Linde Interim Report.
January to March 2009.

Q1

Leading.

THE LINDE GROUP

Linde Financial Highlights

in € million		January to March 2009	2008	Change in percent
Share				
Closing price	€	51.20	89.49	–42.8
Year high	€	64.95	97.83	–33.6
Year low	€	49.93	79.81	–37.4
Market capitalisation		8,627	14,891	–42.1
Earnings per share [1]	€	0.99	1.29	–23.3
Earnings per share	€	0.68	0.96	–29.2
Number of shares outstanding (in 000s)		168,492	166,393	1.3
Sales		2,695	2,917	–7.6
Operating profit		538	602	–10.6
EBIT before amortisation of fair value adjustments and non-recurring items		323	397	–18.6
Non-recurring items		–	15	–100.0
Earnings after taxes on income		128	172	–25.6
Number of employees [2]		51,165	51,908	–1.4
Gases Division				
Sales		2,157	2,301	–6.3
Operating profit		546	586	–6.8
Engineering Division				
Sales		549	542	1.3
Operating profit		45	47	–4.3

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

2 At 31 March 2009/31 December 2008.

Interim Report. January to March 2009.

January to March 2009: The Linde Group remains relatively stable and continues its prudent approach

→ Sales down 7.6 percent to EUR 2.695 bn, 5.3 percent after adjusting for exchange rate effects

→ Operating profit[1] down 10.6 percent to EUR 538 m, 7.3 percent after adjusting for exchange rate effects

→ Accelerated implementation of programme for sustainable improvements in productivity

→ Capacity adjustments necessary in some areas and regions – at an expected cost of around EUR 70 m, EUR 20 m of which has already been booked in Q1

→ Outlook for 2009 unchanged: scenario-driven planning based on global economic development

[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 global recession which began in the fourth quarter of 2008 has continued unabated into the first quarter of 2009. There are currently no indications that the remaining part of the year will see any sustained reversal in general economic trends.

Global gross domestic product (GDP) decreased sharply in the first quarter of 2009 compared with the same period in the prior year. Industrial producers have responded to weak demand worldwide for both consumer goods and capital goods in almost all sectors by reducing existing inventory levels and making, in some cases, substantial cuts in production volumes. This also had an impact on major end consumer segments within the broad customer base of our gases business, such as the steel and chemical industries, automobile manufacturers and the associated supplier sectors. Positive trends continued, however, in end customer segments less affected by the crisis, such as Healthcare.

Against this background of weak economic trends at the beginning of the year and the continuing uncertainty about the timing and strength of any potential recovery, economic research institutes have again lowered their growth forecasts for 2009. Global Insight, for example, expects global GDP in 2009 to shrink by 2.5 percent rather than the 1.4 percent stated in our 2008 annual report. The predicted fall in GDP in the US was revised to 3.4 percent (from the 2.7 percent cited in the 2008 annual report) and in the eurozone was revised to 3.0 percent (from the 2.4 percent cited in the 2008 annual report). The business cycle analysts also reduced their growth predictions for major emerging nations such as China, India and countries in Eastern Europe. These regions are, however, still expected to outperform the global average.

Group

The technology group The Linde Group saw relatively steady trends against the background of a significant weakening of the global economy in the first quarter of the 2009 financial year.

In the first quarter of 2009, Group sales fell by 5.3 percent compared with the prior-year period after adjusting for exchange rate effects. On the basis of reported figures, i.e. if exchange rates are not taken into account, Group sales for the first quarter of EUR 2.695 bn were 7.6 percent below the prior-year figure of EUR 2.917 bn.

Group operating profit dropped 7.3 percent after adjusting for exchange rate effects. Taking into account one-off restructuring costs of EUR 20 m, the fall would be a mere 3.8 percent. On the basis of reported figures, the Group operating profit of EUR 538 m was 10.6 percent lower than the prior-year figure of EUR 602 m. The operating margin was 20.0 percent, compared with 20.6 percent for the first quarter of 2008. Deducting the one-off restructuring costs, the operating margin would be 20.7 percent – slightly above the prior-year figure.

Although there are slight signs of recovery, there is currently no prospect of a swift and sustainable rise in demand. To ensure that we remain relatively robust during this difficult economic period, we are accelerating the implementation of our integrated programme for process optimisation and increased productivity: HPO (High Performance Organisation). In certain areas and regions, this is being combined with capacity adjustments, such as the consolidation of functions across the Group to enhance our organisation. These measures, which are designed to achieve sustainable improvements in efficiency, will result in one-off restructuring costs of around EUR 70 m. In the first quarter, costs of EUR 20 m were charged to income. Due to the fact that the programme is managed centrally, the costs are included in Corporate Activities and disclosed in the reconciliation column of the segment report.

The net financial expense in the first quarter of 2009 was EUR 79 m, the same as in the first quarter of 2008.

Earnings before taxes on income of EUR 170 m were lower than the figure for the comparable prior-year period of EUR 239 m. The reasons for the decrease include the restructuring costs of EUR 20 m incurred in 2009 and the gains on disposal of businesses of EUR 15 m achieved in the first quarter of 2008.

