Linde Interim Report.
January to September 2010.

Q3

LeadIng.

THE LINDE GROUP

Linde financial highlights

in € million		January to September 2010	2009	Change
Share				
Closing price	€	95.48	74.08	28.9 %
Year high	€	97.81	76.45	27.9 %
Year low	€	76.70	48.80	57.2 %
Market capitalisation		16,200	12,493	29.7 %
Adjusted earnings per share [1]	€	4.88	3.38	44.4 %
Earnings per share – undiluted	€	4.13	2.47	67.2 %
Number of shares outstanding (in 000s)		169,670	168,642	0.6 %
Sales		9,405	8,313	13.1 %
Operating profit		2,145	1,741	23.2 %
Operating margin		22.8 %	20.9 %	+190 bp[3]
EBIT before amortisation of fair value adjustments		1,424	1,079	32.0 %
Earnings after taxes on income		748	456	64.0 %
Number of employees [2]		47,934	47,731	0.4 %
Gases Division				
Sales		7,590	6,629	14.5 %
Operating profit		2,055	1,763	16.6 %
Operating margin		27.1 %	26.6 %	+ 50 bp[3]
Engineering Division				
Sales		1,674	1,677	−0.2 %
Operating profit		184	145	26.9 %
Operating margin		11.0 %	8.6 %	+ 240 bp[3]

1 Adjusted for the effects of the purchase price allocation and non-recurring items.

2 At 30 September 2010/31 December 2009.

3 Basis points.

Linde Interim Report. January to September 2010.

January to September 2010: Linde continues positive business performance and stays on track for record profits

→ Group sales up 13.1 percent to EUR 9.405 bn

→ 23.2 percent growth in Group operating profit[1] to EUR 2.145 bn outpaces increase in sales

→ Significant improvement in Group operating margin of 190 basis points to 22.8 percent

→ Increase in earnings per share to EUR 4.13 (2009: EUR 2.47)

→ Group outlook for 2010 reaffirmed:
Growth in sales expected, with operating profit increasing at a faster rate than sales
Group operating profit expected to exceed record year 2008

[1] Operating profit: EBITDA before non-recurring items, including share of net income from associates and joint ventures.

Group Interim Management Report

General economic environment

The general economic recovery evident in the first six months of 2010 continued to strengthen in the third quarter. However, risks are still attached to the upturn, as the consequences of the economic crisis have not yet been fully resolved.

During the reporting period, the highest growth rates were once again to be seen in Asia. In China, in particular, the economy continued to see dynamic trends, despite the adoption of economic policies designed to slow down certain industry sectors. The general improvement in the global economic situation also contributed to a further stabilisation of demand in Europe and the US. The more mature economies were able to benefit from the rise in exports to the emerging nations.

Blocking the return to self-sustaining global economic growth, however, are numerous structural imbalances arising from the worldwide recession. Thus, it is expected that governments in Europe and the US will gradually scale back their economic programmes and redirect their financial and economic policies to reducing their public deficits. Other risk factors which might jeopardise stable global economic growth are the continuing high level of unemployment in the US and the ongoing restructuring of the property and financial markets. The structural development potential of the emerging economies is therefore likely to remain the most significant growth driver for global gross domestic product (GDP) for the foreseeable future.

In its most recent forecasts, Global Insight predicts a rise in global GDP in 2010 of 3.6 percent, the same growth rate as was predicted when our half-year (H1) financial report for 2010 went to press. Global Insight is now forecasting economic growth in the US of only 2.6 percent (H1 report: 3.4 percent). Against the background of positive trends over the past few months, however, the forecasts for Western Europe and the eurozone were revised up to 1.7 percent and 1.5 percent respectively (H1 report: 1.2 percent and 1.0 percent respectively). Economists again expect China to achieve the highest growth rates. Global Insight is now expecting an increase in GDP here of 10.2 percent (H1 report: 10.9 percent). A 5.7 percent rise in GDP is being predicted for South America (H1 report: 4.6 percent) and a 3.5 percent rise (H1 report: 3.4 percent) for the Africa and South Pacific region.

Group

In the third quarter of 2010, the technology group The Linde Group saw a continuation of its positive business performance in the first six months of the year, achieving significant growth in Group sales and Group operating profit by 30 September 2010. In the first nine months of the current financial year, Group sales rose by 13.1 percent compared with the prior-year period to EUR 9.405 bn (2009: EUR 8.313 bn). After adjusting for exchange rate effects, the increase in sales was 6.5 percent.

Linde has again improved its profitability, achieving a 23.2 percent increase in Group operating profit during the reporting period to EUR 2.145 bn (2009: EUR 1.741 bn). Once more operating profit has risen at a faster rate than sales. The Group operating margin was 22.8 percent, 190 basis points above the figure for the prior-year period of 20.9 percent. If an adjustment is made for the one-off restructuring costs of EUR 80 m recognised in the prior-year period, the increase in the Group operating margin is 90 basis points.

The significant improvement in profitability is evidence that Linde is continuing to make good progress with the rigorous implementation of HPO (High Performance Organisation), its integrated concept for sustainable process optimisation and increased productivity.

As regards financing, the Group benefited during the first nine months of 2010 from the fact that interest rates remained generally low. The net financial expense for the nine months to 30 September 2010 was EUR 230 m (2009: EUR 247 m).

Earnings before taxes on income reached EUR 1.003 bn, significantly exceeding the figure for the comparable prior-year period of EUR 611 m by 64.2 percent. Earnings after tax rose by 64.0 percent to EUR 748 m (2009: EUR 456 m). After adjusting for minority interests, earnings attributable to Linde AG shareholders were EUR 698 m (2009: EUR 417 m). Earnings per share increased as a result by 67.2 percent to EUR 4.13 (2009: EUR 2.47). On an adjusted basis, i.e. after adjusting for the effects of the purchase price allocation in the course of the BOC acquisition, earnings per share stood at EUR 4.88 (2009: EUR 3.38).

Gases Division

In the wake of the general economic recovery, the increase in demand in the international gases business also continued to stabilise in the course of 2010. Linde benefited from the improvement in the economic climate, given the Group's global footprint and its strong position in emerging economies in particular.

Sales in the Gases Division in the nine months to 30 September 2010 grew 14.5 percent to EUR 7.590 bn, compared with the figure of EUR 6.629 bn for the prior-year period. On a comparable basis, i.e. after adjusting for exchange rate effects, changes in the price of natural gas and changes to Group structure, the increase in sales was 5.7 percent.

The Group's share of sales from its interests in joint ventures, which is not included in Group sales in accordance with accounting standards, was EUR 263 m in the reporting period, compared with EUR 227 m in the nine months to 30 September 2009.

