Linde Interim Report.
January to September 2009.

Q3

LeadIng.

THE LINDE GROUP

Linde Financial Highlights

in € million		January to September 2009	2008	Change in percent
Share				
Closing price	€	74.08	75.48	−1.9
Year high	€	76.45	97.90	−21.9
Year low	€	48.80	71.01	−31.3
Market capitalisation		12,493	12,718	−1.8
Adjusted earnings per share[1]	€	3.38	4.14	−18.4
Earnings per share	€	2.47	3.29	−24.9
Number of shares outstanding (in 000s)		168,642	168,489	0.1
Sales		8,313	9,392	−11.5
Operating profit		1,741	1,910	−8.8
EBIT before amortisation of fair value adjustments and non-recurring items		1,079	1,288	−16.2
Non-recurring items		–	59	−100.0
Earnings after taxes on income		456	593	−23.1
Number of employees[2]		48,312	51,908	−6.9
Gases Division				
Sales		6,629	7,157	−7.4
Operating profit		1,763	1,819	−3.1
Engineering Division				
Sales		1,677	2,063	−18.7
Operating profit		145	183	−20.8

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

2 At 30 September 2009/31 December 2008.

Linde Interim Report. January to September 2009.

January to September 2009: The Linde Group continues the positive trend of the second quarter and achieves further increases in profitability

- → Third quarter: significant improvement in Group operating profit[1] compared with the previous quarter
- → At 30 September: operating margin increases to 20.9 percent (2008: 20.3 percent) despite restructuring costs
- → 9.5 percent rise in operating cash flow to EUR 1.424 bn
- → Group sales down 11.5 percent to EUR 8.313 bn
- → Group operating profit[1] down 8.8 percent to EUR 1.741 bn (down 4.7 percent after adjusting for restructuring costs)
- → Outlook for 2009 unchanged: better business trends expected than in 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 the global economy, which began in the fourth quarter of 2008 as a result of the financial and economic crisis, continued to slow in the course of 2009. In the third quarter, clear signs of recovery were to be seen, particularly in the emerging nations, and especially in China and in Southern and Eastern Asia. In the more mature economies such as the US and Western Europe, the economic situation continued to stabilise at a low level.

Future economic development is, however, beset with uncertainty. Some economic indicators may point to a relatively speedy recovery, partly as a result of increases in inventory levels in all industry sectors. Whether the signs of recovery will be sustainable, however, remains to be seen. It should be noted, after all, that the global economy is being strongly supported by government-backed aid programmes and targeted monetary policy.

In comparison with the first six months of the year, economic forecasts for the full year 2009 have changed only marginally. Based on its most recent estimates, Global Insight expects global gross domestic product (GDP) for the current year to fall by 2.8 percent, compared with the fall of 2.9 percent predicted in summer 2009. In the eurozone, a decline in economic output of 4.6 percent is now being forecast, compared to the decline of 4.5 percent predicted in the H1 report. Global Insight continues to assume that there will be a relatively significant fall in output of 2.9 percent in the US for the year 2009, compared with the predicted fall of 3.1 percent in the H1 report.

The forecast for the year 2010 has barely changed from that made as the half-yearly report went to press. Global GDP is still forecast to grow in the coming year at a rate of 1.8 percent (H1 report: 1.6 percent). Whereas prospects for the eurozone have recently improved slightly and the current forecast is for a very small increase in GDP of 0.1 percent, compared with the predicted fall in GDP of 0.3 percent in the H1 report, the forecast for the US of slight growth of 1.4 percent was almost the same as the rise of 1.5 percent predicted in the H1 report. The emerging nations, in particular China and India, will be the main contributors to the expected global economic recovery in the course of the next year.

Group

The technology group The Linde Group continued the positive trend of the second quarter in a market environment which remained difficult, achieving further increases in profitability in the months July to September in comparison with the previous quarter. In the third quarter, Group operating profit rose by 12.5 percent compared to the second quarter, while the operating margin increased significantly by 210 basis points to 22.5 percent (2nd quarter: 20.4 percent). The operating margin also continued to improve if a comparison is made between the figures for the first nine months of 2009 and the first nine months of 2008. The Group operating margin for the period to 30 September 2009 was 20.9 percent, compared with 20.3 percent for the period to 30 September 2008. Adjusted for one-off restructuring costs of EUR 80 m, the operating margin in the first nine months of the current financial year was 21.9 percent. Of this significant improvement in operating margin of 160 basis points, 60 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 rigorous accelerated implementation of the HPO programme.

HPO (High Performance Organisation), the Group's integrated concept for process optimisation and increased productivity, is being combined in certain areas and regions with capacity adjustments. These measures, which are designed to achieve sustainable improvements in efficiency, have resulted in one-off restructuring costs of EUR 80 m, which have been fully recognised by Linde in the nine months to 30 September. Due to the fact that the programme is managed centrally, these measures are included in Corporate Activities. The related costs are therefore disclosed in the reconciliation column of the segment report. On the basis of HPO, Linde is seeking to achieve total gross cost savings of between EUR 650 m and EUR 800 m in the financial years from 2009 to 2012 and to continue to improve its competitiveness irrespective of the economic situation.

Against the background of the global economic crisis, Group sales fell by 11.5 percent in the first nine months of 2009 to EUR 8.313 bn, compared with the record figure achieved in the first nine months of 2008 of

EUR 9.392 bn. Group operating profit for the nine months to 30 September 2009 was EUR 1.741 bn, 8.8 percent below the prior-year figure of EUR 1.910 bn. Adjusted for restructuring costs, the fall in Group operating profit was only 4.7 percent.