Group earnings after tax at 31 March 2009 were EUR 128 m (2008: EUR 172 m). Earnings attributable to Linde AG shareholders were EUR 115 m (2008: EUR 160 m), giving earnings per share of EUR 0.68 (2008: EUR 0.96). Account should be taken here too, when comparing the figures for the first quarters of 2009 and 2008, of the restructuring costs charged in 2009 and the gains on the disposal of businesses recognised in 2008. On an adjusted basis, i.e. after adjusting for the effect of the purchase price allocation in the course of the BOC acquisition and the profits on disposal achieved in the prior year, earnings per share in the first quarter of 2009 stood at EUR 0.99, compared with EUR 1.29 in the first quarter of 2008.

Gases Division

In the Gases Division, sales in the first quarter decreased by 6.3 percent to EUR 2.157 bn (2008: EUR 2.301 bn). The decline in sales after adjusting for exchange rate effects was 3.5 percent. On a comparable basis, i.e. if changes in the price of natural gas and changes in Group structure are also taken into account, the fall in sales was 4.4 percent. The volume reductions arising from the weak economic environment were partially offset by continuing positive price trends.

Sales arising from the Group's participation in joint ventures, which are not included in Group sales in accordance with accounting rules, decreased from EUR 139 m in the first quarter of 2008 to EUR 73 m in 2009. It should be noted here that the prior-year figure included sales relating to the Australian subsidiary Auscom Holdings Pty (Elgas), which has been fully consolidated since October 2008.

The operating profit of the Gases Division for the three months ended 31 March 2009 was EUR 546 m, 6.8 percent below the prior-year figure of EUR 586 m. After adjusting for exchange rate effects, this is equivalent to a reduction of 3.2 percent. The operating margin at 25.3 percent is slightly under the figure for the first quarter of 2008 of 25.5 percent. We were able to prevent a greater fall in operating margin mainly as a result of various efficiency improvement measures.

The business trends in the individual regions and product areas of the Gases Division were as follows:

In the Western Europe operating segment, sales declined by 9.2 percent to EUR 935 m (2008: EUR 1.030 bn), partly as a result of the substantial loss in value of the British pound. On a comparable basis, the fall in sales would have been a mere 3.5 percent. Operating profit in Western Europe of EUR 247 m was 12.7 percent lower than the figure for the corresponding prior-year period of EUR 283 m. The operating margin fell from 27.5 percent to 26.4 percent.

As industrial production fell back sharply, the markets in the Western Europe operating segment saw volume reductions, some of which were significant. This had an impact even on our major sales markets: the UK, Germany and Scandinavia.

The volume reductions in end customer segments such as the steel and chemical sectors and along the entire length of the automobile production value chain were most noticeable in the tonnage (on-site) and liquefied gases product areas. The Healthcare product area, on the other hand, proved very resilient, continuing its growth trend virtually uninterrupted.

In the Americas operating segment, we achieved sales of EUR 501 m in the first quarter of 2009, 5.1 percent below the figure for the first quarter of 2008 of EUR 528 m. On a comparable basis, the fall in sales was 7.1 percent. Operating profit in the Americas of EUR 104 m was, however, exactly the same as the prior-year figure. The operating margin rose from 19.7 percent to 20.8 percent. This improvement was partly due to lower natural gas prices, which we pass onto our tonnage customers in line with the contracts.

The North American region was the first to be affected by the economic crisis and the resulting decline in industrial production and has been hit particularly hard. In the first quarter of 2009, there were as yet no indications of any reversal in the economic trends.

We were therefore able, to some extent, to cushion the impact of the volume reductions of industrial customers in the liquefied gases and tonnage segments, due to positive business trends in the Healthcare and Food & Beverage end markets.

In South America, the global recession has finally reached Brazil, the largest of the markets, and has had a negative impact on exports in particular. Lower capacity utilisation, which is being seen in major industry sectors such as steel, has led to volume reductions, especially in the tonnage and liquefied gases business. So far, the crisis has had less impact on the smaller countries in the region. We continued to expand our activities in the Healthcare segment, achieving double-digit growth in this area.

In the Asia & Eastern Europe operating segment, sales in the first quarter of 2009 were down by 7.8 percent compared with the prior-year quarter to EUR 428 m (2008: EUR 464 m). On a comparable basis, the decline was 7.9 percent. Operating profit was EUR 129 m, only 1.5 percent lower than the figure for the first quarter of 2008 of EUR 131 m. The operating margin improved by a further 190 basis points to 30.1 percent from the high figure achieved in the first three months of 2008 of 28.2 percent.

The markets included in the Asia & Eastern Europe operating segment offer the best growth prospects for our gases business in the medium and long term. In the first quarter of this year, however, even these regions were unable to avoid the global economic situation.

In Eastern Europe, volume trends were adversely affected primarily by low capacity utilisation in the processing industry. On the basis of our leading market positions and our broad customer portfolio in the major regional markets, i.e. in the EU countries Hungary, the Czech Republic, Poland and Romania, we continue to be strategically well-placed in Eastern Europe.

In Asia, business performance in the first quarter of 2009 varied by country and product area. In the region as a whole, there are no clear indications of a reversal in economic trends, although as the quarter progressed there were signs at times of potential recovery in many end markets, such as the steel sector in China.

