonds issued under favorable conditions. Other financial income and expenses was up by +2.3%.

The **effective tax rate** was **29.2%,** down by -10 basis points compared to first half 2014. Taxes totaled 363 million euros, up +12.5%, reflecting the increase in gross profit before tax.

The Group's **share of profit of associates** amounted to **6.5 million euros,** compared with 3.7 million euros in first half 2014. **Minority interests** rose by **+39%** to 39 million euros, the profit of subsidiaries with minority shareholders recording a strong increase (Saudi Arabia, China and Taiwan).

Overall, first half 2015 **net profit (Group share)** amounted to **849 million euros,** a reported increase of +12.5% and **+5.2% excluding the currency impact.**

Earnings per share amounted to **2.48 euros**, a reported increase of **+12.7%** or +5.5% excluding the currency impact compared with first half 2014. The average number of outstanding shares used to calculate net earnings per share as of June 30, 2015 was 342,824,901.

Change in the number of shares

	H1 2014	H1 2015
Average number of outstanding shares [a]	343,094,668	342,824,901

(a) Used to calculate net earnings per share.

Change in net indebtedness

Cash flow from operations before changes in working capital requirements amounted to **1,575 million euros,** representing **19.4% of sales,** up +13.0% compared with first half 2014 and +5.1% excluding the impact of currency. Net cash flow after changes in working capital requirement stood at 965 million euros, down compared to first half 2014.

The **change in working capital requirement**, which amounted to -578 million euros in first half 2015, was adversely impacted by around 270 million euros due to currency and projects cycle in the Engineering and Construction segment. Therefore, the working capital-to-sales ratio, excluding taxes, increased from 8.4% in the first half 2014 to 10.6% as of end of June 2015. The ratio for Gas and Services remained almost stable.

Gross industrial capital expenditure was up +7.6% to 1,006 million euros. Including acquisitions for an amount of 198 million euros, transactions with minority shareholders and cash from divestitures, total net capital expenditure stood at 1,188 million euros, up +26.0% over first half 2014. This result reflected the strong business activity from bolt-on acquisitions in the Healthcare segment.

Net indebtedness as of June 30, 2015 totaled **7,927 million euros,** an increase of 1,621 million euros over December 31, 2014, reflecting the usual seasonal effect of the full payment of the 2014 dividend in first half 2015. Net indebtedness was also heavily impacted by a negative currency effect amounting to 279 million euros. Net debt-to-equity stood at 59%, adjusted for the impact of the seasonality of the dividend. This compares with 57% at June 30, 2014, adjusted for the impact of the seasonality of the dividend and 53% at the end of 2014. The Group's financial structure remains solid, guaranteeing the flexibility to continue to seize investment opportunities.

Return on capital employed after tax was **10.8%** at June 30, 2015, unchanged compared with the reported ratio at the end of 2014.

CAPITAL EXPENDITURE

Gross capital expenditure in first half 2015 amounted to 1,215 million euros. This amount included 198 million euros spent for several bolt-on acquisitions mainly in the Healthcare activity.

Disposals of fixed assets were limited to 27 million euros.

Gross capital expenditure in the Gas and Services activity represented 15.5% of sales, up compared with first half 2014.

Accordingly, Group net capital expenditure amounted to 1,188 million euros.

INVESTMENT CYCLE

The Group's steady long-term growth is largely based on its ability to consistently invest 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 **2.9 billion euros** at the end of June 2015, down 300 million euros compared with the end of 2014. This decrease was primarily due to the high level of new decisions made during the first half of 2015, up by +75% compared to H1 2014, particularly with Sasol (South Africa, 200 million euros). The level of abandoned or delayed projects exiting the portfolio was in line with the usual changes observed. Developing economies account for 60% of the portfolio, aligned with the geographic split accounted for at the end of 2014. China and North America still represent an important share of the opportunities. Half of the opportunities are for projects with investment value of less than 50 million euros. The number of potential unit takeovers is stable.

INVESTMENT DECISIONS AND INVESTMENT BACKLOG

Investment decisions continued throughout the half-year, and amounted to **1.3 billion euros,** comparable with H2 2014 and in net increase with H1 2014 (751 million euros). Industrial decisions accounted for 80% of the decisions. Numerous acquisitions were achieved in Healthcare during H1 2015 for an amount of around 200 million euros.

