Linde Half-Year Financial Report.
January to June 2009.

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LeadIng.

THE LINDE GROUP

Linde Financial Highlights

in € million		January to June 2009	2008	Change in percent
Share				
Closing price	€	58.43	89.30	–34.6
Year high	€	65.68	97.90	–32.9
Year low	€	48.80	79.81	–38.9
Market capitalisation		9,848	15,036	–34.5
Adjusted earnings per share[1]	€	2.06	2.72	–24.3
Earnings per share	€	1.47	2.24	–34.4
Number of shares outstanding (in 000s)		168,551	168,371	0.1
Sales		5,476	6,256	–12.5
Operating profit		1,104	1,258	–12.2
EBIT before amortisation of fair value adjustments and non-recurring items		669	842	–20.5
Non-recurring items		–	59	–100.0
Earnings after taxes on income		274	402	–31.8
Number of employees[2]		49,166	51,908	–5.3
Gases Division				
Sales		4,350	4,709	–7.6
Operating profit		1,138	1,194	–4.7
Engineering Division				
Sales		1,113	1,411	–21.1
Operating profit		90	126	–28.6

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

2 At 30 June 2009/31 December 2008.

Linde Half-Year Financial Report. January to June 2009.

First six months of 2009: The Linde Group strengthens operating margin in difficult market environment

→ Programme for sustainable improvements in productivity takes effect
→ Operating margin increases to 20.2 percent despite restructuring costs
→ Improved operating cash flow: EUR 841 m (2008: EUR 816 m)
→ Group sales down 12.5 percent to EUR 5.476 bn
→ Group operating profit[1] down 12.2 percent to EUR 1.104 bn (down 6.9 percent after adjusting for restructuring costs)
→ Outlook for 2009: further recovery in business trends expected compared with the first half of the year; however, 2008 record level no longer attainable

[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 decline in global economic development which started in the fourth quarter of 2008 slowed in the second quarter of 2009. Whereas economic indicators in the US and Western Europe suggest that we are now entering a stabilisation phase, or even a slight recovery according to the most recent predictions by economic researchers, the first signs were emerging in some of the newly industrialised countries of the potential beginnings of a more significant economic upturn. However, future economic development is still beset with uncertainty.

Global gross domestic product (GDP) again fell substantially in the second quarter of 2009 compared with the same period in the prior year. On the one hand, state-run economic programmes successfully stimulated demand in some regions, such as China. Aid targeted at certain branches of industry, such as the automobile sector, also had a positive impact. However, due to the continuing economic uncertainty, both private households and companies remain extremely circumspect when making decisions about consumption and investment. Although there have been substantial reductions in inventory levels in most branches of industry, it is assumed that most sectors will continue to see relatively low production volumes in the summer. We do not therefore expect a swift recovery in the major end customer segments within the broad customer base of our gases business, such as the steel and chemical industries, the automobile manufacturers and the associated supplier sectors. On the other hand, steady trends continue to be seen in end customer segments less dependent on cyclical economic factors, such as our Healthcare or medical gases business and the food industry.

Since the publication of our 2009 Q1 interim report, the leading economic research institutes have once again revised their forecasts down for the full year 2009. The most recent prediction for global GDP in 2009 made by Global Insight is a fall of 2.9 percent, compared to a fall of 2.5 percent predicted in spring 2009. In the eurozone, the economic researchers are now forecasting that GDP will decline by 4.5 percent in 2009 (Q1 report: 3.0 percent). On the other hand, Global Insight has now issued a slightly improved forecast for the US economy, predicting a fall of 3.1 percent, compared with the fall of 3.4 percent predicted in the Q1 report. The economic experts are expecting slight growth in the global economy in the year 2010 of 1.6 percent. It is anticipated that the US will contribute growth in GDP of 1.5 percent, while in the eurozone there will be a further decline in GDP of 0.3 percent. Prospects for the emerging nations, especially for China and India, the two major Asian markets, are much more positive. This applies both to the current year 2009 and to the expected economic recovery in 2010.

Group

The Linde Group has stabilised its profitability in the first six months of the 2009 financial year in a market environment which continues to be difficult and despite volume reductions caused by global economic conditions. At Group level, the operating margin was 20.2 percent in the first six months of the year, compared with 20.1 percent in the comparable prior-year period. Adjusted for one-off restructuring costs of EUR 67 m, the operating margin was 21.4 percent. Of this improvement in operating margin of 130 basis points, 50 basis points is due to lower natural gas prices in 2009 than in 2008. The increase in the operating margin was therefore mainly due to the positive impact of the accelerated implementation of our HPO programme.

HPO (High Performance Organisation), our integrated concept for process optimisation and increased productivity, is being combined in certain areas and regions with capacity adjustments. Of the resulting one-off costs of around EUR 70 m, EUR 67 m has been charged to income in the first six months of the year, EUR 47 m of which was recognised in the second quarter alone. Due to the fact that the programme is managed centrally, these measures, which are designed to achieve sustainable improvements in our efficiency, result in one-off restructuring costs and are included in Corporate Activities. They are therefore disclosed in the reconciliation column of the segment report. On the basis of HPO, we are seeking to achieve total cost savings of between

EUR 650 m and EUR 800 m in the financial years from 2009 to 2012 and to continue to improve our competitiveness irrespective of the economic situation.

