

Linde Finance B.V.

2013 Interim Financial Statements



Amsterdam, 29 August 2013

Table of contents

Table of contents	2
Interim director's report	3
Responsibility statement	4
Financial highlights.....	5
Interim Board of Supervisory Director's Report	6
Balance Sheet Assets.....	7
Balance Sheet Liabilities.....	8
Profit and loss account as per 30 June 2013	9
Cash flow statement	10
General accounting principles	11
Notes to the interim annual accounts 30 June 2013.....	12
Assets.....	12
Liabilities	14
Profit and loss	19
Review Report.....	24

Interim director's report

The Board of Directors of Linde Finance B.V. hereby presents the interim financial statements for the first six months of 2013, ending 30 June 2013. The accompanying accounts have been prepared under the historical cost convention in accordance with generally accepted accounting principles in the Netherlands and in conformity with the provisions in accordance with the Dutch Guideline for Annual Reporting 394 on Interim financial information. All financial information is presented in Euro and has been rounded to the nearest thousand, unless otherwise stated.

General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, the Netherlands and has been incorporated on 12 May 1999 under Dutch law. Linde Finance B.V. acts as a finance company for the benefit of The Linde Group companies. Linde Finance B.V. ultimate parent is Linde AG, which is listed on the German Stock Exchange.

Objectives

Linde Finance B.V. objectives, in accordance with article 2 of the Articles of Association, are to incorporate, to participate, to manage and finance other group companies. Furthermore to borrow and lend moneys, to place public and private debt and in general to engage in financial and commercial activities which may be conducive to the foregoing.

Risk management

The Board of Directors is responsible for the internal control, the management of risks and the assessment of the effectiveness of the control systems within Linde Finance B.V..

These controls were set up in co-operation with Linde AG to identify and manage, foreign exchange-, interest-, liquidity-, counterpart- and credit risks. As to foreign exchange risks, Linde Finance B.V. has a conservative approach. Currency risks are avoided in line with the hedging policies. Interest rate exposures beyond the duration of one year are being hedged if no back to back funding is in place. The liquidity risk is actively managed and currently covered by a syndicated credit facility. Inter-company credit exposure has been insured with Linde AG through a Credit Assurance Agreement. For further information we refer to note 25 on page 21/22.

The interim result is in line with our expectation and for the entire year 2013 the anticipated result of Linde Finance B.V. will remain positive as in previous years. In the first six months of 2013, there were changes in the number of personnel. This results in a total number of full time personnel of three. We do not expect significant changes in the structure of Linde Finance B.V..

Responsibility statement

The Board of Managing Directors of Linde Finance B.V. wish to state:

1. that the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Linde Finance B.V.;
2. that the interim report gives a true and fair view of the position as per balance sheet date, the development during the financial period of Linde Finance B.V. in the interim financial statement, together with a description of principal risks it faces.

The Board of Managing Directors

Micha Glaser

Financial highlights

Linde Finance B.V. has a 2.0 billion multi currency Commercial Paper ("CP") Programme which is unconditionally guaranteed by Linde AG. As per 30 June 2013, Linde Finance B.V. has a nominal of EUR 320.0 million CP outstanding (31.12.2012: EUR 275.0 million). This CP programme is supplementary to the EUR 10.0 billion Debt Issuance Programme, also guaranteed by Linde AG.

At the end of June 2013 the nominal debt outstanding under this program is EUR 7,210.2 million (31.12.2012: EUR 6,162.1 million). There of EUR 4,922.0 (31.12.2012: EUR 4,983.0) is issued by Linde Finance B.V.. From the EUR 7,210.2 million total outstanding volume under the program a EUR 650.0 million bond was issued on 18 April 2013 by Linde AG, with a maturity of 18 April 2023, as well as a USD 500.0 million bond was issued on 18 April 2013 with a maturity of 18 April 2018.

During the first six months of 2013 Linde Finance B.V. issued a six year USD 150.0 million medium term note and a six year AUD 100.0 million medium term note. As well two medium term notes have been repaid; a three year EUR 75.0 million and a four year EUR 52.0 million.

As per 30 June 2013, Linde Finance B.V. has nominal EUR 1.1 billion (31.12.2012: EUR 1.1 billion) and GBP 250.0 million (31.12.2012: GBP 250.0 million) subordinated bonds outstanding. Linde Finance B.V. also has debt outstanding for nominal GBP 200.0 million (31.12.2012: GBP 200.0 million) which originally has been issued by the former BOC Group plc and for which Linde Finance has been substituted as issuer in December 2007.