The total investment backlog amounted to 2.1 billion euros, showing a decrease since the end of 2014. This is explained by the important impact of start-ups in H1 2015, for instance the large hydrogen units started in Yanbu in Saudi Arabia in Q2 2015 (investment of more than 350 million euros) and in Dormagen in Germany (investment of 100 million euros). The investment backlog should lead to a future contribution to revenue of approximately 0.9 billion euros after full ramp-up.

START-UPS

During the first half, 12 new units were started-up. Those new units will serve particularly the energy, chemicals and electronics markets.

Start-ups and progressive ramp-ups of units started more than 12 months ago should contribute to sales of approximately 350 million euros in 2015.

MAIN RISKS AND UNCERTAINTIES

There was no change in risk factors during first half 2015, as described in the 2014 Reference Document on pages 26 to 31.

OUTLOOK

In an uncertain global economic environment, Air Liquide delivered sustained growth over the first half of 2015. It was driven by the strong performance of Healthcare and Electronics businesses, by the developing economies, by a favourable currency impact, and by a quarter on quarter improvement in Large Industries.

We saw growth across all geographies over the period. In Europe, a gradual recovery is firming up in certain sectors, while North American industrial markets are affected by the slowdown in services related to oil exploration. Asia-Pacific continues to benefit from growth in China and the positive performance of Japan. Furthermore, the start-up of the Yanbu project in Saudi Arabia is accelerating growth in the Middle East and Africa and increases global hydrogen production capacity of the Group by nearly 20%.

Air Liquide's operating performance over the period was solid, reflected in a high operating margin and another increase in net profit.

The investment decisions made over the period, which totaled 1.3 billion euros, the signing of new contracts and the commissioning of new units are paving the way for growth in the next few years. This is also the case for the innovations and technologies currently under development.

Assuming a comparable economic environment, Air Liquide is confident in its ability to deliver another year of net profit growth in 2015.

APPENDIX

2nd quarter 2015 revenue

By geography

Revenues *(in millions of euros)*	Q2 2014	Q2 2015	Published Change	Comparable change [(a)]
Europe	1,645	1,694	+3.0%	+3.3%
Americas	833	918	+10.2%	+0.4%
Asia-Pacific	821	968	+17.9%	+5.0%
Middle-East and Africa	92	128	+39.1%	+23.7%
GAS AND SERVICES REVENUES	**3,391**	**3,708**	**+9.3%**	**+3.5%**
Engineering and Technology	230	259	+12.8%	+6.0%
Other Activities	151	154	+2.2%	-3.0%
GROUP REVENUE	**3,772**	**4,121**	**+9.3%**	**+3.4%**

By World business line

Revenues *(in millions of euros)*	Q2 2014	Q2 2015	Published Change	Comparable change [(a)]
Large industries	1,208	1,301	+7.7%	+5.0%
Industrial Merchant	1,251	1,333	+6.6%	-1.6%
Electronics	295	377	+27.7%	+11.9%
Healthcare	637	697	+9.3%	+6.9%
GAS AND SERVICES REVENUES	**3,391**	**3,708**	**+9.3%**	**+3.5%**

(a) Excluding currency, energy and significant scope impacts.

Currency, energy and significant scope impacts

In addition to the comparison of published figures, financial information for second quarter 2015 is provided before currency, energy price fluctuations and significant scope impacts. As of January 1st, 2015, the energy impact includes impacts of natural gas and electricity. In the future, it may also include other energy Large Industries feedstocks.

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 and electricity prices are passed on to customers through price indexation clauses.

Consolidated 2015 second quarter revenue includes the following impact:

(in millions of euros)	Revenue Q2 2015	Q2 2015/2014 change	Currency	Natural gas	Electricity	Significant scope	Q2 2015/2014 comparable change [(a)]
Group	4,121	+9.3%	315	(77)	(17)	0	+3.4%
Gas and Services	3,708	+9.3%	291	(77)	(17)	0	+3.5%

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

For the Group:

- the currency impact was +8.4%;
- the impact of natural gas price fluctuations was -2.1%;
- the impact of electricity price fluctuations was -0.4%;
- there was no significant scope impact.

For Gas and Services:

- the currency impact was +8.5%;
- the impact of natural gas price fluctuations was -2.2%;
- the impact of electricity price fluctuations was -0.5%;
- there was no significant scope impact.