The net financial expense improved further from EUR 274 m to EUR 247 m. Here, the Group was also able to benefit from low interest rates in the financial markets.

Earnings before taxes on income were EUR 611 m, a decline of EUR 185 m or 23.2 percent when compared with the prior-year figure of EUR 796 m. After adjusting for restructuring costs of EUR 80 m and the gains on disposal of businesses of EUR 59 m achieved in the first nine months of 2008, this decline was only EUR 46 m or 6.2 percent.

Group earnings after tax at 30 September 2009 were EUR 456 m (2008: EUR 593 m). After taking minority interests into account, earnings attributable to Linde AG shareholders were EUR 417 m (2008: EUR 552 m), giving earnings per share of EUR 2.47 (2008: EUR 3.29). 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 nine months of 2009 stood at EUR 3.38, compared with EUR 4.14 in the first nine months of 2009. The restructuring costs recognised in the first nine months of 2009 have not been adjusted for in this calculation.

Gases Division

In the Gases Division, the recovery trend indicated in the second quarter of 2009 continued into the third quarter. Sales and operating profit again rose when compared to the period April to June. Operating profit for the third quarter was EUR 625 m, exactly the same as the figure for the prior-year period. However, when the figures for the whole reporting period January to September are compared, the trend is still downward. Sales in the Gases Division for the nine months to 30 September 2009 were EUR 6.629 bn, 7.4 percent lower than the figure for the prior-year period of EUR 7.157 bn. 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 to Group structure, the fall in sales was 6.4 percent. Despite a noticeable increase in volumes since the low point at the beginning of 2009, customer demand is still below the level achieved in the prior-year period, reflecting the general economic environment. Although price trends continued to be positive in the third quarter, they were not yet able to offset fully the impact of these volume 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 227 m in the nine months to 30 September 2009, as against EUR 515 m for the 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 have been fully consolidated.

The operating profit of the Gases Division demonstrates that the measures we have taken to achieve sustainable improvements in processes and increases in productivity are having a growing impact. The figure for the first nine months of 2009 of EUR 1.763 bn was only 3.1 percent under the comparable prior-year figure of EUR 1.819 bn, despite the much weaker economic environment. In other words, we have achieved an improvement in the operating margin in our Gases Division of 120 basis points, from 25.4 percent in 2008 to 26.6 percent in 2009. Synergies arising from the BOC acquisition and the accelerated implementation of our HPO programme have both contributed towards this positive trend.

After the severe macroeconomic distortions at the beginning of the year, the market environment in our gases business became increasingly stable in the course of the third quarter. Clear signs of a recovery were to be seen mainly in the growth markets of the emerging nations: i.e. in regions where we had achieved good market positions early on. The trends in the individual regions and product areas were as follows:

In the Western Europe operating segment, sales trends in the third quarter continued to be adversely affected, as in the first half of 2009, by the substantial weakening of the British pound. As a result of this significant exchange rate movement, sales for the nine months to September 2009 were EUR 2.801 bn, 10.5 percent below the figure for the prior-year period of EUR 3.131 bn. On a comparable basis, the decline in sales would have been a mere 5.4 percent. Operating profit, which was also affected by exchange rate movements, fell by

8.4 percent to EUR 782 m (2008: EUR 854 m). The operating margin in Western Europe was 27.9 percent, exceeding the high figure of 27.3 percent achieved in the prior-year period. This indicates that we have had positive results from our HPO activities.

The market environment in Western Europe in the third quarter saw a further period of stabilisation, although there were no signs as yet of a widespread market recovery. If there are to be significant volume increases, the economic recovery will need to be much stronger.

During the reporting period, take-or-pay clauses in the supply contracts for our on-site business, rental income for tanks and cylinder gases, and our pricing policy all had a positive impact on our business trends. In addition, the Healthcare or medical gases business continued to prove robust, in its seamless progression towards structural growth.

In the Americas operating segment, Linde saw a decline in sales in the nine months to 30 September 2009 of 10.1 percent to EUR 1.485 bn (2008: EUR 1.652 bn). On a comparable basis, sales were 8.3 percent lower than in the prior-year period. Operating profit fell from EUR 320 m to EUR 316 m, a much smaller drop of only 1.3 percent. The operating margin improved significantly as a result, by 190 basis points to 21.3 percent (2008: 19.4 percent). This substantial increase was mainly due to the impact of natural gas prices in our hydrogen business in the region. The positive trend in the margin was also the result of the steps taken to reduce costs and increase productivity, measures which were already being adopted by the end of 2008 in our US business.

In North America, the economic environment continued to stabilise in the course of the year, with the first signs of recovery appearing in some industry sectors. We were still able to rely on robust demand from end consumers in the food industry, the energy sector and in healthcare business. In this region too, momentum was generated by positive price trends.

In South America, volume reductions in the on-site and liquefied gases businesses were offset by volume increases in the cylinder gas and Healthcare businesses. In this region too, both our pricing policy and the measures we took to increase productivity and optimise costs had a stabilising effect.

