

FINANCIAL HALFYEAR STATEMENTS  
LINDE FINANCE B.V. AMSTERDAM

30-06-2009

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## **INTERIM MANAGEMENT REPORT**

The board of Linde Finance B.V. ('the Company') hereby presents the unaudited financial statements for the first six months of 2009. These statements are prepared according to generally accepted accounting principles in the Netherlands and in conformity with the provisions of Part 9, Book 2 of the Dutch Civil Code.

### **General**

Linde Finance B.V. ("Company") is registered in Amsterdam, Strawinskylaan 3111, the Netherlands, a company, incorporated on May 12, 1999 under Dutch law. The Company acts as a finance company for the benefit of the Linde AG Group companies.

The Company runs an EUR 1,0 billion, multi currency, Commercial Paper ('CP') Programme which is unconditionally guaranteed by Linde AG. This programme is supplementary to an EUR 10 billion Debt Issuance Programme.

### **Objectives**

The Company's objectives, in accordance with article 2 of the Articles of Association, are to incorporate, participate, to manage and finance other group companies. Furthermore to borrow and lend moneys, to place public and private loans 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 within the Company and for the assessment of the effectiveness of the control systems. These controls were set up in corporation with Linde AG to identify and manage, foreign exchange, interest, liquidity and credit risks.

As to foreign exchange risks, the Company has a conservative approach. Currency risks are avoided by use of various hedging policies. Interest rate exposures beyond the duration of one year are being hedged if no back to back funding is in place. Liquidity risk is covered by a standby facility and a syndicated loan facility.

### **Financial highlights January – June 2009**

During the first six months of the current book year, the net interest margin amounted to EUR 6,4 million versus EUR 12,4 million for the comparable period last year. The net result was EUR 4,4 million (2008: EUR 8,8 million) for the first six months of 2009 period.

In June 2009 the Company has issued a EUR 52 million MTN for 4 years.

In July 2009 the Linde group concluded an EUR 1,6 billion forward start Revolving Credit Facility, further strengthening its liquidity profile until 2013.

### **Future developments**

For the second half of 2009 the anticipated result of the Company will remain positive as in previous years. We expect no significant changes in personnel numbers.

## RESPONSIBILITY STATEMENT

The board of directors of Linde Finance B.V. confirms that these financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of Linde Finance B.V.

Amsterdam, August 19, 2009

The Board of Managing Directors

N.G.M. Limmen

## 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 of Part 9, Book 2 of the Dutch Civil Code. All financial information presented in Euro has been rounded to the nearest thousand, unless otherwise stated.

### Accounting policies

All assets and liabilities are stated at face value, unless a different valuation principle is indicated in the following notes. Assets are shown net of provision where necessary. Income and expenses are attributed to the financial year to which they relate.

The Company applies the cost price hedging model as all derivative financial instruments are used to mitigate financial risks. Cost price hedging means that derivative financial instruments are valued at the same valuation principal as the hedged item (i.e. cost price).

### 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 represent the nominal amounts of loans, of a long-term nature, issued to group companies.

### Net Result

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

### Taxation

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

### Unaudited financial statements

The management of Linde Finance B.V. wants to emphasize that these financial statements have not been audited or reviewed by an external auditor.

**BALANCE SHEET 30TH OF JUNE 2009 LINDE FINANCE B.V. AMSTERDAM**

After appropriation of result

<b><u>ASSETS</u></b>	<b><u>30 June 2009</u></b>	<b><u>31 December 2008</u></b>
	€ * 1.000	€ * 1.000
 <b><u>Financial Fixed Assets</u></b>		
Loans to Group Companies	6.469.286	6.722.371
Receivables from Banks	8.248	14.961
	-----	-----
	<b>6.477.534</b>	<b>6.737.332</b>
 <b><u>Current Assets</u></b>		
Loans to Group Companies	3.750.767	3.282.328
Receivables from Banks		16.721
Interest/trade Receivable from Group Companies	167.281	175.483
Tax Receivables	2.982	1.885
Other Receivables	116.030	20.796
Forward Exchange Contracts	228.303	482.558
Cash at Banks	-1.909	2.139
	-----	-----
	<b>4.263.454</b>	<b>3.981.910</b>
 <b><u>Total Assets</u></b>		
	-----	-----
	<b><u>10.740.988</u></b>	<b><u>10.719.242</u></b>