On the 7 May 2013 Linde Finance B.V. decided to call and redeem the EUR 400.0 million Undated Subordinated Fixed to Floating Rate Bonds issued by Linde Finance B.V. in 2003 and guaranteed, on a subordinated basis, by Linde AG at their nominal amount plus any interest accrued. The Call and Redemption of the bonds has been made in accordance with § 6 para. (4) of the terms and conditions of such bonds on 3 July 2013.

During the first six months of 2013 the interest income amounted to EUR 328.9 million (30.06.2012: EUR 382.2 million). The interest expense amounted to EUR 321.1million (30.06.2012: EUR 353,8 million).

The profit after taxation was EUR 4.9 million (30.06.2012: EUR 12.2 million). Linde Finance B.V. operates under an advance pricing agreement (APA) with the Dutch fiscal authorities. This APA ruling defines the minimum returns for inter-company loans.

Amsterdam, 29 August 2013

The Board of Managing Directors

Micha Glaser

Interim Board of Supervisory Director's Report

The Board of Supervisory Directors hereby submits the interim report for the first six months of 2013. The interim financial statements have been reviewed by KPMG Accountants N.V. and were provided with an unqualified review opinion on 29 August 2013. The independent review report can be found on page 24 of the financial statements.

In connection with the listing of Bonds at the Luxembourg Stock Exchange Linde Finance B.V. is regarded as an "Organisation of Public Interest" (Organisatie van Openbaar Belang).

The current composition of the Board of Supervisory Directors is:

Georg Denoke (1965, German nationality), member of the Board of Supervisory Directors since 12 September 2006.

Dr. Sven Schneider (1966, German nationality), member of the Board of Supervisory Directors since 22 April 2012.

Björn Schneider (1971, German nationality), member of the Board of Supervisory Directors since 24 August 2004.

The Board of Supervisory Directors met one time in the first six months of 2013. Besides these meetings there are ongoing contacts between the Board of Supervisory Directors and the Board of Management Directors.

The size of Linde Finance B.V. enables the Board of Supervisory Directors to operate without separate committees. This means that the Board of Supervisory Directors as a whole acts as Audit Committee as well.

Amsterdam, 29 August 2013

On behalf of the Board of Supervisory Directors,

Georg Denoke
Chairman

Balance Sheet Assets

Assets		30.06.2013 in € thousand	31.12.2012 in € thousand
Financial fixed assets			
Loans to group companies	1	6,531,780	8,336,306
Fixed assets		26	28
Deferred derivatives results		11,634	7,478 *
Prepaid expenses	2	1,374	2,198 *
		6,544,813	8,346,011
Current assets			
Loans to group companies	3	5,312,218	3,207,394
Interest receivable from group companies	4	174,765	174,346
Tax receivable	5	7,617	4,456
Other receivables from third parties	6	83,554	44,314 *
Deferred derivatives results	7	41,431	53,585 *
Forward exchange contracts		151,727	116,158
Derivatives at fair value	8	27,611	38,207
Prepaid expenses		1,649	1,649
Collateral deposits	9	800	5,900
Cash at banks		0	36,819
		5,801,371	3,682,828
Total Assets		<u>12,346,185</u>	<u>12,028,839</u>

* The 2012 figures have been reclassified for comparison purposes

The accompanying notes form an integral part of these financial statements.

Balance Sheet Liabilities

		30.06.2013 in € thousand	31.12.2012 in € thousand
Equity and Liabilities			
Capital and reserves			
Share capital	10	5,000	5,000
Share premium		150,000	150,000
Retained earnings		109,955	85,764
Unappropriated profits		4,971	24,191
		<u>269,926</u>	<u>264,955</u>
Long term liabilities			
Bonds notes payable	11	4,907,403	4,758,292
Subordinated bonds	12	1,012,164	1,434,918
Deferred derivatives results		5,089	138 *
Loans from group companies	13	320,129	220,884 *
		<u>6,244,785</u>	<u>6,414,232</u>
Current liabilities			
Bonds notes payable	11	241,018	370,019
Subordinated bonds note payable	12	400,020	0.0
Collateral borrowing	14	112,200	107,600
Commercial Paper	15	320,000	275,000
Loans from group companies	13	4,300,682	4,198,469
Interest payable to third parties	16	165,312	146,397
Interest payable to group companies	17	59,174	53,287
Forward exchange contracts	18	160,162	138,426
Derivatives at fair value	8	27,611	38,207
Other payables to third parties		4,956	0.0
Deferred derivatives results		3,553	3,959.0
Other payables to group companies		3,549	9,154
Tax payable		9,744	8,100
Bank overdraft		23,450	0.0
Accounts payable	19	43	1,035
		<u>5,831,474</u>	<u>5,349,652</u>
Total Liabilities		<u><u>12,346,185</u></u>	<u><u>12,028,839</u></u>