The Gases Division achieved a 16.6 percent increase in operating profit to EUR 2.055 bn (2009: EUR 1.763 bn). The growth in operating profit outpaced the increase in sales. The operating margin improved by 50 basis points to 27.1 percent (2009: 26.6 percent). This further increase in profitability is mainly due to the positive impact of the efficiency improvement and process optimisation measures within the framework of HPO. Also in evidence here is the higher level of capacity utilisation in production plants in the first nine months of 2010 than in the prior-year period.

The share of net income from associates and joint ventures in the Gases Division in the reporting period included in the operating profit was EUR 63 m, 18.9 percent above the figure for the prior-year period of EUR 53 m. This improvement was due primarily to the good business performance of the joint ventures in China.

Looking at business trends in the individual operating segments in the Gases Division, it is clear that the pace of economic recovery continues to vary from region to region. The highest growth rates during the first nine months of 2010 were once again to be seen in the emerging economies of Asia, especially China, and in South America. At the same time, the economic recovery continued in the more mature markets, such as the US and Western Europe. As expected, growth rates in these economies failed to reach the same levels as those being achieved in the emerging nations, but even here significant demand momentum was being seen once more, especially in the energy and environmental sectors.

Western Europe

In the Western Europe operating segment, Linde achieved sales growth in the nine months to 30 September 2010 of 7.2 percent to EUR 3.002 bn (2009: EUR 2.801 bn). On a comparable basis, the growth in sales was 3.6 percent. Operating profit again increased at a faster rate than sales, rising by 12.1 percent to EUR 877 m (2009: EUR 782 m). This resulted in an operating margin of 29.2 percent, 130 basis points above the figure for the prior-year period of 27.9 percent. Here too, the rigorous implementation of the various productivity improvement and process standardisation initiatives which form part of the HPO programme had a positive impact.

The economic recovery in Western Europe continued to strengthen in the course of 2010. In the on-site (tonnage) product area, the capacity of existing plants was better utilised than in the prior year. Linde also started up new on-site plants in Germany and Austria in the first nine months of 2010. In addition, in the third quarter of 2010, a major new plant was brought on stream in the UK. This plant will be used by Linde to meet increasing demand from long-standing customer Corus at its major steel site in Scunthorpe.

After seeing a revival in the liquefied gases business in Western Europe since the beginning of the year, Linde has also experienced an increase in demand for cylinder gases over the past few months.

As in the first six months of 2010, sales growth in the Western Europe operating segment has been slowed down by the fact that there is a contractual obligation to pass through the lower energy prices in the UK.

Irrespective of general trends in industrial demand, Linde was able to provide additional impetus to its business in Western Europe by offering new gases applications: for example, the Group was awarded a contract by its Swedish steel customer SSAB to install a particularly energy-efficient REBOX® HHL oxyfuel system. This oxyfuel system, the largest in the world, is used in the heating furnace and will enable SSAB to increase its production by 10 percent, while at the same time achieving double-digit percentage reductions in its energy costs and emissions.

Americas

In the Americas operating segment, Linde achieved 14.5 percent sales growth in the first nine months of 2010 to EUR 1.700 bn (2009: EUR 1.485 bn). On a comparable basis, sales rose 8.5 percent. The equivalent increase in sales for the first six months of 2010 was 7.2 percent. Business in both North and South America contributed to this improved trend.

Operating profit increased in the nine months to 30 September 2010 by 19.3 percent to EUR 377 m (2009: EUR 316 m). This resulted in an operating margin of 22.2 percent, 90 basis points above the figure for the prior-year period of 21.3 percent. Linde was able to more than offset the dilution of the operating margin as a result of the contractual obligation to pass through higher natural gas prices to its customers, boosted by the successful implementation of the HPO measures designed to optimise costs and increase efficiency.

In North America, the improvement in the general economic situation also resulted in higher demand for industrial gases. In the on-site product area, average plant capacity utilisation was above that for the prior-year period. In addition, Linde brought new hydrogen plants on stream during the reporting period for customers in the US. Capacity in the liquefied gases product area was also increased. In Medford, Oregon, a production plant for high-purity carbon dioxide (CO_2) was brought on stream, which will be used to supply customers with electronic gases and specialty gases.

The new liquefied gas plant in Fulton, New York, is another example of the Gases Division becoming increasingly active in new environmentally friendly technologies. In a partnership with the ethanol producer Sunoco, Linde purifies the carbon dioxide which arises during the production of this biofuel and uses the purified carbon dioxide to meet the rising demand from liquefied gas customers in the food and chemical industries in New York State, New Jersey, Pennsylvania and New England.

In the South American region, the recovery in demand accelerated further in the first nine months of the year. Against this background, Linde achieved double-digit growth rates here in the nine months to 30 September 2010. Healthy economic trends in Brazil, Chile and Argentina had a particularly positive impact on business trends in the on-site and liquefied gases product areas. Growth in the Healthcare product area remained at a consistently high level.

During the reporting period, the Brazilian competition authority CADE imposed fines on a number of leading gases companies, including Linde's Brazilian subsidiary, on the grounds of alleged anticompetitive business conduct in the years 1998 to 2004. Seen from today's perspective, Linde assumes that this decision will not stand up to judicial review.

Asia & Eastern Europe

Uninterrupted economic dynamism in Asia and the nascent recovery in Eastern Europe enabled Linde to achieve a high rate of growth in the Asia & Eastern Europe operating segment. In the nine months to 30 September 2010, sales rose 21.8 percent to EUR 1.636 bn (2009: EUR 1.343 bn). On a comparable basis, the increase in sales was 11.7 percent. Operating profit improved by 18.3 percent to EUR 491 m (2009: EUR 415 m). The operating margin was once again very high, at 30.0 percent (2009: 30.9 percent). To ensure that this profitability is maintained, Linde is continuing the stringent application of its HPO concept here as well.

Strong growth in the Greater China region and in the markets of South and East Asia continued in the third quarter of 2010. In China, Linde achieved double-digit growth rates in all product areas, against a background of continuing wide-ranging economic dynamism. With its integrated business model, the Group also benefited from ever-rising demand for liquefied and cylinder gases in the industrial zones. In the on-site product area, business trends were also boosted by the start-up of several new plants. Linde won a deal to build two industrial-scale on-site air separation units for the Chinese steel corporation Taiyuan Iron & Steel Company Limited (TISCO) at its Taiyuan site. The contract, signed by both parties during the period under review, has a total investment value of around EUR 100 m. The project will be managed by BOC-TISCO Gases, the 50/50 gases joint venture set up by Linde and TISCO. Linde's Engineering Division will construct the two new plants for BOC-TISCO Gases.

In India, Linde agreed a number of new contracts in the past few months. In addition, business performance here was affected by a significant increase in demand from existing customers. The Group was also able to achieve considerable growth in other major markets such as Thailand and Korea over a wide range of customers and products. By the end of 2011, Linde will have completed the construction of the largest carbon dioxide plant in Malaysia, which will in future be able to continue to meet the rising demand for this gas in the region.