Against the background of the global economic crisis, Group sales fell by 12.5 percent in the first half of 2009 to EUR 5.476 bn, compared with the record figure achieved in the first half of 2008 of EUR 6.256 bn. Group operating profit for the six months to 30 June 2009 was EUR 1.104 bn, 12.2 percent below the prior year figure of EUR 1.258 bn. Taking into account restructuring costs, the fall in Group operating profit was only 6.9 percent.

The net financial expense improved from EUR 172 m in the first half of 2008 to EUR 158 m in the first half of 2009. Here, we were also able to benefit from low interest rates in the financial markets.

Earnings before taxes on income were EUR 365 m, a decline of EUR 179 m (–32.9 percent) compared to the first half of 2008. After deducting restructuring costs of EUR 67 m and the gains on disposal of businesses of EUR 59 m achieved in the first half of 2008 this decline was only EUR 53 m (–10.9 percent).

Group earnings after tax at 30 June 2009 were EUR 274 m (2008: EUR 402 m). After taking minority interests into account, earnings attributable to Linde AG shareholders were EUR 248 m (2008: EUR 375 m), giving earnings per share of EUR 1.47 (2008: EUR 2.24). Account should be taken here, too, when comparing the figures for the first six months of 2009 and 2008, of the one-off 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 half of 2009 stood at EUR 2.06, compared with EUR 2.72 in the first half of 2008. The restructuring costs recognised in the first six months of 2009 have not been adjusted for in this calculation.

Gases Division

In the Gases Division, Linde was again able to achieve slight increases in sales and earnings in the second quarter compared to the first three months of 2009. However, if the figures for the first six months of 2009 are compared with those for the first six months of 2008, there was an overall decline. Sales in the Gases Division for the six months to 30 June 2009 were EUR 4.350 bn, which was 7.6 percent lower than the figure for the comparable prior-year period of EUR 4.709 bn, despite an increase of 1.7 percent over the first quarter of 2009. On a comparable basis, i.e. after adjusting for exchange rate effects and also taking into account changes in the price of natural gas and changes in Group structure, the fall in sales was 6.7 percent. The impact of volume reductions caused by the global economic crisis was partially cushioned by positive price trends.

Sales arising from the Group's participation in joint ventures, which are not included in Group sales in accordance with accounting standards, were EUR 149 m in the first half of 2009, compared with EUR 302 m in the comparable prior-year period. When making this comparison, it should, however, be noted that since October 2008 sales relating to our Australian subsidiary Auscom Holdings Pty (Elgas) have no longer been accounted for as those of a joint venture but fully consolidated.

The operating profit of the Gases Division increased by over 8 percent in the second quarter compared to the first three months of the year. However, when the figures are compared for the first six months of 2009 and 2008, operating profit for 2009 at EUR 1.138 bn was 4.7 percent below the prior-year figure of EUR 1.194 bn. The Gases Division succeeded in limiting the reduction in earnings in a difficult market environment, improving its operating margin from 25.4 percent in 2008 to 26.2 percent in 2009. Synergies arising from the BOC acquisition and the accelerated implementation of our HPO activities made a significant contribution to this positive trend.

By the end of the reporting period, business in the Gases Division as a whole had for the most part stabilised, while in some growth markets there were even slight signs of recovery.

The trends in the individual regions and product areas were as follows:

In the Western Europe operating segment, business continued to be adversely affected by the substantial loss in value of the British pound, as in the first quarter. Against this background, sales in the first half of 2009 were EUR 1.849 bn, 11.2 percent below the figure for the prior-year period of EUR 2.083 bn. On a comparable basis, the decline in sales would have been a mere 6.0 percent. Operating profit was also adversely affected by exchange rate movements, falling 12.0 percent from EUR 575 m in the first half of 2008 to EUR 506 m in the first half of 2009. The operating margin in Western Europe remained high and virtually stable in the first six months of the year at 27.4 percent (2008: 27.6 percent). This relative stability was partly due to the positive impact of the cost optimisation measures in our value chains under the HPO programme.

In Western Europe as a whole there was no real market recovery in the second quarter. In most regions, including our three major sales markets, the UK, Germany and Scandinavia, volumes in the tonnage (on-site), liquefied gases and cylinder gas product areas declined significantly in comparison with the prior-year period. On the other hand, our supply contracts in the on-site business, which guarantee minimum purchasing quantities, rental income for tanks and cylinder gases and our pricing policy had a stabilising effect. The Healthcare or medical gases business continued to prove robust in the second quarter, achieving an increase in sales as expected.

In the Americas operating segment, sales in the first six months of 2009 fell by 8.2 percent to EUR 993 m (2008: EUR 1.082 bn). On a comparable basis, the decline in sales was 8.4 percent. Linde was, however, able to achieve a slight increase in operating profit of 1.9 percent to EUR 210 m, compared to the figure for the first half of 2008 of EUR 206 m. The operating margin rose as a result from 19.0 percent to 21.1 percent. Besides the natural gas price effect, this increase was mainly due to the variety of measures we have taken to improve our efficiency.