Segment information

	H1 2014			H1 2015		
(in millions of euros and %)	Revenue	Operating income recurring	OIR margin	Revenue	Operating income recurring	OIR margin
Europe	3,346	665	19.9%	3,390	669	19.7%
Americas	1,647	327	19.9%	1,813	385	21.2%
Asia-Pacific	1,637	275	16.8%	1,914	335	17.5%
Middle-East and Africa	177	27	15.3%	223	43	19.5%
GAS AND SERVICES	**6,807**	**1,294**	**19.0%**	**7,340**	**1,432**	**19.5%**
Engineering and Technology	405	28	6.9%	477	34	7.0%
Other activities	294	16	5.6%	298	23	7.6%
Reconciliation	-	(84)	-	-	(80)	-
TOTAL GROUP	**7,506**	**1,254**	**16.7%**	**8,115**	**1,409**	**17.4%**

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	**Notes**	**1st half 2014**	**1st half 2015**
Revenue	**(3)**	**7,505.5**	**8,114.6**
Other income		89.0	78.8
Purchases		(2,920.0)	(3,040.9)
Personnel expenses		(1,369.8)	(1,521.0)
Other expenses		(1,432.9)	(1,529.2)
Operating income recurring before depreciation and amortization		**1,871.8**	**2,102.3**
Depreciation and amortization expense	(4)	(617.8)	(693.6)
Operating income recurring		**1,254.0**	**1,408.7**
Other non-recurring operating income	(5)	2.2	(2.1)
Other non-recurring operating expenses	(5)	(7.9)	(4.3)
Operating income		**1,248.3**	**1,402.3**
Net finance costs	(6)	(111.1)	(121.7)
Other financial income		5.4	5.0
Other financial expenses		(40.3)	(40.7)
Income taxes	(7)	(322.6)	(362.8)
Share of profit of associates		3.7	6.5
PROFIT FOR THE PERIOD		**783.4**	**888.6**
■ Minority interests		28.2	39.2
■ Net profit (Group share)		755.2	849.4
Basic earnings per share *(in euros)*	**(9)**	**2.20**	**2.48**
Diluted earnings per share *(in euros)*	**(9)**	**2.19**	**2.47**

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

(in millions of euros)	1st half 2014	1st half 2015
Profit for the period	**783.4**	**888.6**
Items recognized in equity		
Change in fair value of financial instruments	6.6	14.9
Change in foreign currency translation reserve	56.9	430.8
Items that may be subsequently reclassified to profit	**63.5**	**445.7**
Actuarial gains / (losses)	(98.4)	65.7
Items that may not be subsequently reclassified to profit	**(98.4)**	**65.7**
Items recognized in equity, net of taxes	**(34.9)**	**511.4**
Net income and gains and losses recognized directly in equity	**748.5**	**1,400.0**
■ Attributable to minority interests	29.1	57.5
■ Attributable to equity holders of the parent	719.4	1,342.5

CONSOLIDATED BALANCE SHEET

ASSETS *(in millions of euros)*	Notes	December 31, 2014	June 30, 2015
Goodwill	(10)	5,258.6	5,566.3
Other intangible assets		764.5	809.9
Property, plant and equipment		14,554.0	15,597.3
Non-current assets		**20,577.1**	**21,973.5**
Non-current financial assets		447.0	485.5
Investments in associates	(11)	100.4	111.7
Deferred tax assets	(12)	245.5	267.8
Fair value of non-current derivatives (assets)		68.9	90.1
Other non-current assets		**861.8**	**955.1**
TOTAL NON-CURRENT ASSETS		**21,438.9**	**22,928.6**
Inventories and work-in-progress		876.2	978.5
Trade receivables		2,879.8	3,096.0
Other current assets		468.7	638.8
Current tax assets		92.7	56.2
Fair value of current derivatives (assets)		58.5	71.0
Cash and cash equivalents	(16)	910.1	693.5
TOTAL CURRENT ASSETS		**5,286.0**	**5,534.0**
TOTAL ASSETS		**26,724.9**	**28,462.6**

