Linde Finance B.V.

Financial statements for the year 2008

Amsterdam, March 11, 2009

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DIRECTOR'S REPORT

The Board of Directors of Linde Finance B.V. ("the Company") hereby presents the financial statements for the book year ended December 31, 2008. 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 Netherlands 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. On August 1, 2008 all shares of the Company were transferred from Linde AG to the Linde Holdings Netherlands B.V. ("the Holding"), Schiedam, the Netherlands. This transfer did not impact the general operations of the company, nor the financial performance. Linde AG is the direct holder of 100% of the issued share capital of the Holding.

Objectives

The Company's objectives, in accordance to 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 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 and 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 the 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. The liquidity risk is covered by a standby and syndicated loan facility.

As the activities of Linde Finance are interrelated with the overall demand of the Linde Group companies, management refrains from commenting on the activity level and expected result for 2009.

Financial Highlights

Since 2001 the Company runs a EUR 1,0 billion, multi currency, Commercial Paper ("CP") Programme unconditionally guaranteed by Linde AG. As of December 31, 2008, the Company had nominal EUR 398 million CP outstanding (2007: EUR 557 million). This programme is supplementary to the EUR 10 billion Debt Issuance Programme, also guaranteed by Linde AG. At the end of December 2008, the Company had nominal EUR 3.546 million (2007: EUR 2.805 million) debt outstanding under this programme.

During the year, the interest income amounted to EUR 546,2 million (2007: EUR 532,6 million). The interest expense amounted to EUR 528,6 million (2007: EUR 510,4 million).

The net result was EUR 12,4 million (2007: EUR 16,0 million).

During 2008 the Company has issued 5 bonds/notes for a total EUR equivalent of 1.131 million.

During the first months of 2008 the remaining EUR 104,7 million of the 1,25% Convertible Bond 2009 has been converted into shares of Linde AG.

The second half of 2008 the financial markets have experienced unprecedented volatility and even disruption. Despite these circumstances Linde Finance has been able to issue a number of bonds/notes during the last quarter of 2008. If the worsening of the credit conditions will persist during 2009, the widening of the credit spreads due to decreased liquidity will result in a relative increase of the refinancing costs.

Amsterdam, March 11, 2009

The Board of Managing Directors

N.G.M. Limmen

Responsibility Statement

The Board of Directors and the Board of Supervisory Directors of the Company wish to state:

1. that the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Issuer;

2. that the annual report gives a true and fair view of the position as per the balance sheet date, the development during the financial year of the Issuer in the annual financial statements, together with a description of principal risks it faces.

The Board of Managing Directors

N.G.M. Limmen

The Supervisory Board

G. J.G. Denoke, Chairman
E.H. Wehlen
B. Schneider

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 Netherlands 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 accompanying notes. Assets are shown net of provisions 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 principles.

Taxation

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

BALANCE SHEET AS AT DECEMBER 31

ASSETS	Note	2008 (x 1.000 EUR)	2007 (x 1.000 EUR)
Financial fixed assets			
Loans to group companies	*1*	**6.722.371**	6.964.688
Receivables from banks	*1*	**14.961**	24.711
		6.737.332	6.989.399
Current assets			
Loans to group companies	*2*	**3.282.328**	2.705.608
Receivables from banks	*1*	**16.721**	10.296
Interest receivables from group companies		**175.483**	90.258
Tax receivables		**1.885**	115
Other receivables	*3*	**20.796**	25.079
Forward exchange contracts	*11*	**482.558**	103.332
Cash at banks	*4*	**2.139**	5.548
		3.981.910	2.940.236
Total Assets		**10.719.242**	9.929.635