* The 2012 figures have been reclassified for comparison purposes
The accompanying notes form an integral part of these financial statements.

Profit and loss account as per 30 June 2013

		30.06.2013 in € thousand	30.06.2012 in € thousand
Interest income	20		
Group company loans		188,131	296,061
Other interest income		140,792	86,128
		328,923	382,189
Interest expense	21		
Group company loans		-103,695	-115,993
Other interest expense		-217,467	-237,827 *
		-321,162	-353,820
Net interest result		7,761	28,369
Foreign exchange results		-683	-11,539
		-683	-11,539
Financial result		7,079	16,830
General and administrative expenses	22	-506	-657
Other income		43	0
Profit before taxation		6,615	16,173
Taxation	23	-1,644	-3,936
Net profit after taxation		4,971	12,237

* The 2012 figures have been reclassified for comparison purposes

The accompanying notes form an integral part of these financial statements.

Cash flow statement

	01.01.2013 30.06.2013 in € thousand	01.01.2012 30.06.2012 in € thousand
Net profit after taxation	4,971	12,237
Cashflow provided by operating activities:		
In-/decrease financial fixed assets	1,801,197	1,200,986
In-/decrease current assets	-2,155,362	-916,615
In-/decrease long term liabilities	-356,982	- 78,050
In-/decrease current liabilities	<u>585,372</u>	<u>-5,621</u>
Net cash flow from operating activities	-125,775	200,700
Cash flow from financing activities		
Proceeds from issuance of debt securities	187,534	515,800
Repayment of debt securities	-127,000	-723,500
Net cashflow provided by finance activities:	<u>60,534</u>	<u>-207,700</u>
In-/decrease cash at banks	-60,269	5,237
Cash at banks 01 January	<u>36,819</u>	<u>2,469</u>
Bank balances 30 June	<u>-23,450</u>	<u>7,706</u>
Included in the cash flows for the year are the following amounts:		
Interest Income received	361,035	382,189
Interest expenses paid	-337,778	-353,820
Income taxes paid	4,349	869

Note

The cash flow statement is based on the indirect method which implies that part of the figures relating to the operational cash flows, are derived from the delta in the balance sheet positions

The accompanying notes form an integral part of these financial statements.

General accounting principles

Basis of presentation

The accompanying accounts have been prepared under the historical cost convention in accordance with generally accepted accounting principles in the Netherlands and in conformity with the provisions in accordance with the Dutch Guideline for Annual Reporting 394 on Interim financial information. All financial information is presented in Euro and has been rounded to the nearest thousand, unless otherwise stated.

Accounting policies

The initial measurement of all assets and liabilities is fair value. The subsequent measurement of all assets and liabilities is amortised cost unless a different valuation principle is indicated in the accompanying notes. Assets are shown net of provisions where necessary. Income and expenses are attributed to the financial year to which they relate.

Cost price hedge accounting

Linde Finance B.V. applies the cost price hedging model to hedge interest rate risk and foreign currency risk. Cost price hedging means that derivative financial instruments follow the valuation principle of the hedged item (i.e. cost price). Linde Finance B.V. documents the hedge relationships in hedge documentation and periodically assess the effectiveness of the hedge relationships by verifying that no over hedges exists based on the critical terms check. A loss as a result of an over hedge will be directly recorded in the profit and loss account based on the principle of lower of cost and market value.

Fair Value Accounting

We have made the following changes to valuation principles. For forward starting swaps contracted with third parties that have been subject to cost price hedge accounting, the valuation method has been changed to fair value. For these instruments hedge accounting is not applied anymore.