In the Asia & Eastern Europe operating segment, sales in the nine months to 30 September 2009 were EUR 1.343 bn, 8.0 percent below the figure for the prior-year period of EUR 1.459 bn. On a comparable basis, the fall in sales was 6.4 percent. However, operating profit of EUR 415 m was almost as high as the figure for the nine months to 30 September 2008 of EUR 417 m. The operating margin rose as a result by 230 basis points in the reporting period to 30.9 percent (2008: 28.6 percent). The factors which contributed to this significant increase in profitability were the cost savings arising from the accelerated implementation of our HPO programme and the positive developments in our joint venture activities in China.

Just as in the second quarter, very clear signs of an economic recovery continued to be evident as the year progressed in the Asia & Eastern Europe operating segment. As a market leader in this region, we benefit to a considerable extent from increasing demand in the newly-industrialised countries. This can be seen, for example, in the improved capacity utilisation of our on-site plants. We have also continued to promote growth in this segment through selective expansion of our range in the Healthcare product area.

The most rapid recovery in industrial demand is evident among our major customers in China, especially in the steel sector. In India too, as well as in the other markets of Southern and Eastern Asia, the demand situation is improving gradually. Recently in these regions, there have also been signs of a very clear rise in potential investment in new projects. Likewise, this is an indication of the return of confidence in future economic development.

In Eastern Europe, the signs of an economic recovery are not yet as pronounced. In comparison with the emerging nations of Asia and South America, our customers are increasing their production rates and therefore their demand for gases at a fairly slow pace. However, here too we can observe that our capacity utilisation has continued to improve since the low point in the first quarter. Moreover, on the basis of our leading market position and underpinned by the accelerated implementation of our HPO measures, we were also able to maintain our profitability at a high level in this region, despite general restraint in demand.

In the South Pacific & Africa operating segment, Linde achieved an increase in sales of 8.6 percent to EUR 1.052 bn for the nine months to 30 September 2009 (2008: EUR 969 m). The consolidation for the first time of the Australian LPG business Elgas more than offset adverse movements in the exchange rate of the Australian dollar. On a comparable basis, sales in the reporting period declined by 6.1 percent. Operating profit increased by 9.6 percent to EUR 250 m (2008: EUR 228 m), a faster rate of increase than that of sales. The operating margin rose accordingly from 23.5 percent to 23.8 percent.

The South Pacific region continued to prove robust in the third quarter. We were able to compensate to a significant extent for volume reductions in the on-site, liquefied gases and cylinder gas product areas as a result of positive trends in our rental business, the Healthcare product area and on the pricing side, as well as our cost initiatives under the HPO programme.

In Africa, the first slight signs of a market recovery were visible in the third quarter, even if volumes were still far below those in the prior-year period.

In the individual product areas of the Gases Division, business trends were also affected by the challenging global economic conditions in the first nine months of the year. The trend in the third quarter was positive, compared to the first half-year. On a comparable basis, i.e. after adjusting for exchange rate effects, changes in the price of natural gas and changes to Group structure, sales in the liquefied gases business in the nine months to 30 September 2009 fell by 8.7 percent to EUR 1.636 bn (2008: EUR 1.791 bn), while sales in the cylinder gas business fell by 9.1 percent to EUR 2.713 bn (2008: EUR 2.984 bn). In our tonnage business, we were able to partially offset the volume reductions thanks to the special form of our long-term supply contracts (take-or-pay clauses) and new production start-ups. Sales in the reporting period in this product area of EUR 1.513 bn were 4.2 percent below the figure for the prior-year period of EUR 1.579 bn. As expected, the Healthcare product area steered relatively clear of the weak economic environment, achieving an increase in sales of 5.6 percent to EUR 767 m (2008: EUR 726 m).

Gases Division

	January to September 2009			January to September 2008		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	2,801	782	27.9	3,131	854	27.3
Americas	1,485	316	21.3	1,652	320	19.4
Asia & Eastern Europe	1,343	415	30.9	1,459	417	28.6
South Pacific & Africa	1,052	250	23.8	969	228	23.5
Consolidation	–52	–	–	–54	–	–
Gases Division	**6,629**	**1,763**	**26.6**	**7,157**	**1,819**	**25.4**

Gases Division

	3rd Quarter 2009			3rd Quarter 2008		
in € million	Sales	Operating profit	Margin in percent	Sales	Operating profit	Margin in percent
Western Europe	952	276	29.0	1,048	279	26.6
Americas	492	106	21.5	570	114	20.0
Asia & Eastern Europe	466	149	32.0	514	148	28.8
South Pacific & Africa	386	94	24.4	337	84	24.9
Consolidation	–17	–	–	–21	–	–
Gases Division	**2,279**	**625**	**27.4**	**2,448**	**625**	**25.5**

Engineering Division

In the Engineering Division, Linde achieved sales of EUR 1.677 bn in the nine months to 30 September 2009, although it was unable to reach the very high level of sales achieved in the nine months to 30 September 2008 of EUR 2.063 bn. This decline is mainly due to the different project structure and state of completion of projects in the two periods. Operating profit of EUR 145 m was also below the comparable figure for the prior-year period of EUR 183 m. The operating margin was 8.6 percent, significantly exceeding our target margin of 8 percent which is well above the industry average.

The market environment for the global construction of large-scale plants continues to be characterised by a marked reluctance by customers to award new projects. Against this background, order intake of EUR 1.514 bn was, as expected, unable to reach the level achieved in the first nine months of 2008 of EUR 2.295 bn.