Markets in Eastern Europe, slow at the beginning of the year, became increasingly stable as the year progressed. In the past nine months, Linde has observed a significant improvement in capacity utilisation of its on-site plants in these regions. At the same time, since the second quarter of 2010 there has been a revival in the liquefied and cylinder gases business.

South Pacific & Africa

In the South Pacific & Africa operating segment, Linde achieved sales growth in the first nine months of 2010 of 25.7 percent to EUR 1.322 bn (2009: EUR 1.052 bn). This substantial increase was almost entirely due to the positive impact of the exchange rates for the Australian dollar and the South African rand. On a comparable basis, there was a slight increase of 1.4 percent in sales compared with the prior-year period.

Operating profit, which was also boosted by exchange rate effects, rose 24.0 percent to EUR 310 m (2009: EUR 250 m). The operating margin achieved was 23.4 percent (2009: 23.8 percent).

In the South Pacific region, demand has risen again since the beginning of the year, although the economy in this region proved much more robust in 2009, the year of the crisis, and the base effect is therefore less significant. In the LPG (Liquefied Petroleum Gas) business, a seasonal recovery was to be seen in the third quarter of 2010, due to colder winter weather.

In Africa, industrial demand, the main driver of the liquefied and cylinder gases business, has remained weak in the past few months. In South Africa, the sustained high value of the rand is resulting in a competitive disadvantage in international trade and is therefore also having the effect of slowing local industrial production.

Similarly, significant growth trends have not been evident so far this year in other major African markets such as Kenya and Nigeria.

Product areas

Business performance in the individual product areas reflects the positive trends overall in the Gases Division. In the on-site business, where we supply gases on site to major customers, Linde achieved the highest rate of sales growth. On a comparable basis, after adjusting for exchange rate effects, changes in the price of natural gas and changes to Group structure, sales here increased in the nine months to 30 September 2010 by 11.2 percent to EUR 1.818 bn (2009: EUR 1.635 bn). Linde benefited from the continuing revival in the utilisation of existing plant capacity, as well as from start-ups of new plants.

In the liquefied gases business, sales for the first nine months of the year were EUR 1.847 bn. On a comparable basis, this was a 6.7 percent increase over the figure for the prior-year period of EUR 1.731 bn.

As expected, the cylinder gas product area continued to recover in the course of the year. In the nine months to 30 September 2010, Linde achieved sales growth in this business on a comparable basis of 2.8 percent to EUR 3.091 bn (2009: EUR 3.008 bn). The increase in sales in the first six months of the year was 1.7 percent.

In the Healthcare product area, Linde was also able to continue to grow steadily in the first nine months of 2010. Sales here rose 3.5 percent to EUR 834 m (2009: EUR 806 m).

Gases Division

	January to September 2010			January to September 2009		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	3,002	877	29.2	2,801	782	27.9
Americas	1,700	377	22.2	1,485	316	21.3
Asia & Eastern Europe	1,636	491	30.0	1,343	415	30.9
South Pacific & Africa	1,322	310	23.4	1,052	250	23.8
Consolidation	–70	–	–	–52	–	–
Gases Division	**7,590**	**2,055**	**27.1**	**6,629**	**1,763**	**26.6**

Gases Division

	3rd Quarter 2010			3rd Quarter 2009		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	1,023	305	29.8	952	276	29.0
Americas	605	129	21.3	492	106	21.5
Asia & Eastern Europe	570	168	29.5	466	149	32.0
South Pacific & Africa	489	116	23.7	386	94	24.4
Consolidation	–28	–	–	–17	–	–
Gases Division	**2,659**	**718**	**27.0**	**2,279**	**625**	**27.4**

Engineering Division

In the international plant construction business, a late-cycle sector, demand has increasingly stabilised in the course of 2010. As the economy picked up, Linde's Engineering Division noted a revival in investment activity in the four major product segments (olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants). Small and medium-sized projects in particular were increasingly being commissioned.

Sales in the Engineering Division in the nine months to 30 September 2010 were EUR 1.674 bn, almost the same as the figure for the prior-year period of EUR 1.677 bn. Operating profit rose 26.9 percent to EUR 184 m (2009: EUR 145 m). Due to the successful execution of a number of individual projects, the operating margin improved from 8.6 percent in the first nine months of 2009 to 11.0 percent in the first nine months of 2010. Linde had set its own target margin of 8 percent, which is above the industry average, and has therefore once again significantly exceeded that target.

The overall improvement in the economic environment is reflected in order intake. New orders in the Engineering Division at 30 September 2010 stood at EUR 1.538 bn, a 1.6 percent improvement on the prior-year figure of EUR 1.514 bn. When making this comparison, it should be noted that order intake in 2009 was significantly affected by a single major project in Abu Dhabi worth USD 1.075 bn. In contrast, order intake in 2010 has consisted to date of a number of small and medium-sized projects. New orders were received from third-party customers as well as from the Group's Gases Division. Sample wins include a joint engineering, procurement and construction contract with Samsung Engineering Co. (South Korea) awarded by Tasnee Sahara Olefins Co. and Dow Chemical for the first part of an acrylic acid complex being built at Al Jubail in Saudi Arabia. Linde expects follow-on deals in this multi-step project.

The breadth of the nascent economic recovery can be seen from the regional spread of order intake. As expected, a significant proportion of new orders came once again from structurally expanding economic areas such as the Asia/Pacific region and the Middle East, which accounted for 35.1 percent and 16.2 percent of the order intake respectively. In the first nine months of 2010, 11.6 percent of new orders came from Africa. 25.8 percent of the order intake was from Europe and 9.0 percent from North America. This is the first sign that the willingness to invest is gradually increasing, even in the mature Western economies.

Order intake was also spread across different plant types. In the nine months to 30 September 2010, air separation plants had a 30.8 percent share of order intake, while the share held by olefin plants was 27.8 percent. 13.3 percent of new orders during the reporting period related to natural gas plants and 18.1 percent to hydrogen and synthesis gas plants.

The spread across regions and plant types reflects continuing dynamic growth in the emerging economies and a high level of demand in the energy and environmental sectors. An example of this is the first contract won by Linde in 2010 from India to construct a sulphur recovery plant. Linde's Engineering Division will also benefit in the future from these structural growth drivers. The Group will be able to continue to build on a very robust order book. The order backlog at 30 September 2010 was EUR 4.141 bn (31 December 2009: EUR 4.215 bn).