Consequently, the valuation method for forward starting swaps with group companies that formerly have been subject to the "lower cost or market principle" is changed to fair value as well. The fair value of these derivatives have been presented separately in the balance sheet with comparative figures amended. This change did not have an impact on the income statement or equity for the periods presented

Cash flow statement

The cash flow statement is prepared in accordance with the indirect method.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into Euro at rates of exchange at the balance sheet date.

Financial fixed assets

Financial fixed assets include the nominal amounts of loans, of a long-term nature, issued to group companies, as well as prepaid expenses.

Net result

The net result has been calculated on the basis of the accrual and matching principles.

Taxation

Taxation is calculated on the basis of commercial income adjusted for available fiscal facilities.

Notes to the interim annual accounts 30 June 2013

Assets

1. Loans to group companies non-current

Loans to group companies represent loans, of a long-term nature, issued to group companies. The movements in long-term loans to group companies during the first six months were as follows:

	30.06.2013 in € thousand	31.12.2012 in € thousand
Balance January 01	8,328,334	9,099,606 *
New loans	263,390	2,354,054
To short term loans	-1,993,884	-768,476
Translation adjustment	-66,060	341,944
Loans redeemed	0	-2,698,794
Total	<u>6,531,780</u>	<u>8,328,334</u>

* The 2012 figures have been reclassified for comparison purposes

An amount of EUR 2,304.8 million (31.12.2012: EUR 2,186.2 million) of the principal portions outstanding have a final maturity over more than 5 years.

Long-term loans to group companies for a total amount of EUR 1,887.9 million

(31.12.2012: EUR 1,853.7 million) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into various foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange of the respective reporting dates. The average interest rate on long term non EURO denominated loans to group companies on 30 June 2013 was 4.92 % (2012: 5.17%).

2. Prepaid expenses

In May 2010 Linde Finance B.V. signed a EUR 2.5 billion syndicated revolving credit facility (Guaranteed by Linde AG). The facility will expire in May 2015. Linde Finance B.V. paid an upfront premium of EUR 8.2 million of which EUR1.6 million has been classified as a current asset. The outstanding value per 30 June 2013 of EUR 3.0 million (31.12.2012: EUR 3.8 million) will be amortised over the remaining tenor of the facility. Prepaid expenses also include proceeds of unwound derivatives, with a maturity of longer than one year. Please see note seven for further explanations.

3. Loans to group companies current

Linde Finance B.V. holds loans to group companies for EUR 5,303.6 million (31.12.2012: EUR 3,204.9 million) of which the principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. The average interest rate on these loans as at 30 June 2013 1.06 % (31.12.2012: 2.77%).

Short-term loans to group companies for a total amount of EUR 551.6 million (31.12.2012: EUR 515.8 million) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

4. Interest receivables from group companies

Interest receivables from group companies include accrued interest on loans of EUR 143.7 million (31.12.2012: EUR 169.9 million) and EUR 23.8 million (31.12.2012: EUR 2.4 million) accrued interest on derivatives with group companies and EUR 7.3 million (31.12.2012 EUR 8.7 million) of upfront premiums on derivatives with group companies. The unwinding of derivatives has been executed on a risk neutral basis.

5. Tax receivable

As per 30 June 2013 Linde Finance B.V. has a tax receivable of EUR 7.6 million (31.12.2012: EUR 4.5 million), related to corporate income tax and withholding tax.

6. Other receivables from third parties

Other receivables from third parties include accrued interest of EUR 60.0 million (31.12.2012: EUR 37.2 million) from interest rate-/cross currency swaps.

7. Deferred derivatives results

Deferred derivatives results, include to be amortised proceeds of unwound derivatives with group companies of EUR 41.4 million (31.12.2012: EUR 51.9 million) EUR 11.6 million (31.12.2012: EUR 7.4 million) relates to settlement payments from the unwind of interest rate swaps in 2013. These amounts will be amortised over the remaining tenor of the settled swaps..

8. Derivatives at fair value

Besides the deferred derivatives results we also added the derivatives at value line item. This relates to forward starting Interest Rate Swaps amounting to EUR 27.6 million (31.12.2012: 38.2 million). Those transactions are executed on a risk neutral basis for which hedge accounting is not applicable

9. Collateral (deposits)

Since 2010 Linde Finance B.V. has CSA agreements in place with major financial market participants to mitigate the counterparty risk. The outstanding value of the cash collateral deposited by Linde Finance B.V. at banks, as per 30 June 2013 is EUR 0.8 million (31.12.2012: EUR 5.9 million).