EQUITY AND LIABILITIES *(in millions of euros)*	Notes	December 31, 2014	June 30, 2015
Share capital		1,896.8	1,892.1
Additional paid-in capital		25.7	7.2
Retained earnings		8,049.7	9,169.8
Treasury shares		(100.7)	(125.3)
Net profit (Group share)		1,665.0	849.4
Shareholders' equity		**11,536.5**	**11,793.2**
Minority interests		**290.4**	**357.6**
TOTAL EQUITY [(a)]	**(14)**	**11,826.9**	**12,150.8**
Provisions, pensions and other employee benefits	(15)	2,169.3	2,072.5
Deferred tax liabilities	(12)	1,187.7	1,328.1
Non-current borrowings	(16)	5,883.8	6,716.0
Other non-current liabilities		232.2	246.7
Fair value of non-current derivatives (liabilities)		73.0	219.7
TOTAL NON-CURRENT LIABILITIES		**9,546.0**	**10,583.0**
Provisions, pensions and other employee benefits	(15)	293.6	282.2
Trade payables		2,183.7	2,113.6
Other current liabilities		1,223.3	1,182.3
Current tax payables		221.4	179.2
Current borrowings	(16)	1,332.6	1,904.1
Fair value of current derivatives (liabilities)		97.4	67.4
TOTAL CURRENT LIABILITIES		**5,352.0**	**5,728.8**
TOTAL EQUITY AND LIABILITIES		**26,724.9**	**28,462.6**

(a) A breakdown of changes in shareholders' equity and minority interests is presented on pages 20 and 21.

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	Notes	1st half 2014	1st half 2015
Operating activities			
Net profit (Group share)		**755.2**	**849.4**
Minority interests		**28.2**	**39.2**
Adjustments:			
■ Depreciation and amortization	(4)	617.8	693.6
■ Changes in deferred taxes [a]		34.5	43.2
■ Increase (decrease) in provisions		(59.2)	(41.7)
■ Share of profit of associates (less dividends received)		3.4	1.4
■ Profit/loss on disposal of assets		13.7	(9.9)
Cash flows from operating activities before changes in working capital		**1,393.6**	**1,575.2**
Changes in working capital	(13)	(232.4)	(578.3)
Others		(14.6)	(31.9)
Net cash flows from operating activities		**1,146.6**	**965.0**
Investing activities			
Purchase of property, plant and equipment and intangible assets		(934.4)	(1,005.6)
Acquisition of subsidiaries and financial assets		(57.6)	(197.8)
Proceeds from sale of property, plant and equipment and intangible assets		138.7	27.2
Proceeds from sale of financial assets			0.3
Net cash flows used in investing activities		**(853.3)**	**(1,175.9)**
Financing activities			
Dividends paid [b]			
■ L'Air Liquide S.A.	(18)	(837.9)	(924.1)
■ Minority interests		(27.6)	(19.9)
Proceeds from issues of share capital [b]		35.9	74.4
Purchase of treasury shares [b]		(117.9)	(177.8)
Increase (decrease) in borrowings		426.5	1,077.6
Transactions with minority shareholders		(89.2)	(11.6)
Net cash flows from (used in) financing activities		**(610.2)**	**18.6**
Effect of exchange rate changes and change in scope of consolidation		0.5	(67.7)
Net increase (decrease) in net cash and cash equivalents		**(316.4)**	**(260.0)**
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**853.0**	**854.9**
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**536.6**	**594.9**

(a) Changes in deferred taxes shown in the consolidated cash flow statement do not include changes in deferred taxes relating to asset disposals.
(b) A breakdown of dividends paid, share capital increases and treasury share purchases is provided on pages 20 and 21.

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

(in millions of euros)	Notes	December 31, 2014	June 30, 2014	June 30, 2015
Cash and cash equivalents	(16)	910.1	567.0	693.5
Bank overdrafts (included in current borrowings)		(55.2)	(30.4)	(98.6)
NET CASH AND CASH EQUIVALENTS		**854.9**	**536.6**	**594.9**

NET INDEBTEDNESS CALCULATION

(in millions of euros)	Notes	December 31, 2014	June 30, 2014	June 30, 2015
Non-current borrowings (long-term debt)	(16)	(5,883.8)	(6,333.6)	(6,716.0)
Current borrowings (short-term debt)	(16)	(1,332.6)	(1,030.6)	(1,904.1)
TOTAL GROSS INDEBTEDNESS		**(7,216.4)**	**(7,364.2)**	**(8,620.1)**
Cash and cash equivalents	**(16)**	**910.1**	**567.0**	**693.5**
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD		**(6,306.3)**	**(6,797.2)**	**(7,926.6)**