The accompanying notes form an integral part of these financial statements

BALANCE SHEET AS AT DECEMBER 31

LIABILITIES		2008 (x 1.000 EUR)	2007 (x 1.000 EUR)
Capital and reserves	5		
Share capital		**5.000**	5.000
Retained earnings		**39.622**	23.594
Unappropriated profits		**12.395**	16.028
		57.017	44.622
Long term liabilities			
Convertible bond		**-**	104.700
Bonds notes payable	6	**3.577.812**	3.185.597
Subordinated bond	7	**1.361.589**	1.440.089
Bank loans payable	8	**868.813**	1.113.526
Loans from group companies	9	**634.000**	696.000
		6.442.214	6.539.912
Current liabilities			
Bonds and notes payable	6	**491.412**	299.818
Commercial Paper	10	**395.498**	554.006
Loans from group companies	9	**2.589.615**	2.203.906
Interest payable to third parties		**158.051**	169.813
Interest payable to group companies		**34.534**	23.521
Other payables to group companies		**75**	2.141
Forward exchange contracts	11	**543.014**	87.979
Other payables	12	**4.598**	600
Accounts payable		**3.214**	3.317
		4.220.011	3.345.101
Total Liabilities		**10.719.242**	9.929.635

The accompanying notes form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31

		2008	2007
		(x 1.000 EUR)	(x 1.000 EUR)
Interest income			
Group company loans		**545.978**	531.897
Other interest income		**205**	704
		546.183	532.601
Interest expense	*13*		
Group company loans		**-141.159**	-118.604
Other interest expense		**-387.453**	-391.785
		-528.612	-510.389
Net interest result		**17.571**	22.212
Other			
General and administrative expenses	*14*	**-973**	-706
Profit before taxation		**16.598**	21.506
Taxation	*15*	**-4.203**	-5.478
Net profit after taxation		**12.395**	16.028

The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT

	01.01.2008 - 31.12.2008		01.01.2007 - 31.12.2007	
	(x 1.000 EUR)		(x 1.000 EUR)	
Net cash flow provided by operating activities	-		-	
Net cash flow provided by investment activities	-		-	
Net cash flow provided by finance activities				
Profit after taxes	**12.395**		16.028	
In/decrease financial fixed assets	**252.067**		-3.949.185	
In/decrease current assets	**-1.045.083**		3.245.977	
In/decrease long term liabilities	**-97.698**		3.650.551	
In/decrease current liabilities	**874.910**		-3.010.019	
Decrease cash at banks		**-3.409**		-46.648
Bank balances January 01		**5.548**		52.196
Bank balances December 31		**2.139**		5.548

Notes

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

Bank balances as per January 01, 2007 have been partially reclassified to financial fixed/current assets for EUR 46.648 equivalent to align with the 2008 reporting method.

NOTES TO THE ANNUAL ACCOUNTS DECEMBER 31, 2008

ASSETS

1. Financial fixed assets

Financial fixed assets represent loans, of a long-term nature, issued to group companies. The movements in long-term loans to group companies during the year were as follows:

	2008	2007
	(x 1.000 EUR)	(x 1.000 EUR)
Balance January 01	**6.964.688**	3.004.024
New loans	**1.063.063**	5.701.262
To short term loans	**-365.232**	-287.939
Translation adjustment	**-266.798**	-31.283
Loans redeemed	**-673.350**	-1.421.376
Balance December 31	**6.722.371**	6.964.688

An amount of EUR 3.390 million (2007: EUR 3.976 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 1.045 million (2007: EUR 1.706 million) are denominated in a currency other than Euro for which the Company has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and exchange contracts is based on the yearend rate of exchange. The average interest rate on these loans as at December 31, 2008 was 5,55% (2007: 5,85%).

The Company holds a bank deposit for JPY 4.0 billion (2007: JPY 5,7 billion) of which JPY 2,1 billion (2007: JPY 1,7 billion) has been classified as short term. This deposit is part of a back to back funding arrangement.

The fair value of financial fixed assets per December 31, 2008 is EUR 6.783,3 million (2007: EUR 7.045,6 million).

2. Loans to group companies

The Company holds loans to group companies for EUR 3.282 million (2007: EUR 2.706 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 December 31, 2008 was 3,70% (2007: 5,84%).

Short-term loans to group companies for a total amount of EUR 1.048 million (2007: EUR 1.540 million) are denominated in a currency other than Euro for which the Company has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and exchange contracts is based on the yearend rate of exchange.

The fair value of loans to group companies per December 31, 2008 is EUR 3.282 million (2007: EUR 2.706 million).