Liabilities

10. Capital and reserves

Authorized share capital consists of 15.000 shares of EUR 1.000 each. At 30 June 2013, 5.000 shares were issued and fully paid in (December 31, 2012: 5.000). All shares of Linde Finance B.V. are held by Linde Holdings Netherlands B.V., Schiedam, the Netherlands. Linde Finance B.V.'s ultimate parent is Linde AG, which is listed on the German Stock Exchange.

	Share Capital	Share Premium	Retained Earnings	Unappropriated profits	Total
	in € thousand	in € thousand	in € thousand	in € thousand	in € thousand
At 1 January 2012	5,000	150,000	85,764	-	240,764
unappropriated profits 2012	-	-	-	24,191	24,191
At 31 December 2012	5,000	150,000	85,764	24,191	264,955
Transfer to retained earnings	-	-	24,191	-24,191	-
Unappropriated profits	-	-	-	4,971	4,971
At 30 June 2013	<u>5,000</u>	<u>150,000</u>	<u>109,955</u>	<u>4,971</u>	<u>269,926</u>

11. Bonds notes payable and subordinated bonds

The bonds notes payable comprise loans from credit institutions as well as from institutional investors.

The contractual maturity of the bonds and notes payable can be shown as follows:

	30.06.2013 in € thousand	31.12.2012 in € thousand
< 1 year	641,038	370,332
1-5 years	2,533,604	2,500,133
> 5 years	3,385,963	3,692,764
	<u>6,560,605</u>	<u>6,563,229</u>

The Linde Finance B.V. bonds notes payable bear an average interest of 4.78% (31.12.2012: 3.95%). An amount of nominal EUR 4,922.0 million (31.12.2012: nominal EUR 4,983.0 million) of bonds notes payable has been issued by Linde Finance under the terms of the Debt Issuance Programme. With respect to this programme Linde AG has issued an unconditional and irrevocable guarantee in favour of Linde Finance B.V..

Bonds notes payable under the terms of the Debt Issuance Programme for an amount of EUR 1,290.5 million (31.12.2012: EUR 1,169.1 million) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts/cross currency swaps to hedge foreign currency risks.

Currency	Principal in € million	Coupon	Maturity date		Exchange
EUR	400	6.000%	03.07.2013 (called)	call right from 2013	Bourse de Luxembourg
EUR	216	5.375%	12.09.2013		Bourse de Luxembourg
EUR	25	3.125%	16.09.2013		Bourse de Luxembourg
EUR	100	3.625%	13.08.2014		Bourse de Luxembourg
EUR	25	3.750%	14.08.2014		Bourse de Luxembourg
USD	400	3.625%	13.11.2014		Bourse de Luxembourg
AUD	150	variable	19.08.2015		Bourse de Luxembourg
EUR	600	6.750%	08.12.2015		Bourse de Luxembourg
GBP	200	6.500%	29.01.2016		London Stock Exchange *
EUR	1,000	4.750%	24.04.2017		Bourse de Luxembourg
NOK	2,000	2.750%	28.09.2017	issued by Linde AG	Bourse de Luxembourg
USD	500	1.500%	18.04.2018	issued by Linde AG	Bourse de Luxembourg
EUR	50	variable	23.05.2018		Bourse de Luxembourg
EUR	750	3.125%	12.12.2018		Bourse de Luxembourg
EUR	500	1.750%	11.06.2019		Bourse de Luxembourg
AUD	100	4.250%	20.06.2019		Bourse de Luxembourg
EUR	1,000	1.750%	17.09.2020	issued by Linde AG	Bourse de Luxembourg
EUR	600	3.875%	01.06.2021		Bourse de Luxembourg
EUR	650	2.000%	18.04.2023	issued by Linde AG	Bourse de Luxembourg
GBP	300	5.875%	24.04.2023		Bourse de Luxembourg
EUR	700	7.375%	14.07.2066	call right from 2016	Irish Stock Exchange *
GBP	250	8.125%	14.07.2066	call right from 2016	Irish Stock Exchange *

* Not issued under DIP

The above list only comprises listed bonds

12. Subordinated bonds

In the period 2003 till 2006 Linde Finance B.V. issued subordinated bonds as listed in the table below.