**BALANCE SHEET 30TH OF JUNE 2009 LINDE FINANCE B.V. AMSTERDAM**

After appropriation of result

<b><u>LIABILITIES</u></b>	<b><u>30 June 2009</u></b>	<b><u>31 December 2008</u></b>
	€ * 1.000	€ * 1.000
<b><u>Capital and Reserves</u></b>		
Share Capital	5.000	5.000
Share Premium	12.000	-
Retained Earnings	52.017	39.622
Unappropriated Profits	4.436	12.395
	-----	-----
	73.453	57.017
 <b><u>Long Term Liabilities</u></b>		
Bonds and Notes Payable	3.707.799	3.577.812
Subordinated Bond	1.394.083	1.361.589
Bank Loans Payable	3 911.216	868.813
Loans from Group Companies	634.000	634.000
	-----	-----
	6.647.098	6.442.214
 <b><u>Current Liabilities</u></b>		
Bonds and Notes Payables	178.385	491.412
Commercial Paper	807.625	395.498
Loans from Group Companies	2.531.717	2.589.615
Interest Payable to Third Parties	152.302	158.051
Interest Payable to Group Companies	57.584	34.534
Other Payables to Group Companies	2.926	75
Forward Exchange Contracts	2 232.608	543.014
Other Payables	54.823	4.598
Accounts Payable	2.467	3.214
	-----	-----
	4.020.437	4.220.011
	-----	-----
<b><u>Total Liabilities</u></b>	<b><u>10.740.988</u></b>	<b><u>10.719.242</u></b>

**PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2009**  
**LINDE FINANCE B.V. AMSTERDAM**

	<u>01.01.2009 to 30.06.2009</u>	<u>01.01.2008 to 30.06.2008</u>
	€ * 1.000	€ * 1.000
<b><u>Interest income</u></b>		
Group Company Loans	216.806	267.412
Other Interest Income	128	280
	-----	-----
	<b>216.934</b>	267.692
<b><u>Interest expense</u></b>		
Group Company Loans	-46.013	-67.969
Other Interest Expense	-164.565	-187.360
	-----	-----
	<b>-210.578</b>	-255.329
<b><u>Net Interest Result</u></b>	<b>6.356</b>	12.363
<b><u>Other</u></b>		
General and Administration Expenses	-426	-522
	-----	-----
Profit/(Loss) before Taxation	<b>5.930</b>	11.841
Taxation	-1.494	-3.019
	-----	-----
Net Profit after Taxation	<b><u>4.436</u></b>	<b><u>8.822</u></b>



## CASH FLOW STATEMENT LINDE FINANCE B.V. AMSTERDAM

	<u>01.01.2009 to 30.06.2009</u>	<u>01.01.2008 to 30.06.2008</u>
	€ * 1.000	€ * 1.000
<b>Net cash-flow provided by operating activities</b>	-	-
<b>Net cash-flow provided by investment activities</b>	-	-
<b>Net cash-flow provided by finance activities</b>		
Profit after taxes	<b>4.436</b>	8.822
In- / decrease Current Assets	<b>-285.592</b>	186.675
In- / decrease Current Liabilities	<b>-199.574</b>	134.289
In- / decrease Financial Fixed Assets	<b>259.798</b>	225.899
In- / decrease Long Term Liabilities	<b>204.884</b>	-568.577
Capital Injection	<b>12.000</b>	
	-----	-----
Bank Balances January 1	<b>-4.048</b>	-12.892
	<b>2.139</b>	40.555
	-----	-----
Bank Balances June 30	<b><u>-1.909</u></b>	<b><u>27.663</u></b>

Notes:

The cash flow statement is based on the indirect method which implies that all figures are derived from the delta in balance sheet positions.

## EXPLANATORY NOTES

### General

As these financial statements have been set up on the same bases as the annual report, the comparability of the figures remain in place.

### 1. Other receivables

Other receivables include proceeds of internal derivatives unwinds for an amount of EUR 56,4 million (2008: EUR 0 million) and interest swaps receivables of EUR 45,9 million (2008: EUR 3.0 million).

### 2. Forward exchange contracts

Forward exchange contracts are included in the balance sheet at their net realizable value based on ultimo rates of exchange. None of the foreign currency contracts outstanding have a maturity of more than one year.

### 3. Bank loans payable

These loans have been drawn under the Multi Currency term and Revolving Credit Facilities.

## OTHER NOTES

### Foreign currency risks

It is the objective of the Company to eliminate foreign currency risk. The Company enters into currency contracts and cross currency swaps in order to hedge the Company's currency exposure. The related assets and liabilities are translated into Euro at the balance sheet date. The related derivatives use to hedge the exchange exposures are included in the balance sheet in accordance with the cost price hedging model.

### Interest risk

It is the Company's policy that interest exposures with a duration of more than one year are being hedged, by entering into Interest rate and Cross Currency swaps. Swaps which include upfront payments/receivables are amortised over the term of the related contract in accordance with the cost price hedging model.

### Credit risk

The Company solely provides loans within the Linde AG Group. In co-operation with Linde AG corporate centre, assessments of credit risks are made and credit limits are set, which are periodically reviewed. Linde AG, who has issued an unconditional and irrevocable guarantee in relation to the debt issuance programme, presently has a BBB+ rating by S&P and Baa1 rating by Moody's. Cash at banks and financial derivatives, are only deposited and/or entered into with prime banks.