Engineering Division

	3rd Quarter		January to September	
in € million	2010	2009	2010	2009
Sales	579	564	1,674	1,677
Order intake	576	215	1,538	1,514
Order backlog at 30.09./31.12.	–	–	4,141	4,215
Operating profit	61	55	184	145
Margin in %	10.5	9.8	11.0	8.6

Engineering Division – Order intake by region

	January to September			
in € million	2010	in percent	2009	in percent
Europe	397	25.8	260	17.2
North America	138	9.0	88	5.8
South America	35	2.3	105	6.9
Asia/Pacific	540	35.1	145	9.6
Middle East	249	16.2	876	57.9
Africa	179	11.6	40	2.6
Total	**1,538**	**100.0**	**1,514**	**100.0**

Engineering Division – Order intake by region

	3rd Quarter			
in € million	2010	in percent	2009	in percent
Europe	145	25.2	91	42.3
North America	17	3.0	20	9.3
South America	27	4.7	3	1.4
Asia/Pacific	257	44.5	43	20.0
Middle East	106	18.4	21	9.8
Africa	24	4.2	37	17.2
Total	**576**	**100.0**	**215**	**100.0**

Engineering Division – Order intake by plant type

	January to September			
in € million	2010	in percent	2009	in percent
Olefin plants	427	27.8	964	63.7
Natural gas plants	204	13.3	129	8.5
Hydrogen and synthesis gas plants	279	18.1	153	10.1
Air separation plants	474	30.8	145	9.6
Other	154	10.0	123	8.1
Total	**1,538**	**100.0**	**1,514**	**100.0**

Engineering Division – Order intake by plant type

	3rd Quarter			
in € million	2010	in percent	2009	in percent
Olefin plants	197	34.2	23	10.7
Natural gas plants	10	1.7	44	20.5
Hydrogen and synthesis gas plants	87	15.1	71	33.0
Air separation plants	222	38.6	33	15.3
Other	60	10.4	44	20.5
Total	**576**	**100.0**	**215**	**100.0**

Finance

Net cash inflow (free cash flow before financing activities) increased during the reporting period by 22.7 percent to EUR 870 m (2009: EUR 709 m). Cash flow from operating activities was EUR 1.533 bn, 7.7 percent above the figure for the first nine months of 2009 of EUR 1.424 bn. This increase was mainly due to the significant improvement in earnings before tax. Compared with the prior-year period, this effect was partially offset by the increase in working capital resulting from the rise in business volumes. Net cash outflow from investing activities in the nine months to 30 September 2010 was EUR 663 m (2009: EUR 715 m). Cash outflows for investments in tangible and intangible assets in the reporting period, including plants held under leases in accordance with IFRIC 4, were EUR 764 m, a similar figure to that for the first nine months of 2009 (EUR 766 m).

Total assets have increased since the balance sheet date, 31 December 2009, by 6.2 percent or EUR 1.505 bn to EUR 25.886 bn. Non-current assets rose by EUR 1.077 bn. This increase was mainly due to capital expenditure in the reporting period and to exchange rate effects. The investment in non-current assets relates principally to new tonnage projects. Net financial debt (financial debt less cash and cash equivalents and securities) fell by EUR 147 m from EUR 6.119 bn at 31 December 2009 to EUR 5.972 bn at 30 September 2010. The dynamic debt ratio (net financial debt divided by operating profit) has been reduced to 2.1 over the past twelve months. The figure at 31 December 2009 was 2.6.

The Linde Group is financed on a long-term basis, as can be seen from the maturity profile of the financial debt. Of the total financial debt of EUR 6.935 bn (31 December 2009: EUR 6.967 bn), EUR 713 m (31 December 2009: EUR 381 m) is disclosed as current and EUR 6.222 bn (31 December 2009: EUR 6.586 bn) as non-current financial debt. More than 80 percent of the financial debt is repayable after the year 2011. Financial debt repayable within one year is matched by cash and cash equivalents of EUR 947 m and a EUR 2.5 bn syndicated credit facility available until 2015. This syndicated credit facility, which was agreed in May 2010, supersedes the syndicated credit to finance the acquisition of BOC agreed in 2006 and the forward start facility agreed in 2009. With this new credit line, Linde is ensuring that it has a solid general liquidity reserve with banks and further increasing its financial security.

On 14 April 2010, the rating agency Standard & Poor's (S & P) raised Linde's long-term rating one notch from BBB+ to A– with a stable outlook. The short-term rating remained at A2. In the same month, the rating agency Moody's also raised its long-term rating of the Group one notch from Baa1 to A3 with a stable outlook. The short-term rating remained at Prime 2.

Equity increased by EUR 1.203 bn from EUR 9.187 bn to EUR 10.390 bn. This increase was due primarily to exchange rate effects and to earnings after tax of EUR 748 m. Movements in actuarial gains and losses on pension provisions, the movement in unrealised gains and losses on derivative financial instruments and the dividend payment all had a negative impact on equity. At 40 percent, the equity ratio was slightly above the figure at 31 December 2009 of 38 percent.

Employees

The number of employees in The Linde Group worldwide at 30 September 2010 was 47,934 (31 December 2009: 47,731). Of this number, 37,383 were employed in the Gases Division and 5,707 in the Engineering Division. The majority of the 4,844 staff we include in the Corporate/Other Activities segment are employed by Gist, our logistics service provider.

Group – Employees by division

	30.09.2010	31.12.2009
Gases Division	37,383	37,362
Engineering Division	5,707	5,716
Corporate/Other Activities	4,844	4,653
Group	**47,934**	**47,731**

Gases Division – Employees by operating segment

	30.09.2010	31.12.2009
Western Europe	12,660	12,814
Americas	6,899	6,970
Asia & Eastern Europe	11,194	10,983
South Pacific & Africa	6,630	6,595
Total	**37,383**	**37,362**

Outlook

Group

The leading economic research institutes are predicting growth for the current year 2010, both in global gross domestic product (GDP) and in global industrial production (IP). Based on economic trends in the past few months, these forecasts have recently been revised upward. However, there remains uncertainty about the sustainability and extent of the recovery. Risk factors which might hamper stable global growth are public debt levels worldwide and the relatively high unemployment figures in the US.

Irrespective of future economic trends, Linde will continue with the rigorous implementation of HPO (High Performance Organisation), its integrated concept designed to achieve sustainable process optimisation and improved productivity. The objective of the Group is still to reduce gross costs by between EUR 650 m and EUR 800 m in the four-year period from 2009 to 2012 as a result of HPO. By the end of the 2009 financial year, Linde had already made cost savings of more than EUR 300 m. It is therefore expected that the impact of cost-efficiency measures will tend to be less pronounced in the current year 2010.

Following its good business performance in the first nine months of 2010 and given predictions of a recovery in the general economy, Linde confirms the forecast set out in its half-year report. The Group is confident that it will achieve a higher level of Group sales and Group operating profit in the 2010 financial year than in 2009. Linde expects to achieve a faster rate of growth in Group operating profit than in Group sales and to exceed the operating profit of record year 2008.