Currency	Principal	Coupon	Effective yield to first call	Call date	First call date	Coupon when first call is not exercised
	in € million					
EUR	700	7.375%	7.557%	14.07.2016	14.07.2066	3 month Euribor+4,125%
GBP	250	8.125%	8.125%	14.07.2016	14.07.2066	3 month GBP Libor+4,125%
EUR	400	6.000%	6.162%	03.07.2013	perpetual	3 month Euribor+3,375%

Linde Finance B.V. has the right to call the bonds from the dates mentioned under "Call date". If the right to call the loan is not exercised on this date the coupon will attract interest at a variable rate. The right to call the loan will then be available every quarter on the due date for interest payment.

On the 7 May 2013 Linde Finance B.V. decided to call and redeem the EUR 400.0 million Undated Subordinated Fixed to Floating Rate Bonds issued by Linde Finance B.V. in 2003 and guaranteed, on a subordinated basis, by Linde AG at their nominal amount plus any interest accrued. Call and Redemption of the bonds has been made in accordance with § 6 para. (4) of the terms and conditions of such bonds on 3 July 2013.

For the bonds with the final maturity date in 2066 the coupon payment may be suspended on any due date for interest payment. Coupon payments not made will be made up if the Linde Group makes payments for securities pari passu, subordinated securities or Linde AG makes dividend payments on shares. The bonds are unconditionally, irrevocably guaranteed by Linde AG.

13. Loans from group companies

Linde Finance B.V. holds loans from group companies for a total amount of EUR 4,565.6 million (31.12.2012: EUR 4,419.5 million). An amount of EUR 297.4 million (31.12.2012: EUR 221.0 million) of the principal portion has a maturity longer than one year. The remaining principal portions are due and payable within one year. Interest rates are determined based on the at arm's length principle. As at 30 June 2013 the average interest rate on these loans was 0.34 % (31.12.2012: 0.67%).

Short-term loans from group companies for an amount of EUR 2,432.6 million (31.12.2012: EUR 2,394.3 million) are denominated in a currency other than Euro for which Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

14. Collateral (borrowing)

Since 2010 Linde Finance B.V. has CSA agreements with major financial market participants to mitigate the counterparty risk. The outstanding value of the cash collateral deposited at

Linde Finance B.V. by various banks, as per 30 June 2013 is EUR 112.2 million (31.12.2012: EUR 107.6 million).

15. Commercial Paper

As per 30 June 2013 Linde Finance B.V. has EUR 320.0 million (31.12.2012: EUR 275.0 million) CP outstanding. Commercial paper has been issued under the terms of the EUR 2.0 billion Commercial Paper Programme. With respect to this programme Linde AG has issued an unconditional and irrevocable guarantee in favour of Linde Finance B.V.. The average interest rate on the outstanding CP as at 30 June 2013 was 0.11% (31.12.2012: 0.08 %).

16. Interest payable to third parties

	30.06.2013 in € thousand	31.12.2012 in € thousand
Accrued interest bonds notes payable	78,694	94,889
Accrued interest subordinated bonds	84,464	48,273
Accrued interest derivatives	2,211	3,235
Accrued interest commercial paper	-56	-
	<u>165,312</u>	<u>146,397</u>

17. Interest payable to group companies

Interest payable to group companies include accrued interest on loans from group companies of EUR 4.1 million (31.12.2012: EUR 17.4 million) and accrued interest on derivatives with group companies of EUR 44.9 million (31.12.2012: EUR 36.6 million). This also includes upfront premiums received on derivatives with group parties for an amount of EUR 1.5 million (31.12.2012: EUR 1.7 million), which will be amortised over the remaining tenor.

18. Forward exchange contracts

The forward exchange contracts are all in a hedging relationship for which Linde Finance B.V. applies cost price hedge accounting. Cost price hedging means that derivative financial instruments are valued at the same valuation principle as the hedged item. Therefore the Forward exchange contracts are revaluated at the spot rate of the reporting date. The difference between the spot rate as on the date of contract and the forward rate on which it gets settled is amortized over the maturity of the forward exchange contract.

19. Accounts payable

Accounts payable include debt push fees which have been amortized completely (31.12.2012: EUR 0.99 million).

Profit and loss

20. Interest income

The interest income includes EUR 188.1 million (30.06.2012: EUR 296.0 million) of interest income on loans given to group companies. The other interest income EUR 140.7 million (30.06.2012: EUR 86.1 million) is income generated from external derivatives and the amortisation of discounts. Furthermore in the other interest income there is EUR 48.4 million (30.06.2012: EUR 9.0 million) from short term deposits from group companies.