At the beginning of April, there was a positive sign for our medium-term development in these important growth markets when, despite the difficult market environment, we entered into a new tonnage contract with the Sinopec subsidiary SVW (Sinopec Sichuan Vinylon Works) in China. This is a joint venture with an initial investment of EUR 50 m which will involve building new plants in Chongqing to provide long-term gases supplies for our customer. This investment will also establish our presence in Western China and strengthen our leading position in the Chinese gases market in the long term.

In the South Pacific & Africa operating segment, we also achieved an increase in sales in the first three months of 2009 – by 4.0 percent to EUR 309 m (2008: EUR 297 m). On a comparable basis, this is an increase of 2.0 percent. Operating profit in this region was EUR 66 m, almost the same as the prior-year figure of EUR 68 m. The operating margin during the reporting period was 21.4 percent, lower than the figure of 22.9 percent for the first quarter of 2008. However, one reason for the fall in margin was the first-time consolidation of the Australian LPG (liquefied propane gas) company. Elgas is the leading marketer of LPG in Australia and a key strategic addition to our product portfolio. We can now offer our customers an integrated range of industrial gases and LPG, thereby strengthening our position in an attractive market. The South Pacific region proved itself equal to the crisis in the first quarter of 2009, achieving the best growth rate in the world.

In Africa, on the other hand, the market in the first few months of the year continued to be affected by the difficult conditions. Although demand for industrial gases and LPG remained relatively stable in global terms, general price rises had an adverse effect on our cost structure and operating profit.

Business trends in the individual product areas of the Gases Division were also affected by the difficult global economic environment. On a comparable basis, i.e. without taking into account exchange rate effects and the effect of changes in the price of natural gas and changes in Group structure, sales in our bulk business fell by 6.9 percent to EUR 536 m (2008: EUR 576 m) and in our cylinder gas business by 5.5 percent to EUR 871 m (2008: EUR 922 m). Due to the particular way in which our long-term supply contracts in the tonnage business are designed (incorporating a take-or-pay clause) and the fact that more plants came on stream in the first quarter of 2009 than in the comparable prior-year period, we were able to limit the volume reductions in this product area. On an adjusted basis, tonnage sales of EUR 499 m were 4.4 percent below the figure for the first quarter in 2008 of EUR 522 m. The Healthcare product area proved itself largely immune to the crisis. On an adjusted basis, sales here rose by 5.5 percent to EUR 251 m (2008: EUR 238 m).

Gases Division

	January to March 2009			January to March 2008		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	935	247	26.4	1,030	283	27.5
Americas	501	104	20.8	528	104	19.7
Asia & Eastern Europe	428	129	30.1	464	131	28.2
South Pacific & Africa	309	66	21.4	297	68	22.9
Consolidation	–16	–	0.0	–18	–	0.0
Gases Division	**2,157**	**546**	**25.3**	**2,301**	**586**	**25.5**

Engineering Division

In the Engineering business, The Linde Group achieved sales in the first quarter of 2009 of EUR 549 m, 1.3 percent above the figure for the first quarter of 2008 of EUR 542 m. Operating profit fell slightly from EUR 47 m to EUR 45 m. This corresponds to an operating margin of 8.2 percent. Once again we met our 8 percent target, a target well above the industry average.

On the other hand, order intake of EUR 285 m was lower than the prior-year figure of EUR 406 m, as expected, due to a marked reluctance to award new projects. 37 percent of the order intake related to the olefin plant segment and 20 percent to the hydrogen and synthesis gas plant segment. Air separation plants constituted a further 17 percent of orders, while 12 percent of orders came from the natural gas plant segment.

The majority of new orders (57 percent) were from Europe, while 18 percent came from the Asia/Pacific region and 11 percent from the Middle East.

The order backlog at 31 March 2009 was EUR 4.082 bn (31 December 2008: EUR 4.436 bn), a figure which remains very high. The greatest proportion of the order backlog (49 percent) relates to the air separation plant segment. Major projects in this area originate in the Middle East, such as the Enhanced Gas Recovery plant for the Abu Dhabi National Oil Corporation and the Gas-to-Liquid plant for Shell in Qatar.

A further 24 percent of the order backlog relates to olefin plants, 14 percent to hydrogen and synthesis gas plants and 9 percent to natural gas plants.

Engineering Division

in € million	January to March 2009	2008
Sales	549	542
Order intake	285	406
Order backlog at 31.03./31.12.	4,082	4,436
Operating profit	45	47
Margin in %	8.2	8.7

Engineering Division – Order intake by region

in € million	January to March 2009	in percent	2008	in percent
Europe	162	56.8	151	37.2
North America	20	7.0	30	7.4
South America	20	7.0	15	3.7
Asia/Pacific	51	17.9	140	34.5
Middle East	31	10.9	20	4.9
Africa	1	0.4	50	12.3

Engineering Division – Order intake by plant type

in € million	January to March 2009	in percent	2008	in percent
Olefin plants	107	37.6	43	10.6
Natural gas plants	33	11.6	82	20.2
Hydrogen and synthesis gas plants	57	20.0	69	17.0
Air separation plants	48	16.8	162	39.9
Other	40	14.0	50	12.3

Finance

Cash flow from operating activities in the reporting period was EUR 412 m, compared with EUR 337 m in the same period in the previous year. This is an increase of 22.3 percent and is mainly due to improvements in working capital management.