The Group will continue to increase its productivity and improve its business processes through its HPO programme. Linde is thus laying solid foundations for sustainable, profitable growth in a dynamic market which is increasingly characterised by the following megatrends: energy, the environment and economic development in the emerging markets.

Gases Division

The market recovery in the global gases industry continued to gather pace in the course of 2010. It is expected that the increase in demand in the most important end customer segments will be sustained for the rest of the year, as indicated by the most recent economic forecasts.

Linde's original target for the gases business still applies. The Group wants to outperform the market and continue to increase productivity. Linde achieved sales growth in the first nine months of 2010 in all product areas of the Gases Division and expects the positive trends to continue for the rest of the year. In the on-site business, the Group has a well-filled project pipeline, which will continue to make a significant contribution to sales and earnings growth targets in the final quarter of the current financial year. The liquefied and cylinder gases business should benefit from the sustained general economic recovery being forecast. In the Healthcare product area, Linde expects to continue to deliver steady growth.

Given the business performance of the Gases Division in the first nine months of the year, Linde is making its forecast for this division for the full year 2010 more specific. The Group now assumes that its Gases Division will exceed the record levels achieved in 2008 not only for operating profit but also for sales.

Engineering Division

In international plant construction, it is expected that the revival in investment activity which was increasingly evident in the course of 2010 will continue to stabilise.

At EUR 4.141 bn, the order backlog in Linde's Engineering Division remains at a very high level. This will provide a solid foundation for a relatively robust performance over the next two years. Linde continues to project that sales in the Engineering Division in the 2010 financial year will be at least as high as the level achieved in 2009. Based on the positive business performance of this division in the nine months to 30 September 2010, Linde expects to achieve an operating margin for the full financial year of at least 10 percent, which will significantly exceed its 8 percent target.

Linde continues to be well-placed in the global plant construction business and will benefit in the long term in particular from investment in the structural growth drivers energy and environment.

Risk report

Uncertainty about future global economic trends continues. Besides the possibility of a drop in sales volumes if there is another economic slowdown, the potential loss of new business prospects and an increase in the risk of bad debts in our operating business due to the fact that our customers may find it more difficult to make payments (counterparty risk) also represent a risk to the Group. The high level of volatility in the financial markets continues to make it difficult to arrive at an accurate assessment of the future net assets, financial position and results of operations of Linde.

Linde's risk situation has not changed since the 2009 annual report.

Group income statement

	3rd Quarter		January to September	
in € million	2010	2009	2010	2009
Sales	3,301	2,837	9,405	8,313
Cost of sales	2,134	1,855	6,068	5,494
Gross profit on sales	**1,167**	**982**	**3,337**	**2,819**
Marketing and selling expenses	476	398	1,363	1,183
Research and development costs	22	21	66	65
Administration expenses	265	240	787	749
Other operating income	47	41	177	171
Other operating expenses	34	43	116	184
Income from associates and joint ventures (at equity)	19	14	51	49
Financial income	88	89	279	250
Financial expenses	167	178	509	497
Earnings before taxes on income	**357**	**246**	**1,003**	**611**
Taxes on income	92	64	255	155
Earnings after taxes on income	**265**	**182**	**748**	**456**
Attributable to minority interests	12	13	50	39
Attributable to Linde AG shareholders	253	169	698	417
Earnings per share in € – undiluted	1.50	1.00	4.13	2.47
Earnings per share in € – diluted	1.47	1.00	4.08	2.46

Statement of recognised income and expense

in € million	January to September 2010	2009
Unrealised gains/losses on available-for-sale financial assets	–	–
Unrealised gains/losses on derivative financial instruments	–104	56
Currency translation differences	984	488
Actuarial gains/losses on pension provisions	–137	–150
Change in effect of the limit on a defined benefit asset (asset ceiling under IAS 19.58)	10	–12
Gains and losses recognised directly in equity	**753**	**382**
Earnings after taxes on income	**748**	**456**
Total gains and losses recognised	**1,501**	**838**
Of which attributable to		
Linde AG shareholders	1,421	792
Minority interests	80	46

Group balance sheet

in € million	30.09.2010	31.12.2009
Assets		
Goodwill	7,641	7,297
Other intangible assets	3,406	3,318
Tangible assets	8,083	7,566
Investments in associates and joint ventures (at equity)	632	559
Other financial assets	362	375
Receivables from financial services	560	570
Other receivables and other assets	493	447
Deferred tax assets	283	251
Non-current assets	**21,460**	**20,383**
Inventories	949	966
Receivables from financial services	79	75
Trade receivables	1,851	1,607
Other receivables and other assets	505	404
Income tax receivables	70	98
Securities	16	17
Cash and cash equivalents	947	831
Non-current assets held for sale and disposal groups	9	–
Current assets	**4,426**	**3,998**
Total assets	**25,886**	**24,381**

Group balance sheet

in € million	30.09.2010	31.12.2009
Equity and liabilities		
Capital subscribed	434	432
Capital reserve	5,152	5,103
Revenue reserves	4,522	4,259
Cumulative changes in equity not recognised through the income statement	–209	–1,058
Total equity excluding minority interests	**9,899**	**8,736**
Minority interests	491	451
Total equity	**10,390**	**9,187**
Provisions for pensions and similar obligations	1,199	1,098
Other non-current provisions	457	443
Deferred tax liabilities	1,832	1,780
Financial debt	6,222	6,586
Liabilities from financial services	15	17
Trade payables	2	2
Other non-current liabilities	189	152
Liabilities from income taxes	98	104
Non-current liabilities	**10,014**	**10,182**
Other current provisions	1,438	1,468
Financial debt	713	381
Liabilities from financial services	9	11
Trade payables	2,238	2,133
Other current liabilities	981	886
Liabilities from income taxes	96	133
Liabilities directly associated with non-current assets classified as held for sale	7	–
Current liabilities	**5,482**	**5,012**
Total equity and liabilities	**25,886**	**24,381**

Group cash flow statement

in € million	January to September 2010	2009
Earnings before taxes on income	**1,003**	**611**
Adjustments to earnings before tax to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	912	883
Write-down of financial assets	–	4
Profit/loss on disposal of non-current assets	–14	–13
Net interest	195	207
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	33	36
Income from associates and joint ventures (at equity)	–51	–49
Distributions/dividends received from operating associates and joint ventures	35	41
Income taxes paid	–241	–236
Changes in assets and liabilities		
Change in inventories	–10	23
Change in trade receivables	–181	26
Change in provisions	–219	–76
Change in trade payables	65	–24
Change in other assets and liabilities	6	–9
Cash flow from operating activities	**1,533**	**1,424**
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4/IAS 17	–764	–766
Payments for investments in consolidated companies	–10	–60
Payments for investments in non-current financial assets	–25	–21
Payments for investments in current financial assets	–1	–88
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from financial services in accordance with IFRIC 4/IAS 17	101	110
Proceeds on disposal of non-current financial assets	34	19
Proceeds on disposal of current financial assets	2	91
Cash flow from investing activities	**–663**	**–715**