3. Other receivables

Other receivables include unamortised discounts for an amount of EUR 8,7 million (2007: EUR 5,1 million) and interest rate swaps receivables of EUR 12,0 million (2007: EUR 19,6 million). EUR 2,4 million (2007: EUR 2,1 million) of the unamortised discounts has a tenor shorter than one year.

4. Cash at banks

Cash at banks are at the disposal of the Company. The comparing figures 2007 include the reclassification of JPY 5,7 billion bank deposit as referred to in note 1.

LIABILITIES

5. Capital and reserves

Authorized share capital consists of 15.000 shares of EUR 1.000 each. As at December 31, 2008, 5.000 shares were issued and fully paid in (December 31, 2007: 5.000).

Movements in capital and reserves were as follows:

	Share	Retained Earnings	Unappropriated profit	Total
	(x 1.000 EUR)	(x 1.000 EUR)	(x 1.000 EUR)	(x 1.000 EUR)
Balance December 31, 2006	5.000	23.594	-	28.594
2007 result	-	16.028	-	16.028
Balance December 31, 2007	5.000	39.622	-	44.622
Unappropriated profits 2008	-	-	12.395	12.395
Balance December 31, 2008	5.000	39.622	12.395	57.017

6. Bonds, notes payable

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

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

	2008	2007
	(x 1.000 EUR)	(x 1.000 EUR)
< 1 year	**491.412**	299.818
Sub-total current liabilities	**491.412**	299.818
1-5 years	**1.300.000**	1.369.383
> 5 years	**2.277.812**	1.816.214
Sub-total long term	**3.577.812**	3.185.597
Balance December 31	**4.069.224**	3.485.415

The payable bonds and notes bear an average interest of 6,50% (2007: 5,34%). An amount of nominal 3.546 million (2007: EUR 2.805 million) of bonds and notes outstanding has been issued under the terms of the Debt Issuance Programme. With respect to this programme, Linde AG has issued an unconditional and irrevocable guarantee in favor of the Company. Bonds and notes payable for an amount of EUR 900,2 million (2007: EUR 1.165 million) are denominated in a currency other than Euro for which the Company has entered into foreign exchange contracts/cross currency swaps to hedge foreign currency risks.

The valuation of the bonds and notes payable and foreign exchange contracts is based on the yearend rate of exchange.

The fair value of the current liabilities per December 31, 2008 is EUR 490,8 million (2007: EUR 299,3 million). The fair value of the long term liabilities per December 31, 2008 is EUR 3.632,4 million (2007: EUR 3.181,9 million).

7. Subordinated bond

In 2003 the Company issued a subordinated EUR 400 million bond without a final maturity. The bond has a coupon of 6% which has been fixed till July 2013. The Company has the option to repay the bond anytime after July 2013. In 2007 the Company issued 60 year subordinated hybrid bonds for respectively GBP 250 million and EUR 700 million with several call features attached. The bonds are unconditionally, irrevocably guaranteed by Linde AG.

The fair value per December 31, 2008 is EUR 1.398,8 million (2007: EUR 1.425,9 million).

8. Bank loans payable

These loans have been drawn under the long term Multi Currency Term and Revolving Credit Facilities. For this reason the 2007 figures have been reclassified from current to long term liabilities.

All interest periods on these loans are short term. The average stated rate during 2008 was 4,10% (2007: 6,27%). With respect to this syndicated bank facility Linde AG has issued an unconditional, irrevocable guarantee in favor of the Company.

The fair value per December 31, 2008 is EUR 868,8 million (2007: EUR 1.114 million).

9. Loans from group companies

The Company holds loans from group companies for a total amount of EUR 3.224 million (2007: EUR 2.900 million). An amount of EUR 634 million (2007: EUR 696 million) of the principal portion has a maturity of 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 December 31, 2008 the average interest rate on these loans was 3,73% (2007: 4,29%).

Short-term loans from group companies for an amount of EUR 1.342 million (2007: EUR 1.026 million) are denominated in a currency other than Euro for which the Company has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the yearend rate of exchange.

The fair value of loans from group companies per December 31, 2008 is EUR 3.224 million (2007: EUR 2.900 million).