As in Western Europe, there were no indications as yet of a sustainable economic recovery in the North American region. Despite a slight increase in demand for hydrogen in the course of the first half of the year, volumes in the tonnage business have remained well below prior-year levels. The liquefied gases and cylinder gas product areas continued to experience significant declines in volumes, the impact of which was not fully offset by price trends which remained positive. The Healthcare product area continued to see steady growth.

Volume reductions were also to be seen in the tonnage and liquefied gases business in South America. On the other hand, the cylinder gas business and the Healthcare product area in this region both achieved growth. In addition, we were able to benefit here, too, from positive price movements and cost savings.

In the Asia & Eastern Europe operating segment, sales in the first six months of 2009 were EUR 877 m, 7.2 percent below the figure for the prior-year period of EUR 945 m. On a comparable basis, the fall in sales was 7.4 percent. Operating profit, on the other hand, of EUR 266 m was almost as high as the figure for the first half of 2008 of EUR 269 m. There was a significant increase in the operating margin as a result, from 28.5 percent to 30.3 percent. The accelerated implementation of our HPO programme as well as additional profit contributions from our joint venture activities in China, contributed to this positive trend.

In comparison with the first quarter of 2009, we saw the clearest signs of an economic recovery in the Asia & Eastern Europe operating segment. This trend was demonstrated, for example, by higher capacity utilisation of our tonnage plants and by the awarding of new projects. We also continued to reinforce our leading market position in this region as a result of the start-up of new plants.

In Eastern Europe, our business performance stabilised in the second quarter. However, in comparison with the very good figures achieved in the prior-year period, the severe decline in industrial production has resulted in volume decreases, especially in the liquefied gases and cylinder gas product areas. In the Healthcare product area, we expanded our business throughout the Asia & Eastern Europe operating segment in the first half of 2009 and therefore achieved sales growth.

In South and East Asia, the market environment varies from region to region. However, in some countries, there were increased signs in the second quarter of a recovery in demand.

In China, new positive momentum is being generated by the state-run economic programme. The Linde Group is also benefiting from this trend, as demonstrated by the joint venture with the Sinopec subsidiary SVW (Sinopec Sichuan Vinylon Works) formed in April.

In the South Pacific & Africa operating segment, we achieved a 5.4 percent increase in sales in the first six months of the year to EUR 666 m (2008: EUR 632 m). We were able to more than offset adverse movements in the exchange rates of the Australian dollar and South African rand as a result of the consolidation for the first time of the Australian LPG business, Elgas. On a comparable basis, sales in the first half of 2009 fell by 4.6 percent. Operating profit rose by 8.3 percent to EUR 156 m (2008: EUR 144 m). This is equivalent to an improvement in the operating margin from 22.8 percent to 23.4 percent.

In the South Pacific region, the market environment remained robust in comparison with the global situation. Although in Australia volumes in the tonnage, liquefied gases and cylinder gas product areas also declined, we were able to achieve growth in our rental business and in the Healthcare product area. In addition, we benefited from price movements which were generally positive.

In Africa, the gases business stabilised in the second quarter in a difficult market environment.

Business trends in the individual product areas of the Gases Division were affected by the continuing challenging global economic environment. On a comparable basis, i.e. after adjusting for exchange rate effects and the effect of changes in the price of natural gas and changes in Group structure, sales in the first six months of the year in the bulk business fell by 9.1 percent to EUR 1.074 bn (2008: EUR 1.181 bn) and in the cylinder gas business by 9.0 percent to EUR 1.779 bn (2008: EUR 1.956 bn). In the tonnage business, sales in the first half of 2009 of EUR 989 m were 5.4 percent below the figure for the prior-year period of EUR 1.046 bn. In this product area, volume reductions were partially offset by the special form of our long-term supply contracts (“take-or-pay” agreements) and new production start-ups. As expected, the Healthcare product area once again steered clear of the weak economic environment, achieving an increase in sales of 5.6 percent to EUR 508 m (2008: EUR 481 m).

Gases Division

	January to June 2009			January to June 2008		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	1,849	506	27.4	2,083	575	27.6
Americas	993	210	21.1	1,082	206	19.0
Asia & Eastern Europe	877	266	30.3	945	269	28.5
South Pacific & Africa	666	156	23.4	632	144	22.8
Consolidation	–35	–	–	–33	–	–
Gases Division	**4,350**	**1,138**	**26.2**	**4,709**	**1,194**	**25.4**

Gases Division

	2nd Quarter 2009			2nd Quarter 2008		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	914	259	28.3	1,053	292	27.7
Americas	492	106	21.5	554	102	18.4
Asia & Eastern Europe	449	137	30.5	481	138	28.7
South Pacific & Africa	357	90	25.2	335	76	22.7
Consolidation	–19	–	–	–15	–	–
Gases Division	**2,193**	**592**	**27.0**	**2,408**	**608**	**25.2**

Engineering Division

In the Engineering business, which is characterised by major international projects, The Linde Group achieved sales of EUR 1.113 bn in the first half of 2009, although it was unable to achieve the very high level of sales achieved in the first six months of 2008 of EUR 1.411 bn. This decline is mainly due to the different project structure and physical completion compared to the previous year. Operating profit of EUR 90 m was also below the figure for the first half of 2008 of EUR 126 m. The operating margin was 8.1 percent. This means that we slightly exceeded our target margin of 8 percent, which is significantly higher than the industry average.