The net cash outflow from investing activities in the first three months of 2009 was EUR 282 m (2008: net cash outflow of EUR 225 m). Investments in tangible and intangible assets in the reporting period, including plants held under leases in accordance with IFRIC 4, were EUR 267 m, around 4.3 percent higher than the figure for the first quarter of 2008 of EUR 256 m. The main reason for the increase was the execution of on-site projects. Payments for investments in consolidated companies of EUR 59 m relate to the acquisition of our subsidiary SIGAS in Saudi Arabia. Net cash inflow (free cash flow before financing activities) increased during the reporting period by 16.1 percent to EUR 130 m (2008: net cash inflow of EUR 112 m).

Total assets have increased since the balance sheet date, 31 December 2008, by 1.2 percent or EUR 285 m to EUR 24.109 bn. Non-current assets rose by EUR 412 m, mainly as a result of investments in the first quarter and positive exchange rate movements. Net financial debt (financial debt less cash and cash equivalents and securities) was EUR 6.522 bn, as against EUR 6.423 bn at 31 December 2008. This increase of EUR 99 m was mainly due to exchange rate effects and the valuation of designated hedging relationships (fair value hedges). The Linde Group is financed on a long-term basis, which can be seen from the maturity profile of the financial debt. Of the financial debt of EUR 7.386 bn (31.12. 2008: EUR 7.445 bn), EUR 1.156 bn (31.12.2008: EUR 1.290 bn) is disclosed as current and EUR 6.230 bn is disclosed as long-term financial debt (31.12.2008: EUR 6.155 bn). Financial debt repayable within one year is matched by liquid funds of EUR 864 m and a EUR 2 bn syndicated credit facility available until 2011. More than 80 percent of the total financial debt has maturity dates later than the financial year 2010.

Prior to the payment of the dividend, equity had risen by EUR 325 m to EUR 8.574 bn. This increase in equity was due primarily to exchange rate effects and earnings after taxes on income of EUR 128 m. Movements in actuarial gains and losses on pension provisions and the remeasurement of derivative financial instruments at fair value had a negative impact on equity. At 36 percent, the equity ratio was slightly higher than the figure at 31 December 2008 of 35 percent.

Employees

The number of employees in The Linde Group worldwide at 31 March 2009 was 51,165 (31 December 2008: 51,908). Of this number, 40,597 were employed in the Gases Division and 5,959 in the Engineering Division. The majority of the 4,609 staff in the Corporate/Other Activities segment are employed by our logistics service provider Gist.

Group – Employees by division

	31.03.2009	31.12.2008
Gases Division	40,597	41,109
Engineering Division	5,959	5,951
Other/Corporate	4,609	4,848
Group	**51,165**	**51,908**

Gases Division – Employees by operating segment

	31.03.2009	31.12.2008
Western Europe	13,471	13,616
Americas	7,541	7,881
Asia & Eastern Europe	11,960	11,735
South Pacific & Africa	7,625	7,877
Total	**40,597**	**41,109**

Outlook

Group

The months following the first quarter will continue to feel the impact of the global economic crisis. The leading economic research institutes have revised down their economic forecasts for the year 2009. Considerable uncertainty is still attached to these predictions and there is not yet any clear indication what the general economic trends will be for the remainder of the year.

Against this background, we continue to assume that the sales and earnings trends for our Group can not be determined before the second half of the year. Linde is therefore continuing to examine various scenarios in its corporate planning for the rest of 2009. Seen from today's standpoint, we need to anticipate a decline. Only if there were a significant improvement in the global economic environment as the year progressed would it be possible for Group sales and earnings – adjusted for restructuring costs – to reach the same level as in the prior year. On the basis of our global presence, our relatively stable business model and our extensive efficiency improvement measures, we will continue to seek to limit any decline in Group earnings. We will accelerate and escalate the implementation of our HPO programme. We continue to expect that steady improvements in our productivity and processes resulting from this integrated programme will lead to a total reduction in gross costs of between EUR 650 m and EUR 800 m over the next four years, starting in the current financial year 2009.

Gases Division

As expected, the gases business was unable to avoid completely the pressure caused by the economic situation. However, in this difficult market environment, the relative stability of our position became clear. The continuing uncertainty in the market environment has therefore not caused us to change in any way our original target for the gases business. We want to grow at a more rapid pace than the market and to continue to increase our productivity.

In the on-site business, even though we continue to expect lower volumes and a smaller number of new projects, we can fall back on a full project pipeline, which has already contributed significantly to sales and earnings in 2009 and will do so to an even greater extent from the 2010 financial year. Moreover, the supply contracts in our on-site business are long-term contracts and are designed to limit the negative effects of any volume reductions. In our liquefied gases and cylinder gas business, our broad customer base confers greater stability to lessen the impact of any decline in volumes, even in a difficult economic environment. In addition, we are able to benefit from our leading market positions in these product segments. In the Healthcare segment, our medical gases business, we are expecting further growth even in the current financial year. Based on these factors, the scenarios for the forecast business performance of the Gases Division in the current 2009 financial year still range from a slight rise in sales and earnings to a decline in sales and earnings. As a result of the most recent forecasts for global economic development, once again revised down, the probability that the weaker scenario will prevail has increased.