STATEMENT OF CHANGES IN NET INDEBTEDNESS

(in millions of euros)	Notes	Year 2014	1st half 2014	1st half 2015
Net indebtedness at the beginning of the period		**(6,061.9)**	**(6,061.9)**	**(6,306.3)**
Net cash flows from operating activities		2,829.6	1,146.6	965.0
Net cash flows used in investing activities		(1,836.3)	(853.3)	(1,175.9)
Net cash flows used in financing activities excluding increase (decrease) in borrowings		(1,035.9)	(1,036.7)	(1,059.0)
Total net cash flows		**(42.6)**	**(743.4)**	**(1,269.9)**
Effect of exchange rate changes, opening net indebtedness of newly acquired companies and others		(201.8)	8.1	(350.4)
Change in net indebtedness		**(244.4)**	**(735.3)**	**(1,620.3)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(16)**	**(6,306.3)**	**(6,797.2)**	**(7,926.6)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated statement of changes in equity from January 1, 2015 to June 30, 2015

(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, 2015		**1,896.8**	**25.7**	**10,009.6**	**30.5**	**(325.4)**	**(100.7)**	**11,536.5**	**290.4**	**11,826.9**
Profit for the period				**849.4**				**849.4**	**39.2**	**888.6**
Items recognized in equity				65.6	14.9	412.6		493.1	18.3	511.4
Net income and gains and losses recognized directly in equity [a]				**915.0**	**14.9**	**412.6**		**1,342.5**	**57.5**	**1400.0**
Increase (decrease) in share capital		3.6	37.5					41.1	33.3	74.4
Distribution	(18)			(924.7)				(924.7)	(19.9)	(944.6)
Cancellation of treasury shares [d]		(8.3)	(56.0)	(88.7)			153.0			
Purchase of treasury shares [d]							(177.6)	(177.6)		(177.6)
Share-based payments				10.9				10.9		10.9
Transactions with minority shareholders recognized directly in equity				(34.9)				(34.9)	(3.4)	(38.3) [f]
Others				(0.6) [e]				(0.6)	(0.3)	(0.9)
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2015		**1,892.1 [b]**	**7.2 [c]**	**9,886.6**	**45.4**	**87.2**	**(125.3) [d]**	**11,793.2**	**357.6**	**12,150.8**

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

(b) Share capital as of June 30, 2015 amounted to 344,022,618 shares at a par value of 5.50 euros. In the 1st half of 2015, movements affecting share capital were as follows:

- *creation of 649,735 shares in cash at a par value of 5.50 euros resulting from the exercise of options;*
- *share capital decrease resulting from the cancellation of 1,500,000 treasury shares.*

(c) "Additional paid-in capital" was increased by the amount of share premiums relating to the capital increases in the amount of 37.5 million euros and reduced by the amount of share premiums relating to the cancellation of treasury shares in the amount of 56.0 million euros.

(d) The number of treasury shares as of June 30, 2015 totaled 1,287,914 (including 1,192,033 held by L'Air Liquide S.A.). In the 1st half of 2015, movements affecting treasury shares were as follows:

- *acquisitions, net of disposals, of 1,494,750 shares at an average price of 118.89 euros;*
- *cancellation of 1,500,000 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 impacts related to the items recognized directly in equity.

(f) Transactions with minority shareholders recognized directly in equity mainly include the counterpart of the recognition of the put option granted to minority shareholders following the acquisition of OMT GmbH & Co. KG in Germany on January 7, 2015.

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

(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	Share-holders' 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			(839.0)				(839.0)	(27.6)	(866.6)
Cancellation of treasury shares	(5.5)	(84.3)	(5.9)			95.7			
Purchase of treasury shares						(117.7)	(117.7)		(117.7)
Share-based payments			2.2			6.2	8.4		8.4
Transactions with minority shareholders recognized directly in equity (b)			(4.8)				(4.8)	3.3	(1.5)
Others			2.9				2.9	(0.6)	2.3
EQUITY AND MINORITY INTERESTS AS OF JUNE 30, 2014	**1,894.8**	**4.2**	**9,239.4**	**34.8**	**(639.7)**	**(104.0)**	**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 16.
(b) Transactions with minority shareholders recognized directly in equity include the effects related to the revaluation of put options granted to minority shareholders.

ACCOUNTING PRINCIPLES

The condensed interim consolidated financial statements for the half-year ended June 30, 2015 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, 2014 are available upon request at the Company's registered office at 75, quai d'Orsay, 75007 Paris, France or 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, 2014.

Except for the application of standards, interpretations and amendments being mandatory as of January 1, 2015, 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, 2014. They were drawn up in accordance with IFRS, as adopted by the European Union as of June 30, 2015, 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/finance/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, 2015.

The financial statements are presented in million euros. They were reviewed by the Board of Directors on July 29, 2015.