The major 1.075 bn US dollar contract from Abu Dhabi for the construction of an olefin plant on the Ruwais site we were awarded at the end of June by the contract consortium Borouge (a joint venture between the Abu Dhabi National Oil Corporation and Borealis) is clearly reflected in the analysis of order intake by segment and region. The greatest proportion of the order intake (64 percent) relates to the olefin plant segment. The air separation plant segment and the hydrogen and synthesis gas plant segment both contributed 10 percent of order intake, followed by natural gas plants at 9 percent.

58 percent of the order intake relates to the Middle East region. Europe follows with 17 percent and Asia/Pacific with 10 percent of orders.

The order backlog at 30 September 2009 was EUR 3.911 bn, which is still a very high level (31 December 2008: EUR 4.436 bn). Most of the current order backlog relates to the air separation plant segment and the olefin plant segment. As in the first six months of the year, the geographical focus remains the Middle East, where we are currently executing several major projects. These include the new olefin plant in Ruwais, the Enhanced Gas Recovery plant in Abu Dhabi which we will operate together with our joint venture partner ADNOC, and the Gas-to-Liquid project we are executing for our customer Shell in Qatar.

Engineering Division

in € million	3rd Quarter 2009	2008	January to September 2009	2008
Sales	564	652	1,677	2,063
Order intake	215	738	1,514	2,295
Order backlog at 30.09./31.12.	–	–	3,911	4,436
Operating profit	55	57	145	183
Margin in %	9.8	8.7	8.6	8.9

Engineering Division – Order intake by region

in € million	January to September 2009	in percent	2008	in percent
Europe	260	17.2	732	31.8
North America	88	5.8	190	8.3
South America	105	6.9	68	3.0
Asia/Pacific	145	9.6	598	26.1
Middle East	876	57.9	605	26.4
Africa	40	2.6	102	4.4
Total	**1,514**	**100.0**	**2,295**	**100.0**

Engineering Division – Order intake by region

in € million	3rd Quarter 2009	in percent	2008	in percent
Europe	91	42.3	324	43.9
North America	20	9.3	54	7.3
South America	3	1.4	12	1.6
Asia/Pacific	43	20.0	286	38.8
Middle East	21	9.8	34	4.6
Africa	37	17.2	28	3.8
Total	**215**	**100.0**	**738**	**100.0**

Engineering Division – Order intake by plant type

in € million	January to September 2009	in percent	2008	in percent
Olefin plants	964	63.7	338	14.7
Natural gas plants	129	8.5	140	6.1
Hydrogen and synthesis gas plants	153	10.1	312	13.6
Air separation plants	145	9.6	1,320	57.5
Other	123	8.1	185	8.1
Total	**1,514**	**100.0**	**2,295**	**100.0**

Engineering Division – Order intake by plant type

in € million	3rd Quarter 2009	in percent	2008	in percent
Olefin plants	23	10.7	114	15.4
Natural gas plants	44	20.5	43	5.8
Hydrogen and synthesis gas plants	71	33.0	128	17.3
Air separation plants	33	15.3	392	53.2
Other	44	20.5	61	8.3
Total	**215**	**100.0**	**738**	**100.0**

Finance

Cash flow from operating activities in the reporting period rose by 9.5 percent to EUR 1.424 bn (2008: EUR 1.301 bn). This significant increase is due to both the optimisation of our cost structure and improvements in our working capital management.

The net cash outflow from investing activities in the nine months to 30 September 2009 was EUR 715 m (2008: net cash outflow of EUR 716 m). Cash outflows for investments in tangible and intangible assets in the reporting period, including plants held under leases in accordance with IFRIC 4, were EUR 766 m (2008: EUR 891 m). Most of these outflows related to new projects in the Gases Division. Cash outflows for investments in consolidated companies of EUR 60 m relate principally to the acquisition of our subsidiary SIGAS in Saudi Arabia. When comparing the figures with those of the prior-year period, it is necessary to take into account the proceeds on disposal of non-current assets held for sale of EUR 104 m included in the 2008 figures. 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. Net cash inflow (free cash flow before financing activities) rose significantly in the nine months to 30 September 2009 by 21.2 percent to EUR 709 m (2008: EUR 585 m). After deducting other financing activities, the net debt repayment was EUR 145 m (2008: net debt increase of EUR 118 m).

Total assets have increased since the balance sheet date, 31 December 2008, by 1.4 percent or EUR 335 m to EUR 24.159 bn. Non-current assets rose by EUR 471 m. This increase is mainly the result of investments made in the reporting period and exchange rate movements. Net financial debt (financial debt less cash and cash equivalents and securities) which stands at EUR 6.443 bn on 30 September 2009 is now virtually the same as the figure for net financial debt at 31 December 2008 of EUR 6.423 bn. Exchange rate effects and the valuation of designated hedging relationships (fair value hedges) have increased net debt by EUR 111 m. Excluding these effects, net financial debt would have been below the figure for 31 December 2008.

The Linde Group is financed on a long-term basis, as can be seen from the maturity profile of the financial debt. Of the financial debt of EUR 7.300 bn (31.12.2008: EUR 7.445 bn), EUR 749 m (31.12.2008: EUR 1.290 bn) is disclosed as current and EUR 6.551 bn (31.12.2008: EUR 6.155 bn) as long-term financial debt. Around 90 percent of the financial debt is repayable after the year 2010. Financial debt repayable within one year is matched by liquid funds of EUR 840 m and a EUR 2 bn syndicated credit facility available until 2011. This credit facility will be succeeded by a new two-year EUR 1.6 bn revolving credit line or forward start facility, which will be available until 2013.