Engineering Division

The order backlog for our Engineering Division remains high at the end of the first quarter at more than EUR 4 bn, providing a good basis for a relatively stable business performance in the coming 18 to 24 months. However, the effects of the economic crisis are being felt even in global large-scale plant construction, which may result in the award of new projects being postponed. In our weaker scenario, we continue to assume that new orders in our Engineering Division will not be sufficient to achieve the same level of sales in the 2009 financial year as in 2008. On the other hand, the target for our operating margin remains at 8 percent.

In the four main operating segments (olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants), we are well-placed internationally and will continue to reap sustainable benefit from the long-term growth drivers energy and the environment.

Risk report

Uncertainty about future global economic trends continues. The current decline in demand to be seen around the world as a result of the economic crisis represents a risk for us. We may be faced with lost sales, a potential lack of new business and an increase in the risk of bad debts in our operating business due to the increasing inability of our customers to make payments (counterparty risk). The high level of volatility in the financial markets continues to make it more difficult to arrive at an accurate assessment of the future net assets, financial position and results of operations of The Linde Group.

Overall, the risk situation for The Linde Group has not changed since the 2008 annual report.

Group income statement

in € million	January to March 2009	2008
Sales	2,695	2,917
Cost of sales	1,809	1,958
Gross profit on sales	**886**	**959**
Marketing and selling expenses	384	409
Research and development costs	23	23
Administration expenses	247	279
Other operating income	88	92
Other operating expenses	90	46
Income from associates and joint ventures (at equity)	19	9
Non-recurring items	–	15
Financial income	84	109
Financial expenses	163	188
Earnings before taxes on income	**170**	**239**
Taxes on income	42	67
Earnings after taxes on income	**128**	**172**
Attributable to minority interests	13	12
Attributable to Linde AG shareholders	115	160
Earnings per share in €	0.68	0.96
Earnings per share in € – fully diluted	0.68	0.95

Group balance sheet

in € million	31.03.2009	31.12.2008
Assets		
Goodwill	7,032	6,893
Other intangible assets	3,239	3,177
Tangible assets	7,291	7,162
Investments in associates and joint ventures (at equity)	575	535
Other financial assets	404	388
Receivables from financial services	679	671
Trade receivables	–	–
Other receivables and other assets	461	444
Deferred tax assets	228	227
Non-current assets	**19,909**	**19,497**
Inventories	1,005	986
Receivables from financial services	77	75
Trade receivables	1,678	1,641
Other receivables and other assets	504	539
Income tax receivables	70	64
Securities	17	20
Cash and cash equivalents	847	1,002
Non-current assets held for sale and disposal groups	2	–
Current assets	**4,200**	**4,327**
Total assets	**24,109**	**23,824**

Group balance sheet

in € million	31.03.2009	31.12.2008
Equity and liabilities		
Capital subscribed	431	431
Capital reserve	5,077	5,074
Revenue reserves	4,260	4,209
Cumulative changes in equity not recognised through the income statement	–1,623	–1,842
Total equity excluding minority interests	**8,145**	**7,872**
Minority interests	429	377
Total equity	**8,574**	**8,249**
Provisions for pensions and similar obligations	901	842
Other non-current provisions	418	400
Deferred tax liabilities	1,896	1,889
Financial debt	6,230	6,155
Liabilities from financial services	23	23
Trade payables	4	3
Other non-current liabilities	143	147
Liabilities from income taxes	99	95
Non-current liabilities	**9,714**	**9,554**
Other current provisions	1,356	1,482
Financial debt	1,156	1,290
Liabilities from financial services	11	11
Trade payables	2,124	2,120
Other current liabilities	1,088	1,029
Liabilities from income taxes	86	89
Liabilities related to non-current assets held for sale	–	–
Current liabilities	**5,821**	**6,021**
Total equity and liabilities	**24,109**	**23,824**

Group cash flow statement

in € million	January to March 2009	January to March 2008
Earnings before taxes on income	**170**	**239**
Adjustments to earnings before taxes (on income) to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	289	299
Profit/loss on disposal of non-current assets	–4	–22
Net interest	75	106
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	12	13
Income from associates and joint ventures	–19	–9
Distributions/dividends received from operating associates and joint ventures	20	5
Income taxes paid	–78	–38
Changes in assets and liabilities, adjusted for the effects of changes in Group structure		
Change in inventories	6	–78
Change in trade accounts receivable	–3	–47
Change in provisions	–79	7
Change in trade payables	–40	–74
Change in other assets and liabilities	63	–64
Cash flow from operating activities	**412**	**337**
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4/IAS 17	–267	–256
Payments for investments in consolidated companies	–59	–
Payments for investments in financial assets	–1	–11
Payments for investments in current financial assets	–33	–36
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from financial services in accordance with IFRIC 4/IAS 17	39	40
Proceeds on disposal of non-current assets held for sale and disposal groups	–	38
Proceeds on disposal of financial assets	3	–
Proceeds on disposal of current financial assets	36	–
Cash flow from investing activities	**–282**	**–225**

Group cash flow statement

in € million	January to March 2009	January to March 2008
Dividend payments to Linde AG shareholders and minority shareholders	–1	–
Interest received	45	19
Interest paid	–83	–108
Proceeds of loans	59	95
Cash outflows for the repayment of loans and bonds	–318	–213
Change in liabilities from financial services	–2	–
Cash flow from financing activities	**–300**	**–207**
Net cash inflow/outflow	**–170**	**–95**
Opening balance of cash and cash equivalents	**1,002**	**858**
Effects of currency translation and changes in Group structure	15	–24
Closing balance of cash and cash equivalents	**847**	**739**