Due to a marked reluctance by customers to award new projects, order intake in the first half of 2009 of EUR 1.299 bn, was, as expected, lower than the figure for the prior-year period of EUR 1.557 bn. However, the major contract received at the end of June from Abu Dhabi for the construction of an olefin plant on the Ruwais site, worth USD 1.075 bn demonstrates that we have a strong competitive position in the international engineering business. Linde has maintained very close successful customer relationships for more than a decade with the partners involved in Borouge, the contract consortium, ADNOC (Abu Dhabi National Oil Corporation) and Borealis. These kinds of enduring contacts make it possible for our Engineering Division to win new contracts even in the current difficult market environment. Through the formation of Elixier, the joint venture between ADNOC and our Gases Division, our gases business has also benefited very recently from the Engineering Division's established customer relationships in the Middle East in the form of new tonnage contracts.

The major Abu Dhabi contract is also clearly reflected in the analysis of order intake by segment. By far the greatest proportion of the order intake in the first six months of the year (72 percent) relates to olefin plants. While the air separation plant segment contributed 9 percent of order intake in the first half of 2009, around 6 percent of new orders related to hydrogen and synthesis gas plants. A further 7 percent related to the natural gas plant segment.

As in 2008, most new orders in 2009 (66 percent) came from the Middle East. The Europe region comprised 13 percent and the Asia/Pacific region 8 percent of the order intake for the first half of 2009.

The good order intake in the second quarter also had a marked positive impact on our order backlog. Our order book at the end of June stood at EUR 4.381 bn (31 December 2008: EUR 4.436 bn). Most of the current order backlog relates to air separation plants (45 percent) and olefin plants (34 percent). The geographical focus remains the Middle East. Examples of major projects in this region are the new ethylene plant in Ruwais, the Enhanced Gas Recovery plant in Abu Dhabi which we will operate jointly with our joint venture partner ADNOC and the Gas-to-Liquid project we are executing for Shell in Qatar.

Engineering Division

in € million	2nd Quarter 2009	2008	January to June 2009	2008
Sales	564	869	1,113	1,411
Order intake	1,014	1,151	1,299	1,557
Order backlog at 30.06./31.12.	–	–	4,381	4,436
Operating profit	45	79	90	126
Margin in %	8.0	9.1	8.1	8.9

Engineering Division – Order intake by region

in € million	January to June 2009	in percent	2008	in percent
Europe	169	13.0	408	26.2
North America	68	5.2	136	8.7
South America	102	7.9	56	3.6
Asia/Pacific	102	7.9	312	20.0
Middle East	855	65.8	571	36.7
Africa	3	0.2	74	4.8
Total	**1,299**	**100.0**	**1,557**	**100.0**

Engineering Division – Order intake by region

in € million	2nd Quarter 2009	in percent	2008	in percent
Europe	7	0.7	257	22.3
North America	48	4.7	106	9.2
South America	82	8.1	41	3.6
Asia/Pacific	51	5.0	172	14.9
Middle East	824	81.3	551	47.9
Africa	2	0.2	24	2.1
Total	**1,014**	**100.0**	**1,151**	**100.0**

Engineering Division – Order intake by plant type

in € million	January to June 2009	in percent	2008	in percent
Olefin plants	941	72.5	224	14.4
Natural gas plants	85	6.5	97	6.2
Hydrogen and synthesis gas plants	82	6.3	184	11.8
Air separation plants	112	8.6	928	59.6
Other	79	6.1	124	8.0
Total	**1,299**	**100.0**	**1,557**	**100.0**

Engineering Division – Order intake by plant type

in € million	2nd Quarter 2009	in percent	2008	in percent
Olefin plants	834	82.3	181	15.7
Natural gas plants	52	5.1	15	1.3
Hydrogen and synthesis gas plants	25	2.5	115	10.0
Air separation plants	64	6.3	766	66.6
Other	39	3.8	74	6.4
Total	**1,014**	**100.0**	**1,151**	**100.0**

Finance

Cash flow from operating activities in the reporting period was EUR 841 m, and therefore exceeded the figure for the first six months of 2008 of EUR 816 m. Despite the fall in earnings, cash flow was relatively high, primarily as a result of improvements in working capital management.

The net cash outflow from investing activities in the first half of the year was EUR 536 m (2008: net cash outflow of EUR 424 m). The increase of EUR 112 m in net cash outflow was mainly due to proceeds on disposal of non-current assets held for sale of EUR 104 m being recognised in the prior year. These relate to the purchase price payments for the subsidiary sold in Colombia and the remaining parts of the BOC Edwards components business – BOC Edwards Pharmaceutical Systems. 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 543 m, around 4.6 percent below the figure for the first six months of 2008 of EUR 569 m, which remains a relatively high figure. Cash outflows for investments in consolidated companies of EUR 60 m relate principally to the acquisition of our subsidiary SIGAS in Saudi Arabia. Net cash inflow (free cash flow before financing activities) in the reporting period was EUR 305 m (2008: net cash inflow of EUR 392 m).