21. Interest Expense

The interest expense includes EUR 103.7 million (30.06.2012: EUR 116.0 million), of interest of loans from group companies. The other interest expense EUR 217.5 (30.06.2012: EUR 249.3 million), mainly is from interest expense out of external derivatives and the amortisation of discounts. The interest expense includes EUR 2.4 million (30.06.2012: EUR 2.5 million) internal fee related to the guarantee issued by Linde AG.

22. General and administrative expenses

The general and administrative expenses for the period can be analyzed as follows:

	30.06.2013 in € thousand	30.06.2012 in € thousand
Wages and salaries	309	404
Other G&A expenses	197	253
	<u>506</u>	<u>657</u>

23. Taxation

Taxes on income for the period can be analyzed as follows:

	30.06.2013 in € thousand	30.06.2012 in € thousand
Profit before taxation	6,615	16,173
Deductible costs	<u>6,615</u>	<u>16,173</u>
Income tax rate	25.00%	25.00%
Income tax expenses	1,644	3,936
Effective tax rate	24.85%	24.34%

Linde Finance B.V. operates under the advance pricing agreement (APA) with the Dutch fiscal authorities. This APA ruling defines the minimum returns for inter-company loans.

24. Off balance sheet commitments

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 7.4 billion (31.12.2012: EUR 9.6 billion) and a number of cross currency swap agreements, with a principal amount of EUR 408.2 million (31.12.2012: EUR 289.5 million). Due to the application of cost price hedging these derivative financial instruments are following the valuation principle of the hedged items (i.e. cost price). The principal amount of Forward Starting Interest Rates Swaps recognised at fair value is EUR 2.9 billion.

Linde Finance B.V. has limited rental, back office and IT commitments with third parties. Total expenses are approximately EUR 0,1 million per annum.

Since May 2010 Linde Finance B.V. has a long term obligation namely, a syndicated credit facility for EUR 2.5 billion which expires in May 2015, with projected annual expenses of EUR 6.0 million. The facility is currently unused and also serves as back-up for the EUR 2.0 billion Commercial Paper Programme.

The fair value of financial instruments is determined using measurement methods customary in the market, based on market parameters specific to the instrument.

The fair value of derivative financial instruments is measured by discounting expected future cash flows using the net present value method. The entry parameters used in these models are relevant observable market prices and interest rates on the balance sheet date, obtained from recognised external sources.

The table below shows the fair value of financial assets and liabilities

	30.06.2013 in € million	31.12.2012 in € million
Loans to group companies (non current)	7,506.4	9,541.4
Loans to group companies (current)	5,344.7	3,256.2
Interest rate swaps/cross currency swaps external	155.0	172.8
Foreign exchange contracts	9.7	25.0
Interest rate swaps/cross currency swaps internal	93.5	94.2
Bonds/notes payable	-5,638.3	-6,435.8
Subordinated bonds	-1,536.5	-1,592.1
Loans from group companies (non current)	-318.5	0.0
Loans from group companies (current)	-4,273.8	-4,401.8
Interest rate swaps/cross currency swaps external	-43.3	-75.0
Foreign exchange contracts	-14.3	-28.1
Interest rate swaps/cross currency swaps internal	-148.5	-167.7

25. Related parties

All transactions are conducted on an arm's length basis. Further information on related party transactions is also disclosed in relevant notes to the semi annual accounts.

Major outstanding loan exposures to related companies in EUR equivalent:

Linde AG	Munich	DEU	5,539.7 million	46.8%
Linde UK Holdings Limited	Guilford	GBR	3,079.5 million	26.0%
Linde Gas Holding Sweden AB	Lidingo	SWE	729.7 million	6.2%
Linde Holdings Netherlands B.V.	Schiedam	NLD	683.8 million	5.8%
BOC Holdings	Guilford	GBR	350.5 million	3.0%
Abello Linde SA	Barcelona	ESP	293.9 million	2.5%
The BOC Group Limited	Guilford	GBR	233.7 million	2.0%
Linde Gas GmbH	Stadl- Paura	AUT	200.0 million	1.7%
Linde Canada Limited	Mississauga	CAN	180.9 million	1.5%

Major outstanding deposits exposures from related companies in EUR equivalent:

The BOC Group Limited	Guilford	GBR	1,054.7 million	23.1%
Airco Coating Technology Limited	Guilford	GBR	792.6 million	17.4%
Linde UK Holdings Limited	Guilford	GBR	570.8 million	12.5%
BOC Helex	Guilford	GBR	350.7 million	7.7%
Linde Canada Holdings Limited	Guilford	GBR	288.0 million	6.3%
Linde Holdings, LLC	Tulsa	USA	268.7 million	5.9%
Linde Osterreich Holding GmbH	Stadl- Paura	AUT	143.0 million	3.1%
Oy AGA AB	Espoo	FIN	141.5 million	3.1%
Linde North America, Inc.	Murray Hill	USA	141.7 million	3.1%

26. Risk management

Foreign currency risk

It is the objective of Linde Finance B.V. to eliminate foreign currency risks. With the exception of margins generated by foreign currency denominated back to back loans, Linde Finance B.V. enters into currency contracts and cross currency swaps in order to hedge Linde Finance B.V.'s currency exposure. The underlying assets and liabilities are translated into Euro at the balance sheet date. The derivatives used to hedge the currency risk exposure are included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked as part of the risk management procedures.

The below table gives the net fx cash flow positions per 30 June 2013. The totals are all unhedged margins on loans and corresponding deposits. As stipulated in the foreign currency risk management approach these margins are not hedged

Currency	Largest positions of Net FX cash flow positions per currency	per 30.06.2013 EUR Value	Lastest Maturity
GBP	7,148,634	8,264,021	24 April 2023
CAD	2,760,956	2,040,221	17 December 2018
USD	5,679,100	4,349,331	23 May 2019
Other currencies		307,455	
Total position		14,961,028	

The total Value at Risk (VaR) for the largest positions is per 30 June 2013 is EUR 1.76 million. The VaR calculation is based on a 97.5% VaR for Linde Finance FX positions (Multivariate normality assumed, i.e., Markowitz approach).

Interest risk

It is Linde Finance B.V. policy that interest exposures with duration longer than one year are being hedged, by entering into interest rate- and/or cross currency swaps.

The table below shows the "un-matched" open nominal positions according to their maturity, for durations of one year and above for all currencies in EUR equivalents. A positive sign is a net long position.

Time bucket	Bucket end date			Cummulated mismatch
		Eur (X1000)	Eur (X1000)	Eur (X1000)
less then 5 years	30/06/2018			-
less then 4 years	30/06/2017			-
less then 3 years	30/06/2016			-
less then 2 years	30/06/2015			-
less then 1 year	30/06/2014		464,523	464,523
Credit risk / Counterpart risk				

Linde Finance B.V. solely provides loans within The Linde Group. Inter-company credit exposure has been insured with Linde AG through a Credit Assurance Agreement. The associated expenses are charged on to the companies through an additional risk premium on top of the base rate.

Linde AG, which has issued an unconditional and irrevocable guarantee in relation to the debt issuance and Commercial Paper Programme, presently has a A/ A-1 rating by Standard & Poor's and A3 / P-2 rating by Moody's.

Cash and financial derivatives are only deposited and/or entered into with banks.

Linde Finance B.V. has CSA agreements in place with all of its major financial counterparts in order to mitigate the counterparty risk associated with derivative transactions.

Liquidity risk

Linde Finance B.V. access to liquidity is secured by the five-year EUR 2.5 billion syndicated credit facility which is currently unused and expires in May 2015.

Amsterdam, 29 August 2013

The Board of Managing Directors

Micha Glaser

The Board of Supervisory Directors

Georg Denoke, Chairman
Dr. Sven Schneider
Björn Schneider

27. Subsequent events

In July 2013, Linde Finance B.V and Linde AG, agreed a new five-year EUR 2.5 bn syndicated credit facility, with two options to extend the facility, in each case by one year. The facility was arranged with 33 German and international financial institutions without any financial covenants and replaces the undrawn EUR 2.5 bn facility from 2010. This means that the Group has ensured that it has a solid general liquidity reserve with banks at a much lower cost and over a significantly longer period

Review Report

To the general meeting of shareholders of Linde Finance B.V.

Introduction

We have reviewed the accompanying condensed interim financial information of Linde Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2013, the profit and loss account for the period of six months ended at 30 June 2013, and the notes. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including Standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2013 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

Amstelveen, 29 August 2013

KPMG ACCOUNTANTS N.V.

F.M. van den Wildenberg RA