Group cash flow statement

	January to September	
in € million	2010	2009
Dividend payments to Linde AG shareholders and minority shareholders	–340	–335
Increase in share capital including minority interests and employee shares	37	6
Interest received	170	228
Interest paid	–410	–458
Proceeds of loans and capital market debt	625	860
Cash outflows for the repayment of loans and bonds	–862	–1,173
Change in liabilities from financial services	–5	–5
Cash flow from financing activities	**–785**	**–877**
Net cash inflow/outflow	**85**	**–168**
Opening balance of cash and cash equivalents	**831**	**1,002**
Effects of currency translation and changes in Group structure	31	6
Closing balance of cash and cash equivalents	**947**	**840**

Statement of changes in Group equity

in € million	Capital subscribed	Capital reserve	Revenue reserves: Actuarial gains/losses	Revenue reserves: Retained earnings
At 1 Jan. 2009	431	5,074	−153	4,362
Total gains and losses recognised	–	–	−162	417
Dividend payments	–	–	–	−303
Changes as a result of share option scheme	1	17	–	–
Other changes	–	–	–	−27
At 30 September 2009	432	5,091	−315	4,449
At 31 Dec. 2009/1 Jan. 2010	432	5,103	−357	4,616
Total gains and losses recognised	–	–	−126	698
Dividend payments	–	–	–	−304
Changes as a result of share option scheme	2	49	–	–
Other changes	–	–	–	−5
At 30 September 2010	434	5,152	−483	5,005

Cumulative changes in equity not recognised through the income statement					
Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Total equity excluding minority interests	Minority interests	Total equity
−1,983	5	136	7,872	377	8,249
481	–	56	792	46	838
–	–	–	−303	−32	−335
–	–	–	18	–	18
–	–	–	−27	33	6
−1,502	5	192	8,352	424	8,776
−1,206	4	144	8,736	451	9,187
948	–	−99	1,421	80	1,501
–	–	–	−304	−36	−340
–	–	–	51	–	51
–	–	–	−5	−4	−9
−258	4	45	9,899	491	10,390

Segment information

	Reportable segments			
	Total Gases Division		Engineering Division	
	January to September		January to September	
in € million	2010	2009	2010	2009
Sales to third parties	7,586	6,623	1,423	1,357
Sales to other segments	4	6	251	320
Segment sales	**7,590**	**6,629**	**1,674**	**1,677**
Operating profit	**2,055**	**1,763**	**184**	**145**
Of which share of profit/loss from associates/joint ventures (at equity)	63	53	–	–
Amortisation of intangible assets and depreciation of tangible assets	863	837	27	26
Of which amortisation of fair value adjustments identified in the course of purchase price allocation	175	209	6	6
EBIT (Earnings before interest and tax)	**1,192**	**926**	**157**	**119**

	Gases Division			
	Western Europe		Americas	
	January to September		January to September	
in € million	2010	2009	2010	2009
Sales to third parties	2,987	2,789	1,655	1,452
Sales to other segments	15	12	45	33
Segment sales	**3,002**	**2,801**	**1,700**	**1,485**
Operating profit	**877**	**782**	**377**	**316**
Of which share of profit/loss from associates/joint ventures (at equity)	–	–	19	22
Amortisation of intangible assets and depreciation of tangible assets	288	294	205	213
Of which amortisation of fair value adjustments identified in the course of purchase price allocation	36	43	51	80
EBIT (Earnings before interest and tax)	**589**	**488**	**172**	**103**

	Reportable segments					
	Other Activities		Reconciliation		Total Group	
	January to September		January to September		January to September	
	2010	2009	2010	2009	2010	2009
	396	333	–	–	9,405	8,313
	2	3	–257	–329	–	–
	398	**336**	**–257**	**–329**	**9,405**	**8,313**
	41	**35**	**–135**	**–202**[1]	**2,145**	**1,741**
	–	–	–12	–4	51	49
	22	19	–	1	912	883
	10	6	–	–	191	221
	19	**16**	**–135**	**–203**	**1,233**	**858**

[1] Includes EUR 80 m of restructuring costs.

	Gases Division					
	Asia & Eastern Europe		South Pacific & Africa		Total Gases Division	
	January to September		January to September		January to September	
	2010	2009	2010	2009	2010	2009
	1,628	1,333	1,316	1,049	7,586	6,623
	8	10	6	3	4	6
	1,636	**1,343**	**1,322**	**1,052**	**7,590**	**6,629**
	491	**415**	**310**	**250**	**2,055**	**1,763**
	43	30	1	1	63	53
	212	195	158	135	863	837
	35	34	53	52	175	209
	279	**220**	**152**	**115**	**1,192**	**926**

Additional Comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the nine months ended 30 September 2010 have been drawn up in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the European Union.

A review of the financial statements included in the condensed Group interim financial statements has been performed by KPMG AG Wirtschaftsprüfungsgesellschaft.

We have used the same accounting policies in the condensed Group interim financial statements as those used to prepare the Group financial statements for the year ended 31 December 2009 and have also applied IAS 34 *Interim Financial Reporting*. Since 1 January 2010, the following standards and interpretations have either become effective or have been early adopted in the condensed Group interim financial statements of Linde at 30 September 2010:

- Improvements to International Financial Reporting Standards (2009),
- Amendment to IFRS 2 *Group Cash-settled Share-based Payment Transactions*,
- Amendment to IAS 32 *Financial Instruments: Presentation: Classification of Rights Issues,*
- IFRIC 17 *Distributions of Non-Cash Assets to Owners*,
- IFRIC 18 *Transfer of Assets from Customers*.

The provisions of IFRIC 18 *Transfer of Assets from Customers* are applied to situations in which the Group receives assets from customers in the form of a subsidy and must use the assets to supply the customer. The application of this rule will lead to the recognition by Linde of additional non-current assets and to the recognition of revenue and depreciation associated with those assets. In the first nine months of 2010, the application of IFRIC 18 *Transfer of Assets from Customers* had no impact on the net assets, financial position and results of operations of the Group.

With effect from 1 January 2010, that portion of cumulative changes in equity not recognised through the income statement which relates to minority interests has been allocated directly to minority interests and disclosed accordingly in the statement of changes in Group equity. In compliance with the Amendment to IAS 1 *Presentation of Financial Statements: A Revised Presentation*, this rule is to be applied prospectively from 1 January 2010.

Since 1 January 2010, Venezuela has been classified as a hyperinflationary economy in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. As a result, the activities of Linde in this country are no longer accounted for on a historic cost basis but after adjustments for the effects of inflation.