Equity rose by EUR 527 m from EUR 8.249 bn to EUR 8.776 bn. This increase was due primarily to exchange rate effects and to earnings after tax of EUR 456 m. Movements in actuarial gains and losses on pension provisions and the dividend payment 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 September 2009 was 48,312 (31 December 2008: 51,908). Of this number, 37,933 were employed in the Gases Division and 5,775 in the Engineering Division. The majority of the 4,604 staff in the Corporate/Other Activities segment are employed by Gist, our logistics service provider.

Group – Employees by division

	30.09.2009	31.12.2008
Gases Division	37,933	41,109
Engineering Division	5,775	5,951
Corporate/Other Activities	4,604	4,848
Group	**48,312**	**51,908**

Gases Division – Employees by operating segment

	30.09.2009	31.12.2008
Western Europe	12,927	13,616
Americas	7,261	7,881
Asia & Eastern Europe	11,058	11,735
South Pacific & Africa	6,687	7,877
Total	**37,933**	**41,109**

Outlook

Group

The forecasts of the business cycle analysts were generally confirmed by global economic trends in the third quarter. In the more mature markets of Western Europe and the US, demand and industrial production continued to stabilise at a relatively low level. Signs are emerging of the very beginning of a slow recovery. In the newly-industrialised countries, on the other hand, there are much clearer signs of growth, boosted by targeted government aid. Below the line, the leading economic research institutes are nevertheless forecasting a decline in global gross domestic product (GDP) of around 3 percent for the full year 2009.

Against this background, we continue to assume that we will not be able to achieve the same level of sales and earnings in the 2009 financial year as in the record year 2008. On the basis of our figures in the nine months to 30 September 2009 and given the fact that the economic revival is gaining momentum, we continue to expect our business performance in the second half of 2009 to be better than in the first half of the year.

We will continue to seek to limit as far as possible the decline in Group earnings. Our global orientation, our relatively stable business model and the extensive measures we have taken to achieve sustainable improvements in processes and to increase efficiency are a good basis for this. We will continue the rigorous implementation of our integrated HPO programme with undiminished intensity. We continue to expect that the resulting steady improvement 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

The improving business performance of our Gases Division in the course of the year is proof that, even in a difficult market environment, we can reap the benefits of our broad customer structure and our global presence. The continuing uncertainty in the market environment has therefore not caused us to change our original target for the gases business in any way. We want to grow at a more rapid pace than the market and to continue to increase our productivity.

In the liquefied gases and cylinder gas businesses, due to our good market positions, we assume that the economic recovery, though it may vary in intensity depending on the region, will result in a corresponding increase in demand.

In the on-site business, the capacity utilisation of our plants for the full year 2009 will be lower than in the prior year, despite the fact that production rates are beginning to ramp up again slowly. At the same time, we will still be able to fall back on a full project pipeline, which will continue to contribute significantly to sales and earnings in the last quarter of 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 the Healthcare segment, our medical gases business, we are expecting further growth even in the current financial year.

Against this background and given the positive trends in the third quarter, we are expecting a better business performance in the Gases Division for the second half of 2009 than in the first six months of the year. This positive trend will, however, not suffice 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 around EUR 3.9 bn, continuing to provide the basis for a relatively stable business performance in the coming one to two years. However, the impact of the economic crisis on global large-scale plant construction can be seen from the much lower level of order intake and the current reluctance of customers to award new projects. Against this background and given the variation in project structure and the state of completion of projects from year to year, we continue to assume that we will not be able to achieve the same high level of sales revenue in the Engineering Division in the 2009 financial year as in 2008. Nevertheless, the target for our operating margin remains at 8 percent.

Irrespective of the continuing economic imponderables, we are in a promising position, given 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 particularly well-placed for investment in new, sustainable energy infrastructure projects and for the creation of additional capacity in the Middle East and in the emerging nations.

Risk Report

Uncertainty about future global 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 to the Group. 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	3rd Quarter 2009	2008	January to September 2009	2008
Sales	2,837	3,136	8,313	9,392
Cost of sales	1,855	2,125	5,494	6,406
Gross profit on sales	**982**	**1,011**	**2,819**	**2,986**
Marketing and selling expenses	398	428	1,183	1,274
Research and development costs	21	20	65	69
Administration expenses	240	245	749	803
Other operating income	41	27	171	207
Other operating expenses	43	9	184	79
Income from associates and joint ventures (at equity)	14	18	49	43
Non-recurring items	–	–	–	59
Financial income	89	84	250	275
Financial expenses	178	186	497	549
Earnings before taxes on income	**246**	**252**	**611**	**796**
Taxes on income	64	61	155	203
Earnings after taxes on income	**182**	**191**	**456**	**593**
Attributable to minority interests	13	14	39	41
Attributable to Linde AG shareholders	169	177	417	552
Earnings per share in €	1.00	1.05	2.47	3.29
Earnings per share in € – fully diluted	1.00	1.04	2.46	3.26