Total assets have increased since the balance sheet date, 31 December 2008, by 2.8 percent or EUR 658 m to EUR 24.482 bn. Non-current assets rose by EUR 727 m. This increase is mainly the result of investments in the first six months of 2009 and exchange rate movements. The investment in non-current assets relates mainly to new tonnage projects. Net financial debt (financial debt less cash and cash equivalents and securities) rose by EUR 373 m from EUR 6.423 bn at 31 December 2008 to EUR 6.796 bn. EUR 174 m of this increase was 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 7.685 bn (31 December 2008: EUR 7.445 bn), EUR 1.310 bn (31 December 2008: EUR 1.290 bn) is disclosed as current and EUR 6.375 bn (31 December 2008: EUR 6.155 bn) is disclosed as long-term financial debt. More than 80 percent of the financial debt is repayable after the year 2010. Financial debt repayable within one year is matched by liquid funds of EUR 866 m and a EUR 2 bn syndicated credit facility available until 2011. On 1 July 2009, a new two-year EUR 1.6 bn revolving credit line was agreed. This forward start facility will be available from 2011.

Equity rose by EUR 460 m from EUR 8.249 bn to EUR 8.709 bn. This increase was due primarily to exchange rate effects and earnings after taxes on income of EUR 274 m. Movements in actuarial gains and losses on pension provisions, the dividend payment 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 30 June 2009 was 49,166 (31 December 2008: 51,908). Of this number, 38,813 were employed in the Gases Division and 5,802 in the Engineering Division. The majority of the 4,551 staff in the Corporate/Other Activities segment are employed by our logistics service provider Gist.

Group – Employees by division

	30.06.2009	31.12.2008
Gases Division	38,813	41,109
Engineering Division	5,802	5,951
Other/Corporate	4,551	4,848
Group	**49,166**	**51,908**

Gases Division – Employees by operating segment

	30.06.2009	31.12.2008
Western Europe	13,133	13,616
Americas	7,313	7,881
Asia & Eastern Europe	11,287	11,735
South Pacific & Africa	7,080	7,877
Total	**38,813**	**41,109**

Outlook

Group

The months following the first half of 2009 will continue to feel the impact of the global economic crisis. Even if in some industry sectors the first signs are appearing of a slight recovery or stabilisation at a low level, the leading economic research institutes are continuing to expect a significant decline in global economic output for the year 2009.

Against this background and on the basis of the business figures in the first six months of the year, we assume that it will not be possible to achieve the same level of sales and earnings in the 2009 financial year as in the record year 2008. However, provided that the economic recovery stabilises, we expect a better business development in the second half year of 2009 than in the first six months.

Due to our global presence, our relatively stable business model and our extensive efficiency improvement measures, we will continue to seek to limit as far as possible the decline in Group earnings. We will accelerate and escalate the implementation of our integrated HPO programme. Due to this fact, we continue to expect that steady improvements in our productivity will lead to a total reduction in gross costs of between EUR 650 m and EUR 800 m in the financial years 2009 to 2012.

Gases Division

As expected, the gases business was unable to avoid the pressure caused by the economic situation completely. However, our broad customer structure and our international presence were particularly beneficial in this difficult market environment. 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, we assume that over the whole year there will be lower capacity utilisation of plants. At the same time, we will still be able to 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. Our liquefied gases and cylinder gas business, with its broad customer base and our leading market positions, will be able to benefit from a potential economic upturn. In the Healthcare segment, our medical gases business, we are expecting further growth even in the current financial year.

Against this background and given current economic trends towards recovery, we are expecting a better business performance in the Gases Division in the second half of 2009 than in the first six months of the year. This positive trend will, however, not be sufficient to ensure that sales and earnings for the full year 2009 will reach the levels achieved in 2008.

Engineering Division

The order backlog for our Engineering Division remains at a very high level at more than EUR 4 bn, underpinned by the major contract from Abu Dhabi received at the end of June, 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 in global large-scale plant construction as well. This may result, for example, in the award of new projects being postponed. We therefore assume that new orders in our Engineering Division will not be sufficient to achieve the same level of sales revenue in the 2009 financial year as in 2008. Nevertheless, the target for our operating margin remains at 8 percent.

International large-scale plant construction will benefit from upcoming investment in new sustainable energy infrastructures irrespective of economic imponderables. With our international orientation and high reputation in the four operating segments (olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants), we are in a promising position in terms of these structural growth markets.

Risk report

Uncertainty about future general economic trends continues. The decline in demand to be seen around the world compared to the 2008 financial year as a result of the economic crisis represents a risk for us. In addition to the drop in sales volumes, the potential loss 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) also represents a risk for us. 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.

With the exception of the drop in sales volumes which has occurred, the risk situation for The Linde Group has not changed since the 2008 annual report.