Statement of recognised income and expense

in € million	1 January to 31 March 2009	1 January to 31 March 2008
Gain/loss on remeasurement of securities	–	–1
Gain/loss on remeasurement at fair value of derivative financial instruments	–83	–4
Currency translation differences	312	–733
Change in actuarial gains/losses on pension provisions	–69	–27
Change in effect of the limit on a defined benefit asset (asset ceiling under IAS 19.58)	–1	–
Gains and losses recognised directly in equity	**159**	**–765**
Earnings after taxes on income	**128**	**172**
Total gains and losses recognised	**287**	**–593**
Of which attributable to		
Linde AG shareholders	264	–573
Other shareholders	23	–20

Statement of changes in Group equity

in € million	Capital subscribed	Capital reserve	Revenue reserves: Actuarial gains/losses	Revenue reserves: Retained earnings
At 1 Jan. 2008	426	4,948	165	3,940
Total gains and losses recognised	–	–	–27	160
Dividend payments	–	–	–	–
Amount arising from issue of convertible bond	–	3	–	–
Changes as a result of share option scheme	–	4	–	–
Other changes	–	–	–	7
At 31 March 2008	426	4,955	138	4,107
At 31 Dec. 2008/1 Jan. 2009	431	5,074	–153	4,362
Total gains and losses recognised	–	–	–70	115
Dividend payments	–	–	–	–
Changes as a result of share option scheme	–	3	–	–
Other changes	–	–	–	6
At 31 March 2009	431	5,077	–223	4,483

	Cumulative changes in equity not recognised through the income statement					
	Currency translation differences	Remeasurement of securities at fair value	Derivative financial instruments	Total equity excluding minority interests	Minority interests	Total equity
	–905	–	187	8,761	449	9,210
	–701	–1	–4	–573	–20	–593
	–	–	–	–	–	–
	–	–	–	3	–	3
	–	–	–	4	–	4
	–	–	–	7	–25	–18
	–1,606	–1	183	8,202	404	8,606
	–1,983	5	136	7,872	377	8,249
	302	–	–83	264	23	287
	–	–	–	–	–1	–1
	–	–	–	3	–	3
	–	–	–	6	30	36
	–1,681	5	53	8,145	429	8,574

Segment information

	Reportable segments			
	Total Gases Division		Engineering Division	
in € million	01.01. to 31.03.2009	01.01. to 31.03.2008	01.01. to 31.03.2009	01.01. to 31.03.2008
Sales to third parties	2,155	2,300	432	482
Sales to other segments	2	1	117	60
Segment sales	**2,157**	**2,301**	**549**	**542**
Operating profit (before non-recurring items)	**546**	**586**	**45**	**47**
Of which share of profit/loss from associates/joint ventures	18	9	–	–
Amortisation of intangible assets and depreciation of tangible assets	274	281	8	9
Of which amortisation of fair value adjustments identified in the course of purchase price allocation	70	89	2	2
Non-recurring items	–	–	–	–
EBIT (earnings before interest and tax)	**272**	**305**	**37**	**38**

	Gases Division			
	Western Europe		Americas	
in € million	01.01. to 31.03.2009	01.01. to 31.03.2008	01.01. to 31.03.2009	01.01. to 31.03.2008
Sales to third parties	931	1,024	492	519
Sales to other segments	4	6	9	9
Segment sales	**935**	**1,030**	**501**	**528**
Operating profit (before non-recurring items)	**247**	**283**	**104**	**104**
Of which share of profit/loss from associates/joint ventures	–	–	7	4
Amortisation of intangible assets and depreciation of tangible assets	95	105	73	72
Of which amortisation of fair value adjustments identified in the course of purchase price allocation	14	21	28	32
Non-recurring items	–	–	–	–
EBIT (earnings before interest and tax)	**152**	**178**	**31**	**32**

Reportable segments					
Other activities		Reconciliation		Total Group	
01.01. to 31.03.2009	01.01. to 31.03.2008	01.01. to 31.03.2009	01.01. to 31.03.2008	01.01. to 31.03.2009	01.01. to 31.03.2008
108	135	–	–	2,695	2,917
–	–	–119	–61	–	–
108	**135**	**–119**	**–61**	**2,695**	**2,917**
10	**11**	**–63**[1]	**–42**	**538**	**602**
–	–	1	–	19	9
6	7	1	2	289	299
2	3	–	–	74	94
–	–	–	15	–	15
4	**4**	**–64**	**–29**	**249**	**318**

[1] Includes EUR 20 m of restructuring costs.