Group balance sheet

in € million	30.09.2009	31.12.2008
Assets		
Goodwill	7,183	6,893
Other intangible assets	3,269	3,177
Tangible assets	7,343	7,162
Investments in associates and joint ventures (at equity)	540	535
Other financial assets	372	388
Receivables from financial services	621	671
Trade receivables	–	–
Other receivables and other assets	414	444
Deferred tax assets	226	227
Non-current assets	**19,968**	**19,497**
Inventories	1,004	986
Receivables from financial services	78	75
Trade receivables	1,670	1,641
Other receivables and other assets	474	539
Income tax receivables	106	64
Securities	17	20
Cash and cash equivalents	840	1,002
Non-current assets held for sale and disposal groups	2	–
Current assets	**4,191**	**4,327**
Total assets	**24,159**	**23,824**

Group balance sheet

in € million	30.09.2009	31.12.2008
Equity and liabilities		
Capital subscribed	432	431
Capital reserve	5,091	5,074
Revenue reserves	4,134	4,209
Cumulative changes in equity not recognised through the income statement	–1,305	–1,842
Total equity excluding minority interests	**8,352**	**7,872**
Minority interests	424	377
Total equity	**8,776**	**8,249**
Provisions for pensions and similar obligations	1,020	842
Other non-current provisions	409	400
Deferred tax liabilities	1,860	1,889
Financial debt	6,551	6,155
Liabilities from financial services	20	23
Trade payables	4	3
Other non-current liabilities	153	147
Liabilities from income taxes	104	95
Non-current liabilities	**10,121**	**9,554**
Other current provisions	1,416	1,482
Financial debt	749	1,290
Liabilities from financial services	10	11
Trade payables	2,094	2,120
Other current liabilities	893	1,029
Liabilities from income taxes	100	89
Current liabilities	**5,262**	**6,021**
Total equity and liabilities	**24,159**	**23,824**

Group cash flow statement

in € million	January to September 2009	2008
Earnings before taxes on income	**611**	**796**
Adjustments to earnings before taxes (on income) to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	883	899
Write-down of financial assets	4	–
Profit/loss on disposal of non-current assets	–13	–98
Net interest	207	286
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	36	39
Income from associates and joint ventures (at equity)	–49	–48
Distributions/dividends received from operating associates and joint ventures	41	20
Income taxes paid	–236	–195
Changes in assets and liabilities, adjusted for the effects of changes in Group structure		
Change in inventories	23	7
Change in trade accounts receivable	26	–93
Change in provisions	–76	80
Change in trade payables	–24	–155
Change in other assets and liabilities	–9	–237
Cash flow from operating activities	**1,424**	**1,301**
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4/IAS 17	–766	–891
Payments for investments in consolidated companies	–60	–
Payments for investments in financial assets	–21	–74
Payments for investments in current financial assets	–88	–36
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from financial services in accordance with IFRIC 4/IAS 17	110	115
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	19	1
Proceeds on disposal of current financial assets	91	39
Cash flow from investing activities	**–715**	**–716**

Group cash flow statement

in € million	January to September 2009	2008
Dividend payments to Linde AG shareholders and minority shareholders	–335	–311
Increase in share capital incl. minority interests and employee shares	6	16
Interest received	228	84
Interest paid	–458	–492
Proceeds of loans	860	1,095
Cash outflows for the repayment of loans and bonds	–1,173	–785
Change in liabilities from financial services	–5	–
Cash flow from financing activities	**–877**	**–393**
Net cash inflow/outflow	**–168**	**192**
Opening balance of cash and cash equivalents	**1,002**	**858**
Effects of currency translation and changes in Group structure	6	–7
Closing balance of cash and cash equivalents	**840**	**1,043**
thereof cash in escrow account for acquisition of consolidated company	–	55

Statement of recognised income and expense

in € million	1 January to 30 September 2009	1 January to 30 September 2008
Gain/loss on remeasurement of securities	–	1
Gain/loss on remeasurement at fair value of derivative financial instruments	56	–107
Currency translation differences	488	–209
Change in actuarial gains/losses on pension provisions	–150	–314
Change in effect of the limit on a defined benefit asset (asset ceiling under IAS 19.58)	–12	12
Gains and losses recognised directly in equity	**382**	**–617**
Earnings after taxes on income	**456**	**593**
Total gains and losses recognised	**838**	**–24**
of which attributable to		
Linde AG shareholders	792	–57
Other shareholders	46	33

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	–	–	–302	552
Dividend payments	–	–	–	–283
Amount arising from issue of convertible bond	5	97	–	–
Changes as a result of share option scheme	–	25	–	–
Other changes	–	–	–	–11
At 30 September 2008	431	5,070	–137	4,198
At 31 Dec. 2008/1 Jan. 2009	431	5,074	–153	4,362
Total gains and losses recognised	–	–	–162	417
Dividend payments	–	–	–	–303
Changes as a result of share option scheme	1	17	–	–
Other changes	–	–	–	–27
At 30 September 2009	432	5,091	–315	4,449

	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
	−201	1	−107	−57	33	−24
	–	–	–	−283	−28	−311
	–	–	–	102	–	102
	–	–	–	25	–	25
	–	–	–	−11	−52	−63
	−1,106	1	80	8,537	402	8,939
	−1,983	5	136	7,872	377	8,249
	481	–	56	792	46	838
	–	–	–	−303	−32	−335
	–	–	–	18	–	18
	–	–	–	−27	33	6
	−1,502	5	192	8,352	424	8,776