Group income statement

in € million	2nd Quarter 2009	2008	January to June 2009	2008
Sales	2,781	3,339	5,476	6,256
Cost of sales	1,830	2,323	3,639	4,281
Gross profit on sales	**951**	**1,016**	**1,837**	**1,975**
Marketing and selling expenses	401	437	785	846
Research and development costs	21	26	44	49
Administration expenses	262	279	509	558
Other operating income	42	88	130	180
Other operating expenses	51	24	141	70
Income from associates and joint ventures (at equity)	16	16	35	25
Non-recurring items	–	44	–	59
Financial income	77	82	161	191
Financial expenses	156	175	319	363
Earnings before taxes on income	**195**	**305**	**365**	**544**
Taxes on income	49	75	91	142
Earnings after taxes on income	**146**	**230**	**274**	**402**
Attributable to minority interests	13	15	26	27
Attributable to Linde AG shareholders	133	215	248	375
Earnings per share in €	0.79	1.28	1.47	2.24
Earnings per share in € – fully diluted	0.78	1.27	1.46	2.22

Group balance sheet

in € million	30.06.2009	31.12.2008
Assets		
Goodwill	7,232	6,893
Other intangible assets	3,344	3,177
Tangible assets	7,428	7,162
Investments in associates and joint ventures (at equity)	554	535
Other financial assets	383	388
Receivables from financial services	664	671
Trade receivables	–	–
Other receivables and other assets	396	444
Deferred tax assets	223	227
Non-current assets	**20,224**	**19,497**
Inventories	1,011	986
Receivables from financial services	82	75
Trade receivables	1,688	1,641
Other receivables and other assets	488	539
Income tax receivables	98	64
Securities	23	20
Cash and cash equivalents	866	1,002
Non-current assets held for sale and disposal groups	2	–
Current assets	**4,258**	**4,327**
Total assets	**24,482**	**23,824**

Group balance sheet

in € million	30.06.2009	31.12.2008
Equity and liabilities		
Capital subscribed	431	431
Capital reserve	5,083	5,074
Revenue reserves	4,039	4,209
Cumulative changes in equity not recognised through the income statement	–1,271	–1,842
Total equity excluding minority interests	**8,282**	**7,872**
Minority interests	427	377
Total equity	**8,709**	**8,249**
Provisions for pensions and similar obligations	978	842
Other non-current provisions	412	400
Deferred tax liabilities	1,923	1,889
Financial debt	6,375	6,155
Liabilities from financial services	22	23
Trade payables	4	3
Other non-current liabilities	149	147
Liabilities from income taxes	102	95
Non-current liabilities	**9,965**	**9,554**
Other current provisions	1,338	1,482
Financial debt	1,310	1,290
Liabilities from financial services	10	11
Trade payables	2,124	2,120
Other current liabilities	937	1,029
Liabilities from income taxes	89	89
Liabilities related to non-current assets held for sale	–	–
Current liabilities	**5,808**	**6,021**
Total equity and liabilities	**24,482**	**23,824**

Group cash flow statement

in € million	January to June 2009	2008
Earnings before taxes on income	**365**	**544**
Adjustments to earnings before taxes (on income) to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	581	601
Profit/loss on disposal of non-current assets	–9	–96
Net interest	144	181
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	25	26
Income from associates and joint ventures (at equity)	–35	–25
Distributions/dividends received from operating associates and joint ventures	27	8
Income taxes paid	–178	–115
Changes in assets and liabilities, adjusted for the effects of changes in Group structure		
Change in inventories	19	41
Change in trade accounts receivable	13	–144
Change in provisions	–111	–80
Change in trade payables	–22	–79
Change in other assets and liabilities	22	–46
Cash flow from operating activities	**841**	**816**
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4 / IAS 17	–543	–569
Payments for investments in consolidated companies	–60	–
Payments for investments in financial assets	–9	–54
Payments for investments in current financial assets	–70	–36
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from financial services in accordance with IFRIC 4 / IAS 17	70	72
Proceeds on disposal of consolidated companies	–	26
Proceeds on disposal of non-current assets held for sale and disposal groups	–	104
Proceeds on disposal of financial assets	9	1
Proceeds on disposal of current financial assets	67	32
Cash flow from investing activities	**–536**	**–424**

Group cash flow statement

in € million	January to June 2009	2008
Dividend payments to Linde AG shareholders and minority shareholders	–322	–293
Increase in share capital incl. minority interests and employee shares	3	2
Interest received	169	49
Interest paid	–304	–346
Proceeds of loans	827	484
Cash outflows for the repayment of loans and bonds	–824	–346
Change in liabilities from financial services	–3	–4
Cash flow from financing activities	**–454**	**–454**
Net cash inflow/outflow	**–149**	**–62**
Opening balance of cash and cash equivalents	**1,002**	**858**
Effects of currency translation and changes in Group structure	13	–46
Closing balance of cash and cash equivalents	**866**	**750**
thereof cash in escrow account for acquisition of consolidated company	–	55

Statement of recognised income and expense

in € million	1 January to 30 June 2009	1 January to 30 June 2008
Gain/loss on remeasurement of securities	–	–1
Gain/loss on remeasurement at fair value of derivative financial instruments	–63	39
Currency translation differences	645	–683
Change in actuarial gains/losses on pension provisions	–108	–203
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	**464**	**–836**
Earnings after taxes on income	**274**	**402**
Total gains and losses recognised	**738**	**–434**
of which attributable to		
Linde AG shareholders	701	–428
Other shareholders	37	–6