Gases Division					
Asia & Eastern Europe		South Pacific & Africa		Total Gases Division	
01.01. to 31.03.2009	01.01. to 31.03.2008	01.01. to 31.03.2009	01.01. to 31.03.2008	01.01. to 31.03.2009	01.01. to 31.03.2008
424	460	308	297	2,155	2,300
4	4	1	–	2	1
428	**464**	**309**	**297**	**2,157**	**2,301**
129	**131**	**66**	**68**	**546**	**586**
11	6	–	–1	18	9
64	60	42	44	274	281
12	13	16	23	70	89
–	–	–	–	–	–
65	**71**	**24**	**24**	**272**	**305**

Additional Comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the three months ended 31 March 2009 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 2008 and have also applied IAS 34 *Interim Financial Reporting*. Since 31 December 2008, actuarial gains and losses relating to pension provisions have been allocated directly to revenue reserves. This ensures that in future periods these amounts will not be transferred to profit or loss. Since 1 January 2009, the IAS 1 (Revised) *Presentation of Financial Statements* has been applied. This has resulted in the separate disclosure of the statement of changes in Group equity as a primary financial statement.

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 three months ended 31 March 2009, as they are either not yet mandatory or have not yet been adopted by the European Commission:

- → Revised IFRS 3 *Business Combinations*
- → Amendments to IAS 27 *Consolidated and Separate Financial Statements*
- → Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Eligible Hedged Items*
- → Amendments to IAS 39 *Reclassification of Financial Assets: Effective Date and Transition*
- → Amendments to IFRS 7 *Improving Disclosures about Financial Instruments*
- → Improvements to *International Financial Reporting Standards*
- → Amendments to IFRIC 9 and IAS 39 *Embedded Derivatives*
- → IFRIC 15 *Agreements for the Construction of Real Estate*
- → IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- → IFRIC 17 *Distributions of Non-Cash Assets to Owners*
- → IFRIC 18 *Transfer of Assets from Customers.*

The impact of the standards and interpretations which have not been applied on the presentation of the net assets, financial position and results of operations of The Linde Group 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 31.12.2008	Additions	Disposals	As at 31.03.2009
Consolidated subsidiaries	527	3	9	521
Of which within Germany	25	–	–	25
Of which outside Germany	502	3	9	496
Other investments	95	4	2	97
Of which within Germany	3	4		7
Of which outside Germany	92	–	2	90
Companies accounted for using the equity method	59	–	–	59
Of which within Germany	–	–	–	–
Of which outside Germany	59	–	–	59

[3] Acquisitions

Saudi Industrial Gas Co. Ltd., Al-Khobar, Saudi Arabia

On 13 May 2008, The Linde Group acquired 51 percent of the shares in the Saudi Arabian industrial gases company SIGAS (Saudi Industrial Gas Co. Ltd). The transaction was completed on 17 January 2009 following receipt of approval from the relevant Saudi Arabian regulatory authorities. The family company SIGAS is the second largest industrial gases company in Saudi Arabia. The company has been allocated to the Asia & Eastern Europe operating segment.

Provisional differences arising on the SIGAS acquisition

in € million	SIGAS
Purchase cost in accordance with IFRS 3	**68**
Share of net assets at book value	16
Provisional difference before purchase price allocation under IFRS 3	**52**
Customer relationships	32
Brand name	–
Other intangible assets	–
Air separation plants	3
Land and buildings	2
Other tangible assets	3
Investments in associates	–
Other assets and other liabilities	–
Deferred taxes	–5
Minority interests	–17
Provisional goodwill at 17 January 2009	**34**

Impact of acquisition of SIGAS on net assets – Opening balance at 17 January 2009

in € million	Book value	Adjustment	Fair value
Non-current assets	8	40	48
Inventories	12	–	12
Cash and cash equivalents	9	–	9
Non-current assets held for sale and disposal groups	2	–	2
Other current assets	11	–	11
Equity	16	18	34
Minority interests	16	17	33
Provisions for pensions and similar obligations	–	–	–
Other non-current liabilities	–	–	–
Current liabilities	10	5	15
Liabilities directly related to non-current assets held for sale and disposal groups	–	–	–

Impact of acquisition on results of operations of The Linde Group from the date of acquisition

in € million	SIGAS
Sales	13
Cost of sales	6
Gross profit on sales	**7**
Other income and other expenses	−3
Operating profit (EBIT)	**4**
Financial result	–
Earnings before taxes on income (EBT)	**4**
Taxes on income	–
Earnings after taxes on income	**4**
Attributable to minority interests	2
Attributable to Linde AG shareholders	**2**

[4] Foreign currency translation

The financial statements of companies outside the European Currency 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 main exchange rates used are as follows:

Exchange rate € 1 =	ISO code	Mid-rate on balance sheet date		Annual average rate January to March	
		31.03.2009	31.12.2008	2009	2008
Argentina	ARS	4.93490	4.82870	4.63034	4.72830
Australia	AUD	1.92390	1.97710	1.96462	1.65705
Brazil	BRL	3.09010	3.23570	3.02418	2.60772
Canada	CAD	1.66410	1.70250	1.62398	1.50746
China	CNY	9.07230	9.54640	8.93411	10.73871
Czech Republic	CZK	27.52200	26.85400	27.59666	25.56442
Hungary	HUF	309.30000	265.66000	293.79100	259.40484
Malaysia	MYR	4.84000	4.82750	4.73572	4.83632
Norway	NOK	8.90890	9.72610	8.96256	7.96681
Poland	PLN	4.69600	4.14830	4.49661	3.57427
South Africa	ZAR	12.76940	13.27610	12.96415	11.33910
South Korea	KRW	1,836.47000	1,765.67000	1,847.26644	1,434.57385
Sweden	SEK	10.98750	10.93280	10.94518	9.39785
Switzerland	CHF	1.51750	1.49340	1.49813	1.59902
Turkey	TRY	2.22840	2.15490	2.16783	1.81298
UK	GBP	0.92970	0.95570	0.90963	0.75810
USA	USD	1.32790	1.39800	1.30693	1.49977

[5] Non-recurring items

In the prior year, the remaining parts of the BOC Edwards components business – BOC Edwards Pharmaceutical Systems – were sold. The profit arising on deconsolidation was EUR 15 m.