Segment information

in € million	Reportable segments			
	Total Gases Division		Engineering Division	
	01.01. to 30.09.2009	01.01. to 30.09.2008	01.01. to 30.09.2009	01.01. to 30.09.2008
Sales to third parties	6,623	7,152	1,357	1,852
Sales to other segments	6	5	320	211
Segment sales	**6,629**	**7,157**	**1,677**	**2,063**
Operating profit (before non-recurring items)	**1,763**	**1,819**	**145**	**183**
of which share of profit/loss from associates/joint ventures (at equity)	53	43	–	–
Amortisation of intangible assets and depreciation of tangible assets	837	851	26	26
of which amortisation of fair value adjustments identified in the course of purchase price allocation	209	263	6	6
Non-recurring items	–	–	–	–
EBIT (earnings before interest and tax)	**926**	**968**	**119**	**157**

in € million	Gases Division			
	Western Europe		Americas	
	01.01. to 30.09.2009	01.01. to 30.09.2008	01.01. to 30.09.2009	01.01. to 30.09.2008
Sales to third parties	2,789	3,113	1,452	1,624
Sales to other segments	12	18	33	28
Segment sales	**2,801**	**3,131**	**1,485**	**1,652**
Operating profit (before non-recurring items)	**782**	**854**	**316**	**320**
of which share of profit/loss from associates/joint ventures	–	–	22	14
Amortisation of intangible assets and depreciation of tangible assets	294	326	213	221
of which amortisation of fair value adjustments identified in the course of purchase price allocation	43	63	80	94
Non-recurring items	–	–	–	–
EBIT (earnings before interest and tax)	**488**	**528**	**103**	**99**

Reportable segments					
Other Activities		Reconciliation		Total Group	
01.01. to 30.09.2009	01.01. to 30.09.2008	01.01. to 30.09.2009	01.01. to 30.09.2008	01.01. to 30.09.2009	01.01. to 30.09.2008
333	388	–	–	8,313	9,392
3	5	–329	–221	–	–
336	**393**	**–329**	**–221**	**8,313**	**9,392**
35	**34**	**–202[1]**	**–126**	**1,741**	**1,910**
–	–	–4	–	49	43
19	22	1	–	883	899
6	8	–	–	221	277
–	–	–	59	–	59
16	**12**	**–203**	**–67**	**858**	**1,070**

[1] includes EUR 80 m of restructuring costs.

Gases Division					
Asia & Eastern Europe		South Pacific & Africa		Total Gases Division	
01.01. to 30.09.2009	01.01. to 30.09.2008	01.01. to 30.09.2009	01.01. to 30.09.2008	01.01. to 30.09.2009	01.01. to 30.09.2008
1,333	1,446	1,049	969	6,623	7,152
10	13	3	–	6	5
1,343	**1,459**	**1,052**	**969**	**6,629**	**7,157**
415	**417**	**250**	**228**	**1,763**	**1,819**
30	23	1	6	53	43
195	177	135	127	837	851
34	39	52	67	209	263
–	–	–	–	–	–
220	**240**	**115**	**101**	**926**	**968**

Additional Comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the nine months ended 30 September 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. During the reporting period, the following revisions or amendments to standards have been applied for the first time: the revised IFRS 3 *Business Combinations*, the amendments to IAS 27 *Consolidated and Separate Financial Statements*, the amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Eligible Hedged Items*, the amendments to IAS 39 *Reclassification of Financial Assets: Effective Date and Transition* and IFRIC 15 *Agreements for the Construction of Real Estate*. None of these changes had an impact on the net assets, financial position or results of operations of The Linde Group.

In addition to the changes mentioned above, the following new or revised standards and interpretations have been issued by the IASB and IFRIC. These have not been applied in the condensed Group interim financial statements for the nine months ended 30 September 2009, as they are either not yet mandatory or have not yet been adopted by the European Commission:

- Amendments to IFRS 7 *Improving Disclosures about Financial Instruments*
- Improvements to International Financial Reporting Standards (2009)
- Amendments to IFRIC 9 and IAS 39 *Embedded Derivatives*
- 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 30.09.2009
Consolidated subsidiaries	527	9	27	509
of which within Germany	25	3	2	26
of which outside Germany	502	6	25	483
Other investments	95	10	19	86
of which within Germany	3	4	4	3
of which outside Germany	92	6	15	83
Companies accounted for using the equity method	59	–	1	58
of which within Germany	–	–	–	–
of which outside Germany	59	–	1	58

[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-owned company SIGAS is the second largest industrial gases company in Saudi Arabia. The company was 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	35
Cost of sales	18
Gross profit on sales	**17**
Other income and other expenses	–8
Operating earnings (EBIT)	**9**
Financial result	–
Earnings before taxes on income (EBT)	**9**
Taxes on income	–1
Earnings after taxes on income	**8**
Attributable to minority interests	4
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 September	
		30.09.2009	31.12.2008	2009	2008
Argentina	ARS	5.62450	4.82870	5.065720	4.728560
Australia	AUD	1.66000	1.97710	1.823470	1.669440
Brazil	BRL	2.61650	3.23570	2.838180	2.564500
Canada	CAD	1.57480	1.70250	1.594080	1.550290
China	CNY	9.99240	9.54640	9.340160	10.633730
Czech Republic	CZK	25.21500	26.85400	26.603680	24.823840
Hungary	HUF	270.52000	265.66000	283.391390	247.745910
Malaysia	MYR	5.07190	4.82750	4.868830	4.958870
Norway	NOK	8.49270	9.72610	8.847280	7.991220
Poland	PLN	4.22490	4.14830	4.376080	3.427830
South Africa	ZAR	10.81720	13.27610	11.859860	11.727220
South Korea	KRW	1,724.44000	1,765.67000	1,788.353330	1,541.385180
Sweden	SEK	10.21850	10.93280	10.708570	9.410560
Switzerland	CHF	1.50920	1.49340	1.510440	1.607580
Turkey	TRY	2.17230	2.15490	2.148510	1.868550
UK	GBP	0.90970	0.95570	0.886710	0.781680
USA	USD	1.46390	1.39800	1.367110	1.522310

[5] Non-recurring items

In 2008, 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 in the 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 September 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 162 m (after deferred tax) compared to the figure at 31 December 2008.