New IFRS and interpretations

1. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS WHOSE APPLICATION IS MANDATORY AS OF JANUARY 1, 2015

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

- IFRIC 21 "Levies", published on May 20, 2013;
- annual improvements to IFRSs 2011-2013 Cycle, issued on December 12, 2013.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ENDORSED BY THE EUROPEAN UNION WHOSE APPLICATION IS OPTIONAL IN 2015

The Group financial statements as of June 30, 2015 do not include any potential impacts from the standards, interpretations and amendments endorsed by the European Union as of June 30, 2015 whose adoption is only mandatory as of fiscal years beginning after January 1, 2015. These texts are as follows:

- amendments to IAS19 "Defined Benefit Plans: Employee Contributions", issued on November 21, 2013;
- annual improvements to IFRSs 2010-2012 Cycle, issued on December 12, 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 as of June 30, 2015 and not yet endorsed by the European Union are currently being analyzed. These texts are as follows:

- amendments to IFRS11 "Accounting for Acquisitions of Interests in Joint Operations", issued on May 6, 2014;

- amendments to IAS16 and IAS38 "Clarification of Acceptable Methods of Depreciation and Amortization", issued on May 12, 2014;
- IFRS15 "Revenue from Contracts with Customers", issued on May 28, 2014;
- IFRS9 "Financial Instruments", issued on July 24, 2014;
- amendments to IFRS10 and IAS28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", issued on September 11, 2014;
- annual improvements to IFRSs 2012-2014 Cycle, issued on September 25, 2014;
- amendments to IAS1 "Disclosure Initiative", issued on December 18, 2014.

Additionally, the following texts are not applicable to the Group:

- IFRS14 "Regulatory Deferral Accounts", issued on January 30, 2014;
- amendments to IAS16 and IAS41 "Bearer Plants", issued on June 30, 2014;
- amendments to IAS27 "Equity Method in Separate Financial Statements", issued on August 12, 2014;
- amendments to IFRS10, IFRS12 and IAS28 "Investment Entities: Applying the Consolidation Exception", issued on December 18, 2014.

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, 2014.

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, 2015

Note 1 – Major events

There was no major event in the 1st half of 2015.

Note 2 – Segment information

NOTE 2.1. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2015

	Gas and Services								
(in millions of euros)	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total	Engineering and Technology	Other activities	Recon-ciliation	Total
Revenue	**3,390.4**	**1,813.2**	**1,913.7**	**222.8**	**7,340.1**	**476.6**	**297.9**		**8,114.6**
Inter-segment revenue						*304.3*		*(304.3)*	
Operating income recurring	**669.4**	**384.8**	**334.6**	**43.4**	**1,432.2**	**33.5**	**22.6**	**(79.6)**	**1,408.7**
incl. depreciation and amortization	*(293.3)*	*(168.1)*	*(177.7)*	*(23.2)*	*(662.3)*	*(16.3)*	*(6.5)*	*(8.5)*	*(693.6)*
Other non-recurring operating income									(2.1)
Other non-recurring operating expenses									(4.3)
Net finance costs									(121.7)
Other financial income									5.0
Other financial expenses									(40.7)
Income taxes									(362.8)
Share of profit of associates									6.5
Profit for the period									**888.6**

NOTE 2.2. INCOME STATEMENT FOR THE HALF-YEAR ENDED JUNE 30, 2014

(in millions of euros)	Gas and Services Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total	Engineering and Technology	Other activities	Reconciliation	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 3 – Revenue

Consolidated revenue for the 1st half of 2015 amounted to 8,114.6 million euros, up +8.1% compared to the 1st half of 2014 (7,505.5 million euros). After adjusting for the cumulative impact of foreign exchange fluctuations, revenue is up +0.3%.

Note 4 – Depreciation and amortization expense

(in millions of euros)	1st half 2014	1st half 2015
Intangible assets	(46.5)	(50.7)
Property, plant and equipment (PP&E) [a]	(571.3)	(642.9)
TOTAL	**(617.8)**	**(693.6)**

(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 2014	1st half 2015
Expenses		
Reorganization, restructuring and realignment programs costs	(13.2)	(12.9)
Acquisition costs	(1.6)	(3.5)
Others	6.9	12.1
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(7.9)**	**(4.3)**
Income		
Gains or losses on the disposal of activities	2.3	(2.1)
Others	(0.1)	
TOTAL OTHER NON-RECURRING OPERATING INCOME	**2.2**	**(2.1)**
TOTAL	**(5.7)**	**(6.4)**

In the 1st half of 2015:

- the Group incurred -12.9 million euros in realignment programs primarily in advanced economies.