[6] Non-current assets held for sale and discontinued operations

Non-current assets held for sale and related liabilities in the reporting period comprise assets arising from the acquisition of SIGAS (see Note [3]). The principal asset is a piece of land.

[7] Pension obligations

The actuarial valuation of 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 provisions is determined using actuarial reports. Actuarial gains and losses are recognised immediately in equity. Since the 2008 Group financial statements, actuarial gains and losses relating to pension provisions have been allocated directly to revenue reserves. This ensures that in future periods these amounts will not be transferred to profit or loss. The prior-year figures have been adjusted in the balance sheet and statement of changes in Group equity to ensure consistent disclosure.

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 31 March 2009, 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 70 m (after deferred tax).

[8] Earnings per share

in € million	January to March 2009	2009
Earnings after taxes on income attributable to Linde AG shareholders	115	160
Plus: increase in profit due to dilutive effect of convertible bond	–	1
Profit after adjusting for dilutive effects	115	161
Shares in 000s		
Weighted average number of shares outstanding	168,492	166,390
Dilution as a result of share option schemes	535	1,113
Effect of dilutive convertible bond	–	1,811
Weighted average number of shares outstanding – fully diluted	169,027	169,314
Earnings per share in €	**0.68**	**0.96**
Earnings per share in € – fully diluted	**0.68**	**0.95**

[9] 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 2008. During the reporting period, no changes were made to the segment structure.

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 16 m (2008: EUR 18 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 taxes on income is shown in the table below:

Reconciliation of segment sales and segment result

in € million	01.01. to 31.03.2009	01.01. to 31.03.2008
Segment sales		
Sales in the reportable segments	2,814	2,978
Consolidation	–119	–61
Group sales (continuing operations)	**2,695**	**2,917**
Operating profit		
Operating profit from the reportable segments	601	644
Corporate activities	–54	–36
Amortisation and depreciation	289	299
Of which fair value adjustments in the course of the purchase price allocation	74	94
Non-recurring items	–	15
Financial income	84	109
Financial expenses	163	188
Consolidation	–9	–6
Group earnings before taxes on income	**170**	**239**

[10] Reconciliation of key financial figures

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

Adjusted financial figures

	31.03.2009			31.03.2008		
in € million	As reported	Non-GAAP adjustments	Key financial figures	As reported	Non-GAAP adjustments	Key financial figures
Sales	2,695	–	2,695	2,917	–	2,917
Cost of sales	– 1,809	39	–1,770	–1,958	57	–1,901
Gross profit on sales	**886**	**39**	**925**	**959**	**57**	**1,016**
Research and development costs, marketing, selling and administration expenses	–654	35	–619	–711	37	–674
Other operating income and expenses	–2	–	–2	46	–	46
Income from associates	19	–	19	9	–	9
Non-recurring items	–	–	–	15	–15	–
EBIT	**249**	**74**	**323**	**318**	**79**	**397**
Financial result	–79	–	–79	–79	–	–79
Taxes on income	–42	–23	–65	–67	–24	–91
Earnings after taxes on income – Group	**128**	**51**	**179**	**172**	**55**	**227**
Attributable to minority interests	13	–	13	12	–	12
Attributable to Linde AG shareholders	**115**	**51**	**166**	**160**	**55**	**215**
Earnings per share in €	**0.68**	**–**	**0.99**	**0.96**	**–**	**1.29**
Earnings per share in € – fully diluted	**0.68**	**–**	**0.98**	**0.95**	**–**	**1.28**

The one-off restructuring costs have not been adjusted in the Non-GAAP adjustments column and therefore form part of the adjusted financial figures.

[11] 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 the 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 are 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 in 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.

[12] Significant events after the balance sheet date

There have been no significant events for The Linde Group between the end of the reporting period on 31 March 2009 and the publication deadline for these condensed Group interim financial statements.

Munich, 4 May 2009

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 balance sheet, income statement, cash flow statement, statement of recognised income and expense, 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 31 March 2009 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 the 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 all 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, 4 May 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

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

Responsibility Statement

To the best of our knowledge and belief, and in accordance with the applicable reporting principles for interim reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss 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, 4 May 2009

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
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Imprint

Published by
Linde AG
Klosterhofstrasse 1
80331 Munich
Germany

Design
Peter Schmidt Group, Hamburg

Text
Linde AG

Production and typesetting
Brand Implementation GmbH, Hamburg

Printed by
Offsetdruck Raff, Riederich

Financial Calendar

Annual General Meeting 2009
15 May 2009, 10 a.m.
International Congress Centre, Munich

Dividend Payment
18 May 2009

Interim Report
January to June 2009
3 August 2009

Interim Report
January to September 2009
2 November 2009

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Published by

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