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	–	–	–191	375
Dividend payments	–	–	–	–283
Amount arising from issue of convertible bond	5	97	–	–
Changes as a result of share option scheme	–	16	–	–
Other changes	–	–	–	1
At 30 June 2008	431	5,061	–26	4,033
At 31 Dec. 2008/1 Jan. 2009	431	5,074	–153	4,362
Total gains and losses recognised	–	–	–118	248
Dividend payments	–	–	–	–303
Changes as a result of share option scheme	–	9	–	–
Other changes	–	–	–	3
At 30 June 2009	431	5,083	–271	4,310

	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
	–650	–1	39	–428	–6	–434
	–	–	–	–283	–10	–293
	–	–	–	102	–	102
	–	–	–	16	–	16
	–	–	–	1	–11	–10
	–1,555	–1	226	8,169	422	8,591
	–1,983	5	136	7,872	377	8,249
	634	–	–63	701	37	738
	–	–	–	–303	–19	–322
	–	–	–	9	–	9
	–	–	–	3	32	35
	–1,349	5	73	8,282	427	8,709

Segment information

	Reportable segments			
	Total Gases Division		Engineering Division	
in € million	01.01. to 30.06.2009	01.01. to 30.06.2008	01.01. to 30.06.2009	01.01. to 30.06.2008
Sales to third parties	4,347	4,705	906	1,285
Sales to other segments	3	4	207	126
Segment sales	**4,350**	**4,709**	**1,113**	**1,411**
Operating profit (before non-recurring items)	**1,138**	**1,194**	**90**	**126**
of which share of profit/loss from associates/ joint ventures (at equity)	37	25	–	–
Amortisation of intangible assets and depreciation of tangible assets	551	568	17	18
of which amortisation of fair value adjustments identified in the course of purchase price allocation	138	176	4	4
Non-recurring items	–	–	–	–
EBIT (earnings before interest and tax)	**587**	**626**	**73**	**108**

	Gases Division			
	Western Europe		Americas	
in € million	01.01. to 30.06.2009	01.01. to 30.06.2008	01.01. to 30.06.2009	01.01. to 30.06.2008
Sales to third parties	1,841	2,071	970	1,065
Sales to other segments	8	12	23	17
Segment sales	**1,849**	**2,083**	**993**	**1,082**
Operating profit (before non-recurring items)	**506**	**575**	**210**	**206**
of which share of profit/loss from associates/ joint ventures	–1	–1	18	11
Amortisation of intangible assets and depreciation of tangible assets	193	225	142	144
of which amortisation of fair value adjustments identified in the course of purchase price allocation	26	42	55	63
Non-recurring items	–	–	–	–
EBIT (earnings before interest and tax)	**313**	**350**	**68**	**62**

Reportable segments					
Other activities		Reconciliation		Total Group	
01.01. to 30.06.2009	01.01. to 30.06.2008	01.01. to 30.06.2009	01.01. to 30.06.2008	01.01. to 30.06.2009	01.01. to 30.06.2008
223	266	–	–	5,476	6,256
2	–	–212	–130	–	–
225	**266**	**–212**	**–130**	**5,476**	**6,256**
24	**23**	**–148**[1]	**–85**	**1,104**	**1,258**
–	–	–2	–	35	25
12	14	1	1	581	601
4	5	–	–	146	185
–	–	–	59	–	59
12	**9**	**–149**	**–27**	**523**	**716**

[1] Includes EUR 67 m of restructuring costs.

Gases Division					
Asia & Eastern Europe		South Pacific & Africa		Total Gases Division	
01.01. to 30.06.2009	01.01. to 30.06.2008	01.01. to 30.06.2009	01.01. to 30.06.2008	01.01. to 30.06.2009	01.01. to 30.06.2008
872	937	664	632	4,347	4,705
5	8	2	–	3	4
877	**945**	**666**	**632**	**4,350**	**4,709**
266	**269**	**156**	**144**	**1,138**	**1,194**
19	13	1	2	37	25
129	116	87	83	551	568
23	25	34	46	138	176
–	–	–	–	–	–
137	**153**	**69**	**61**	**587**	**626**

Additional Comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the six months ended 30 June 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, 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 six months ended 30 June 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 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 30.06.2009
Consolidated subsidiaries	**527**	**7**	**13**	**521**
of which within Germany	25	3	–	28
of which outside Germany	502	4	13	493
Other investments	**95**	**6**	**7**	**94**
of which within Germany	3	4	3	4
of which outside Germany	92	2	4	90
Companies accounted for using the equity method	**59**	**–**	**–**	**59**
of which within Germany	–	–	–	–
of which outside Germany	59	–	–	59

[3] Acquisitions

Saudi Industrial Gases 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 Gases 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	26
Cost of sales	13
Gross profit on sales	**13**
Other income and other expenses	–6
Operating profit (EBIT)	**7**
Financial result	–
Earnings before taxes on income (EBT)	**7**
Taxes on income	–
Earnings after taxes on income	**7**
Attributable to minority interests	3
Attributable to Linde AG shareholders	**4**