In the 1st half of 2014:

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

Note 6 – Net finance costs

The average cost of net indebtedness stood at 3.9% in the 1st half of 2015 (4.1% for the 1st half of 2014).

Note 7 – Income taxes

	1st half 2014	1st half 2015
Average effective tax rate (%) [(a)]	29.3%	29.2%

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

Note 8 – Employee benefits

The expense recognized for pension and other employee benefits totaled 57.2 million euros in the 1st half of 2015 and can be broken down as follows:

(in millions of euros)	1st half 2014	1st half 2015
Service cost	20.8	22.3
Interest cost on the net defined benefit liability	25.3	17.4
Others [a]	(10.0)	(10.3)
Defined benefit plans	**36.1**	**29.4**
Defined contribution plans	**23.8**	**27.8**
TOTAL	**59.9**	**57.2**

(a) Including the impact of plan amendments in the United States in 2014 and 2015 as well as the impact of plan amendments in Switzerland and in Canada in 2015.

Note 9 – Net earnings per share

NOTE 9.1 BASIC EARNINGS PER SHARE

	1st half 2014	1st half 2015
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	755.2	849.4
Weighted average number of ordinary shares outstanding	343,094,668	342,824,901
Basic earnings per share *(in euros)*	**2.20**	**2.48**

NOTE 9.2 DILUTED EARNINGS PER SHARE

	1st half 2014	1st half 2015
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**755.2**	**849.4**
Weighted average number of ordinary shares outstanding	343,094,668	342,824,901
Adjustment for dilutive impact of share subscription options	887,688	1,328,339
Adjustment for dilutive impact of conditional grant of shares	236,320	244,371
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**344,218,676**	**344,397,611**
Diluted earnings per share *(in euros)*	**2.19**	**2.47**

All instruments that could dilute net profit attributable to ordinary shareholders of the parent company are included in the calculation of diluted earnings per share.

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

Note 10 – Goodwill

(in millions of euros)	As of December 31, 2014	Goodwill recognized during the period	Foreign exchange differences	As of June 30, 2015
Goodwill	5,681.1	131.5	186.4	5,999.0

Goodwill recognized during the 1st half of 2015 include in particular goodwill following the acquisition of OMT GmbH & Co. KG in Germany. In accordance with IFRS3 Revised, the final measurement of provisional goodwill shall be finalized in the twelve months following the acquisition.

The Group performed a review of goodwill as of June 30, 2015 and did not identify any indications of impairment loss.

Note 11 – Investments in associates

(in millions of euros)	As of December 31, 2014	Share of profit for the period	Dividend distribution	Foreign exchange differences	Other movements	As of June 30, 2015
Investments in associates	100.4	6.5	(7.8)	5.4	7.2	111.7

Note 12 – Deferred taxes

(in millions of euros)	As of December 31, 2014	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, 2015
Deferred tax assets	245.5	10.2	(19.5)	7.0	10.1	14.5	267.8
Deferred tax liabilities	(1,187.7)	(55.0)	(25.0)	(61.0)	(2.0)	2.6	(1,328.1)
DEFERRED TAX (NET)	**(942.2)**	**(44.8)**	**(44.5)**	**(54.0)**	**8.1**	**17.1**	**(1,060.3)**

(a) Relate to deferred taxes recognized in other items in the statement of net income and gains and losses recognized directly in equity: -7.6 million euros for the change in the fair value of derivatives and -36.9 million euros for actuarial gains and losses.

Note 13 – Working capital requirement

The increase in the working capital requirement for 578.3 million euros presented in the consolidated cash flow statement mainly comes from Gas and Services and Other activities for 320.3 million euros and from the Engineering and Technology activity for 210.7 million euros.

Note 14 – Shareholders' equity

SHARE SUBSCRIPTION PLANS

The expense relating to share subscription options and to conditional share grants allotted by the Group amounted to 10.9 million euros in the 1st half of 2015 (compared to 8.4 million euros in the 1st half of 2014).