[8] Financial debt

In the second and third quarters, Linde Finance B.V. issued bonds/private placements totalling around EUR 250 m with maturity periods of three to five years. All these issues formed part of the Debt Issuance Programme and are guaranteed by Linde AG.

Over the same period of time, bonds denominated in EUR, GBP and JPY with a total volume of around EUR 450 m were redeemed on schedule.

[9] Earnings per share

in € million	January to September 2009	2008
Earnings after taxes on income attributable to Linde AG shareholders	417	552
Plus: increase in profit due to dilutive effect of convertible bond	–	1
Profit after adjusting for dilutive effects	417	553
Shares in 000s		
Weighted average number of shares outstanding	168,530	167,587
Dilution as a result of share option scheme	972	1,325
Effect of dilutive convertible bond	–	716
Weighted average number of shares outstanding – fully diluted	169,502	169,628
Earnings per share in €	**2.47**	**3.29**
Earnings per share in € – fully diluted	**2.46**	**3.26**

[10] 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 52 m (2008: EUR 54 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 30.09.2009	01.01. to 30.09.2008
Segment sales		
Sales in the reportable segments	8,642	9,613
Consolidation	−329	−221
Group sales	**8,313**	**9,392**
Operating profit		
Operating profit from the reportable segments	1,943	2,036
Corporate activities	−181	−102
Amortisation and depreciation	883	899
thereof fair value adjustments in the course of the purchase price allocation	221	277
Non-recurring items	–	59
Financial income	250	275
Financial expenses	497	549
Consolidation	−21	−24
Group earnings before taxes on income	**611**	**796**

[11] 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

	30.09.2009			30.09.2008		
in € million	As reported	Non-GAAP adjustments	Key financial figures	As reported	Non-GAAP adjustments	Key financial figures
Sales	8,313	–	8,313	9,392	–	9,392
Cost of sales	−5,494	115	−5,379	−6,406	157	−6,249
Gross profit on sales	**2,819**	**115**	**2,934**	**2,986**	**157**	**3,143**
Research and development costs, marketing, selling and administration expenses	−1,997	106	−1,891	−2,146	120	−2,026
Other operating income and expenses	−13	–	−13	128	–	128
Income from associates and joint ventures (at equity)	49	–	49	43	–	43
Non-recurring items	–	–	–	59	−59	–
EBIT	**858**	**221**	**1,079**	**1,070**	**218**	**1,288**
Financial result	−247	–	−247	−274	–	−274
Taxes on income	−155	−69	−224	−203	−77	−280
Earnings after taxes on income – Group	**456**	**152**	**608**	**593**	**141**	**734**
Attributable to minority interests	39	–	39	41	–	41
Attributable to Linde AG shareholders	**417**	**152**	**569**	**552**	**141**	**693**
Earnings per share in €	**2.47**	**–**	**3.38**	**3.29**	**–**	**4.14**
Earnings per share in € – fully diluted	**2.46**	**–**	**3.36**	**3.26**	**–**	**4.09**

[12] 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 under Other provisions.

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

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

[13] Significant events after the balance sheet date

On 27 October 2009, the Linde Group announced that it will build a state-of-the-art air separation unit (ASU) at Tata Steel Ltd’s plant in Jamshedpur, India, which will produce 2,550 tons per day (tpd). Tata Steel is one of the world’s leading steelmakers. Once it has been commissioned in early 2012, this will be the largest air separation plant in India and one of Linde’s largest in Asia. The investment in the new ASU is approximately EUR 85 m, bringing Linde’s total investment in India over the last three years to around EUR 285 m.

The Linde Group has signed a long-term contract relating to this project with Tata Steel Ltd for the supply of more than 4,000 tpd of gaseous oxygen, nitrogen and argon. The new ASU will meet the rising demand for gases created by the current expansion of Tata’s steelworks in Jamshedpur in north-eastern India, increasing its steelmaking capacity to 10 million tons per annum. Under the agreement, Linde will also acquire and operate three existing ASUs, previously operated by Tata Steel itself to supply gases to the steelworks in Jamshedpur. In addition to meeting Tata Steel’s air gases requirements, the new plant will also produce liquid products to meet the growth in merchant markets throughout India.

Apart from the event referred to above, there have been no significant events for The Linde Group between the end of the reporting period on 30 September 2009 and the publication deadline for these condensed Group interim financial statements.

Munich, 29 October 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 September 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 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, 29 October 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, 29 October 2009

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Chief Executive Officer
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Financial Calendar

Autumn Press Conference
2 November 2009
Linde AG, Carl von Linde Haus, Munich

Interim Report
January to September 2009
2 November 2009

Annual General Meeting 2010
4 May 2010, 10 a.m.
International Congress Centre Munich

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