[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 June	
		30.06.2009	31.12.2008	2009	2008
Argentina	ARS	5.34800	4.82870	4.857560	4.804040
Australia	AUD	1.73700	1.97710	1.877800	1.656480
Brazil	BRL	2.75840	3.23570	2.924580	2.596780
Canada	CAD	1.62810	1.70250	1.606600	1.543280
China	CNY	9.64230	9.54640	9.123910	10.808110
Czech Republic	CZK	25.87300	26.85400	27.115120	25.194550
Hungary	HUF	272.65000	265.66000	289.607680	253.664670
Malaysia	MYR	4.96650	4.82750	4.786380	4.928520
Norway	NOK	9.04140	9.72610	8.901420	7.955510
Poland	PLN	4.45830	4.14830	4.469220	3.490890
South Africa	ZAR	10.97300	13.27610	12.227000	11.746410
South Korea	KRW	1,797.99000	1,765.67000	1,797.848290	1,513.040000
Sweden	SEK	10.83710	10.93280	10.858890	9.378230
Switzerland	CHF	1.52520	1.49340	1.506230	1.605280
Turkey	TRY	2.16400	2.15490	2.151990	1.892360
UK	GBP	0.85010	0.95570	0.894370	0.775310
USA	USD	1.41160	1.39800	1.335310	1.531590

[5] Non-recurring items

In the prior year, the remaining parts of the BOC Edwards components business – BOC Edwards Pharmaceutical Systems – were sold.

In addition, the sale of the subsidiary Cryogas S. A., Colombia, to Indura S. A., Chile, at an enterprise value of EUR 90 m was completed in the prior-year period. As a result of these two transactions, a profit arose on deconsolidation of EUR 59 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 provision 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 30 June 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 118 m (after deferred tax).

[8] Earnings per share

in € million	January to June 2009	2008
Earnings after taxes on income attributable to Linde AG shareholders	248	375
Plus: increase in profit due to dilutive effect of convertible bond	–	1
Profit after adjusting for dilutive effects	248	376
Shares in 000s		
Weighted average number of shares outstanding	168,500	167,136
Dilution as a result of share option scheme	878	1,428
Effect of dilutive convertible bond	–	1,081
Weighted average number of shares outstanding – fully diluted	169,378	169,645
Earnings per share in €	**1.47**	**2.24**
Earnings per share in € – fully diluted	**1.46**	**2.22**

[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 35 m (2008: EUR 33 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 30.06.2009	01.01. to 30.06.2008
Segment sales		
Sales in the reportable segments	5,688	6,386
Consolidation	−212	−130
Group sales	**5,476**	**6,256**
Operating profit		
Operating profit from the reportable segments	1,252	1,343
Corporate activities	−136	−73
Amortisation and depreciation	581	601
thereof fair value adjustments in the course of the purchase price allocation	146	185
Non-recurring items	–	59
Financial income	161	191
Financial expenses	319	363
Consolidation	−12	−12
Group earnings before taxes on income	**365**	**544**

[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.

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

Adjusted financial figures

	30.06.2009			30.06.2008		
in € million	As reported	Non-GAAP adjustments	Key financial figures	As reported	Non-GAAP adjustments	Key financial figures
Sales	5,476	–	5,476	6,256	–	6,256
Cost of sales	–3,639	76	–3,563	–4,281	105	–4,176
Gross profit on sales	**1,837**	**76**	**1,913**	**1,975**	**105**	**2,080**
Research and development costs, marketing, selling and administration expenses	–1,338	70	–1,268	–1,453	80	–1,373
Other operating income and expenses	–11	–	–11	110	–	110
Income from associates and joint ventures (at equity)	35	–	35	25	–	25
Non-recurring items	–	–	–	59	–59	–
EBIT	**523**	**146**	**669**	**716**	**126**	**842**
Financial result	–158	–	–158	–172	–	–172
Taxes on income	–91	–47	–138	–142	–46	–188
Earnings after taxes on income – Group	**274**	**99**	**373**	**402**	**80**	**482**
Attributable to minority interests	26	–	26	27	–	27
Attributable to Linde AG shareholders	**248**	**99**	**347**	**375**	**80**	**455**
Earnings per share in €	**1.47**	**–**	**2.06**	**2.24**	**–**	**2.72**
Earnings per share in € – fully diluted	**1.46**	**–**	**2.05**	**2.22**	**–**	**2.69**

[11] Discretionary decisions and estimates

The preparation of the half-year financial 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

Forward start facility

On 1 July 2009, a new EUR 1.6 bn two-year revolving credit line was agreed. This forward start facility will be available from 2011. It will succeed the Group’s existing EUR 2 bn credit line, which is currently unused and expires on 3 March 2011. The new credit line ensures that the Group will have a solid general liquidity reserve with banks.

More than 20 of the most important banks to Linde both nationally and internationally are participating in the transaction, which forms part of a club deal. Having arranged the transaction itself, Linde received very good support, which made it possible to increase the loan amount substantially to EUR 1.6 bn, although it was originally planned to be lower. Even so, the transaction was oversubscribed.

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 June 2009 and the publication deadline for these condensed Group interim financial statements.

Munich, 31 July 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 30 June 2009 that are part of the quarterly financial report according to § 37w 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 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, 31 July 2009

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 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, 31 July 2009

Professor Dr Wolfgang Reitzle
Chief Executive Officer
of Linde AG

Georg Denoke
Member of the Executive Board
of Linde AG

Dr Aldo Belloni
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