Note 15 – Provisions, pensions and other employee benefits

(in millions of euros)	As of December 31, 2014	Increase	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements	As of June 30, 2015
Pensions and other employee benefits	1,794.8	11.5	(54.4)		(79.5) [b]	17.5			1,689.9
Restructuring plans / realignment programs	51.2	2.0	(14.9)	(0.3)		0.3		0.1	38.4
Guarantees and other provisions of Engineering and Technology activity	73.6	57.6	(26.7)	(9.6)		1.9		(1.3)	95.5
Dismantling	188.2		(0.1)		3.6	3.5		(3.3)	191.9
Other provisions [a]	355.1	13.1	(12.9)	(30.2)		2.0	3.8	8.1	339.0
TOTAL PROVISIONS	**2,462.9**	**84.2**	**(109.0)**	**(40.1)**	**(75.9)**	**25.2**	**3.8**	**3.6**	**2,354.7**

(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 2015, 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 for -96.9 million euros explains the decrease in pension provisions.

Note 16 – Borrowings

	December 31, 2014			June 30, 2015		
	Carrying amount			Carrying amount		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds and private placements	4,985.6	562.4	5,548.0	5,852.8	199.9	6,052.7
Commercial paper programs		375.1	375.1		1,175.2	1,175.2
Bank debt and other financial debt	862.0	389.3	1,251.3	780.7	517.0	1,297.7
Finance leases	18.8	5.8	24.6	19.6	12.0	31.6
Put options granted to minority shareholders	17.4		17.4	62.9		62.9
TOTAL BORROWINGS (A)	**5,883.8**	**1,332.6**	**7,216.4**	**6,716.0**	**1,904.1**	**8,620.1**
TOTAL CASH AND CASH EQUIVALENTS (B)		**910.1**	**910.1**		**693.5**	**693.5**
NET INDEBTEDNESS (A) - (B)	**5,883.8**	**422.5**	**6,306.3**	**6,716.0**	**1,210.6**	**7,926.6**

Total borrowings increased by 1,403.7 million euros between December 31, 2014 and June 30, 2015.

Bond issues during the 1st half of 2015 were as follows:

- a public bond issue on the Taiwanese market for 500 million renminbis (equivalent to 72 million euros) maturing on January 23, 2022, at a fixed rate of 3.97%;
- a public bond issue, for 500 million euros, maturing on June 3, 2025, at a fixed rate of 1.25%, whose issue rate was hedged in 2014;
- a bond issue (private placement), for 250 million euros, maturing on June 26, 2017, at a 3-month Euribor floating rate +0.21%;
- a bond issue (private placement), for 170 million euros, maturing on June 30, 2018, at a 3-month Euribor floating rate +0.30%.

These issues were performed by Air Liquide Finance S.A. under the EMTN program and guaranteed by L'Air Liquide S.A.

In June, the bond issue for 500 million euros was used to refinance the bond maturities of L'Air Liquide S.A. for 256 million euros (par value) and Air Liquide Finance S.A. for 250 million euros (par value), both of which matured in June 2015.

Short-term borrowings (maturing in less than 12 months) increased by 571.5 million euros compared to December 31, 2014, following:

- the repayment of two bond issues for 506 million euros;
- the reclassification to current borrowings of a long-term bond issue maturing in June 2016 and amounting to 200 million euros;
- offset by the increased use of the commercial paper program, which amounted to 1,175 million euros as of June 30, 2015 against 375 million euros as of December 31, 2014.

Note 17 – Commitments

There was no significant change in commitments compared to December 31, 2014.

Note 18 – Dividend per share

The 2014 dividends on ordinary shares declared and paid on May 20, 2015 was 924.7 million euros (including the additional premium and tax on dividends), and amounted to 2.55 euros per share excluding tax.

The Amended Finance Act enacted in August 2012 introduced an additional 3% contribution on cash dividends. L'Air Liquide S.A. is subject to the tax for dividends paid in May 2015, which amounted to 26.9 million euros. The Group considers it as a cost associated with the dividend distribution, and has therefore decided 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 arrangements 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 which has affected in the recent past or which is likely to materially affect its financial situation or profitability.

During the 1st half of 2015, no new event came up regarding contingent liabilities disclosed in the Group's consolidated financial statements as of December 31, 2014.

Note 21 – Post-balance sheet events

There were no significant post-balance sheet events.

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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 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, 2015; 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 presented 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 30, 2015

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Isabelle Sapet	Daniel Escudeiro	Jean-Yves Jégourel	Pierre-Yves Cäer

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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, 2015 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 30, 2015

Benoît Potier

Chairman and CEO

NOTES

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Air Liquide - Company established for the study and application of processes developed by Georges Claude with issued capital of 1,897,386,986.00 euros

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