In addition to the changes mentioned above, the following new or revised standards and interpretations have been issued by the IASB and IFRIC. These have not been applied in the condensed Group interim financial statements for the nine months ended 30 September 2010, as they are either not yet mandatory or have not yet been adopted by the European Commission:

- IFRS 9 *Financial Instruments*,
- Revised IAS 24 *Related Party Disclosures*,
- Improvements to International Financial Reporting Standards (2010),
- Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*,
- IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments*.

The impact on the presentation of the net assets, financial position and results of operations of The Linde Group of the standards and interpretations which have not been applied is not expected to be significant overall.

[2] Changes in Group structure

The condensed Group interim financial statements comprise Linde AG and all the companies over which Linde AG exercises direct or indirect control by virtue of its power to govern their financial and operating policies.

The companies included in the condensed Group interim financial statements of The Linde Group comprise the following:

Changes in the base of consolidation

	As at 31.12.2009	Additions	Disposals	As at 30.09.2010
Consolidated subsidiaries	**507**	**17**	**33**	**491**
Of which within Germany	26	–	3	23
Of which outside Germany	481	17	30	468
Other investments	**79**	**7**	**18**	**68**
Of which within Germany	2	1	1	2
Of which outside Germany	77	6	17	66
Companies accounted for using the equity method	**57**	**3**	**11**	**49**
Of which within Germany	–	–	–	–
Of which outside Germany	57	3	11	49

At 30 September 2010, the propane gas business in Switzerland was disclosed in non-current assets and liabilities classified as held for sale. The assets and liabilities disclosed comprise mainly land and buildings, cylinders and other distribution assets and the liabilities directly associated with those assets. The contract relating to the disposal of this business was signed on 22 October 2010 and the transaction is expected to be completed in the fourth quarter of 2010.

[3] Foreign currency translation

The financial statements of companies outside the European Monetary Union are translated in accordance with the functional currency concept. For all our companies, we translate items in the balance sheet using the spot rate and items in the income statement using the average rate.

The principal exchange rates used are as follows:

Exchange rate € 1 =	ISO code	Mid-rate on balance sheet date		Average rate January to September	
		30.09.2010	31.12.2009	2010	2009
Argentina	ARS	5.40160	5.44250	5.122300	5.065720
Australia	AUD	1.40650	1.59560	1.467220	1.823470
Brazil	BRL	2.31580	2.49580	2.344670	2.838180
Canada	CAD	1.40530	1.50570	1.364020	1.594080
China	CNY	9.11020	9.77520	8.962990	9.340160
Czech Republic	CZK	24.59300	26.38800	25.453540	26.603680
Hungary	HUF	277.46000	270.57000	275.250460	283.391390
Malaysia	MYR	4.20450	4.90250	4.288990	4.868830
Norway	NOK	7.97660	8.29800	7.996160	8.847280
Poland	PLN	3.98600	4.10540	4.003550	4.376080
South Africa	ZAR	9.48270	10.61040	9.816840	11.859860
South Korea	KRW	1,552.79000	1,669.71000	1,531.283220	1,788.353330
Sweden	SEK	9.15670	10.24750	9.655940	10.708570
Switzerland	CHF	1.33120	1.48270	1.401660	1.510440
Turkey	TRY	1.97320	2.14810	2.001980	2.148510
UK	GBP	0.85920	0.88620	0.857920	0.886710
USA	USD	1.36190	1.43180	1.316650	1.367110

[4] Pension obligations

The actuarial valuation of the pension obligations is based on the projected unit credit method set out in IAS 19 *Employee Benefits*. This method takes into account not only vested future benefits and known pensions at the balance sheet date, but also expected future increases in salaries and pensions. The calculation of the provision is determined using actuarial reports. Actuarial gains and losses are recognised immediately in equity.

In the quarterly financial reports, a competent estimate of the pension obligation is made, based on trends in actuarial assumptions and taking into account any exceptional effects in the current quarter.

At 30 September 2010, there were changes in the assumptions on which the pension obligations were based and in the measurement at fair value of the plan assets, which led to a decrease in equity of EUR 127 m (after deferred tax) compared with the figure at 31 December 2009.

[5] Net financial debt

in € million	Non-current 30.09.2010	Non-current 31.12.2009	Current 30.09.2010	Current 31.12.2009	Total 30.09.2010	Total 31.12.2009
Financial debt	6,222	6,586	713	381	6,935	6,967
Less: Securities	–	–	16	17	16	17
Less: Cash and cash equivalents	–	–	947	831	947	831
Net financial debt	**6,222**	**6,586**	**–250**	**–467**	**5,972**	**6,119**

Of the financial debt at 30 September 2010, EUR 2.622 bn was in a fair value hedging relationship (31 December 2009: EUR 3.121 bn). If there had been no adjustment to the carrying amount as a result of fair hedging relationships which still exist and have already been dedesignated at the end of the reporting period, the financial debt of EUR 6.935 bn (31 December 2009: EUR 6.967 bn) would have been EUR 236 m (31 December 2009: EUR 172 m) lower.

Since the 2009 financial year, Linde has begun to conclude Collateral Security Agreements (CSA) with banks. Under these agreements, the positive and negative fair values of derivatives held by Linde AG and Linde Finance B.V. are collateralised with cash on a regular basis. An amount of EUR 167 m (31 December 2009: EUR 0 m) in respect of these agreements has been disclosed in financial debt and an amount of EUR 60 m (31 December 2009: EUR 0 m) has been disclosed in cash equivalents.

[6] Earnings per share

in € million	January to September 2010	January to September 2009
Earnings after taxes on income attributable to Linde AG shareholders	698	417
Shares in thousands		
Weighted average number of shares outstanding	169,110	168,530
Dilution as a result of share option scheme	1,836	972
Weighted average number of shares outstanding – diluted	170,946	169,502
Earnings per share in € – undiluted	**4.13**	**2.47**
Earnings per share in € – diluted	**4.08**	**2.46**

[7] Segment reporting

The same accounting policies apply to the operating segments as those described in the Group financial statements for the year ended 31 December 2009. In addition, during the reporting period, expenses relating to major litigation being pursued by the Corporate Centre have been disclosed in the "Reconciliation" column. No changes were made to the segment structure in the reporting period.

To arrive at the figure for the Gases Division as a whole from the figures for the operating segments in the Gases Division, consolidation adjustments of EUR 70 m (2009: EUR 52 m) were deducted from sales. Therefore, it is not possible to arrive at the figures for the Gases Division as a whole by merely adding together the operating segments in the Gases Division.

The reconciliation of segment sales to Group sales and of segment operating profit to Group earnings before tax is shown in the table below:

Reconciliation of segment sales and segment result

	January to September	
in € million	2010	2009
Segment sales		
Sales in the reportable segments	9,662	8,642
Consolidation	–257	–329
Group sales	**9,405**	**8,313**
Operating profit		
Operating profit from the reportable segments	2,280	1,943
Corporate activities	–71	–181
Amortisation and depreciation	912	883
Of which fair value adjustments identified in the course of the purchase price allocation	191	221
Financial income	279	250
Financial expenses	509	497
Consolidation	–64	–21
Group earnings before tax	**1,003**	**611**

[8] Reconciliation of key financial figures

To provide better comparability, the key financial figures relating to The Linde Group have been adjusted below for the effects of the purchase price allocation in accordance with IFRS 3 on the acquisition of BOC and on acquisitions directly related to the BOC transaction.

Adjusted financial figures

	January to September 2010			January to September 2009		
in € million	As reported	Non-GAAP adjustments	Key financial figures	As reported	Non-GAAP adjustments	Key financial figures
Sales	9,405	–	9,405	8,313	–	8,313
Cost of sales	−6,068	62	−6,006	−5,494	115	−5,379
Gross profit on sales	**3,337**	**62**	**3,399**	**2,819**	**115**	**2,934**
Research and development costs, marketing, selling and administration expenses	−2,216	129	−2,087	−1,997	106	−1,891
Other operating income and expenses	61	–	61	−13	–	−13
Income from associates and joint ventures (at equity)	51	–	51	49	–	49
EBIT	**1,233**	**191**	**1,424**	**858**	**221**	**1,079**
Financial result	−230	–	−230	−247	–	−247
Taxes on income	−255	−64	−319	−155	−69	−224
Earnings after tax – Group	**748**	**127**	**875**	**456**	**152**	**608**
Attributable to minority interests	50	–	50	39	–	39
Attributable to Linde AG shareholders	**698**	**127**	**825**	**417**	**152**	**569**
Earnings per share in € – undiluted	**4.13**	**–**	**4.88**	**2.47**	**–**	**3.38**
Earnings per share in € – diluted	**4.08**	**–**	**4.83**	**2.46**	**–**	**3.36**

[9] Discretionary decisions and estimates

The preparation of the interim report in accordance with IFRS requires discretionary decisions and estimates for some items which might have an effect on their recognition and measurement in the balance sheet and income statement. The actual amounts realised may differ from these estimates. Estimates are required in particular for:

→ the assessment of the need to recognise and the measurement of impairment losses relating to intangible assets, tangible assets and inventories,
→ the recognition and measurement of Pension obligations,
→ the recognition and measurement of Other provisions,
→ the assessment of the stage of completion of long-term construction contracts,
→ the assessment of lease transactions.

Any change in the key factors which are applied in an impairment review of goodwill may possibly result in higher or lower impairment losses or no impairment losses at all being recognised.

The obligation arising from defined benefit commitments is determined on the basis of actuarial assumptions. Any change in the assumptions would have no effect on earnings, as actuarial gains and losses are recognised directly in equity.

The recognition and measurement of Other provisions is based on the assessment of the probability of an outflow of resources to settle the obligation, and on past experience and circumstances known at the balance sheet date. The actual amount utilised may therefore differ from the figure set aside in the balance sheet under Other provisions.

The assessment of the stage of completion of long-term construction contracts is based on the percentage of completion method, subject to certain conditions being met. The stage of completion of the contract is determined on the basis of the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Discretionary decisions for lease transactions are required to be made, for example, in assessing whether a transfer of substantially all the risks and rewards incident to ownership of an asset has taken place.

[10] Significant events after the balance sheet date

Acquisition of majority interest in Ceylon Oxygen Limited

On 15 October 2010, The Linde Group acquired 95.4 percent – the majority interest – in Ceylon Oxygen Limited. Following this transaction, Linde plans to acquire the outstanding minority shares by the middle of November 2010. The company, which was founded in 1936, is the leading producer of medical and industrial gases in Sri Lanka. The purchase price for the majority interest in Ceylon Oxygen Limited is around USD 31 m in cash.

Apart from the event referred to above, there have been no significant events for The Linde Group between the end of the reporting period on 30 September 2010 and the publication deadline for these condensed Group interim financial statements.

Munich, 29 October 2010

Professor Dr Wolfgang Reitzle
Chief Executive Officer
of Linde AG

Georg Denoke
Member of the Executive Board
of Linde AG

Dr Aldo Belloni
Member of the Executive Board
of Linde AG

J. Kent Masters
Member of the Executive Board
of Linde AG

Review Report

To Linde AG, Munich

We have reviewed the condensed interim consolidated financial statements of Linde AG, Munich – comprising the income statement, statement of recognised income and expense, balance sheet, cash flow statement, statement of changes in Group equity and selected explanatory notes – together with the interim Group management report of Linde AG, Munich, for the period from 1 January to 30 September 2010 that are part of the quarterly financial report according to § 37x (3) of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the European Union, and of the interim Group management report, in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company's management. Our responsibility is to issue a report on these condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer e. V. (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410 (ISRE 2410). Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditors' report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial accounting, as adopted by the European Union, or that the interim Group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 29 October 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Harald v. Heynitz Wirtschaftsprüfer (German Public Auditor)	Günter Nunnenkamp Wirtschaftsprüfer (German Public Auditor)

Responsibility Statement

To the best of our knowledge and belief, and in accordance with the applicable accounting principles for interim reporting, the condensed interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining part of the financial year.

Munich, 29 October 2010

Professor Dr Wolfgang Reitzle
Chief Executive Officer
of Linde AG

Georg Denoke
Member of the Executive Board
of Linde AG

Dr Aldo Belloni
Member of the Executive Board
of Linde AG

J. Kent Masters
Member of the Executive Board
of Linde AG

Imprint

Published by
Linde AG
Klosterhofstrasse 1
80331 Munich
Germany

Design, production and typesetting
Peter Schmidt Group, Hamburg

Text
Linde AG, Munich

Printed by
Mediahaus Biering GmbH, Munich

Financial Calendar

Autumn Press Conference 2010
2 November 2010
Linde AG, Carl von Linde Haus, Munich

Interim Report
January to September 2010
2 November 2010

Annual General Meeting 2011
12 May 2011, 10 a.m.
ICM – International Congress Centre Munich

Contact

Linde AG
Klosterhofstrasse 1
80331 Munich
Germany
Phone +49.89.35757-01
Fax +49.89.35757-1075
www.linde.com

Communications
Phone +49.89.35757-1321
Fax +49.89.35757-1398
E-mail media@linde.com

Investor Relations
Phone +49.89.35757-1321
Fax +49.89.35757-1398
E-mail investorrelations@linde.com

This report is available in both German and English and can be downloaded from our website at www.linde.com.

Additional copies of the report and further information about Linde can be obtained from us free of charge.

MIX
Paper from
responsible sources
FSC® C010887

FSC
www.fsc.org

Published by

Linde AG
Klosterhofstrasse 1
80331 Munich
Germany
Phone +49.89.35757-01
Fax +49.89.35757-1075
www.linde.com