10. Commercial paper

Commercial paper has been issued under the terms of the EUR 1,0 billion Commercial Paper Programme. With respect to this programme, Linde AG has issued an unconditional and irrevocable guarantee in favor of the Company. The average interest rate on the outstanding CP as at December 31, 2008 was 4,80% (2007: 4,87%).

The fair value of the payable commercial paper is EUR 395,5 million (2007: EUR 554 million).

11. Forward exchange contracts

Forward exchange contracts are included in the balance sheet based on the yearend rate of exchange. None of the foreign currency contracts outstanding has a maturity of more than one year. In the comparing figures 2007, the forward exchange contracts have been reclassified for EUR 88 million as the positive and negative values of the contracts are reported separately commencing book year 2008.

12. Other payables

Other payables are upfront premiums received for an amount of EUR 4.597.588 (2007: EUR 600.392).

PROFIT & LOSS	2008	2007
	(x 1.000 EUR)	(x 1.000 EUR)

13. Interest Expense

The interest expense includes EUR 4,8 million (2007: 5,6 million) guarantee fee related to the guarantee facility issued by Linde AG.

14. General and administrative expenses

The general and administrative expenses can be analyzed as follows:

Wages and salaries	473	375
Other G&A expenses	500	331
	973	706

For wages and salaries, we refer to page 18; Directors and Employees.

The guarantee commissions and charges related to back up facilities have been reclassified to the interest expense.

15. Taxation

Taxes on income can be analyzed as follows:

Profit before taxation	16.598	21.506
Deductible costs	-47	-60
	16.551	21.446
Income tax rate	25,50%	25,50%
	4.214	5.467
Tax income & expenses related to different period	-11	11
Income tax expenses	4.203	5.478
Effective tax rate	25,32%	25,50%

OTHER NOTES

Directors

The Company has one Managing Director (2007: 1) and the Supervisory Board three members (2007: 3). The members of the Supervisory Board did not receive a remuneration during 2008. Furthermore the Company avails itself to the stipulations laid down in article 2:383, section 1, of the Dutch Civil Code with regard to the remuneration of the Managing Director.

Employees

During 2008 the Company had an average number of employees of 4 (2007: 4).

The wages and salaries as referred to in note 14 include social security charges of EUR 53.437 (2007: EUR 43.000) and pension premium costs of EUR 35.064 (2007: EUR 37.000).

Off Balance Sheet Commitments

The Company has entered into a number of interest rate swap agreements, with a principal amount of EUR 4,8 billion (2007: EUR 980 million), and a number of cross currency swap agreements, with a principal amount of EUR 194,6 million (2007: EUR 87,5 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 positive fair value of all derivatives is EUR 169 million (2007: EUR 33,3 million), the negative fair value of all derivatives is EUR 210 million (2007: EUR 30,9 million).

The Company has limited rental, back office and IT commitment with third parties. Total expenses are approximately EUR 130.000 per annum.

The Company has also long term obligations namely, a syndicated multi-currency revolving credit facility agreement with a projected annual expense of EUR 2,1 million for 2009.

Risk Management

Foreign currency risk

It is the objective of he Company to eliminate foreign currency risk. The Company enters into currency contracts and cross currency swaps in order to hedge the Company's currency exchange exposure. The related assets and liabilities are translated into Euro at the balance sheet date. The related derivatives used to hedge the exchange exposure 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 Swaps and Cross Currency Swaps. Interest rate swaps which include up front 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 a unconditional and irrevocable guaranty 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 banks.

Amsterdam, March 11, 2009

The Board of Managing Directors	The Supervisory Board
N.G.M. Limmen	G. J.G. Denoke, Chairman
	E.H. Wehlen
	B. Schneider

SUPPLEMENTARY INFORMATION

Appropriation of results

In accordance with Article 27 of the Company's Articles of Association, profits, if any, are at the disposal of the General Meeting of Shareholders. The directors propose to add the net profit to retained earnings.

AUDITOR’S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2008 of Linde Finance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2008, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Director’s report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Linde Finance B.V. as at December 31, 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Directors' report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

De Meern, March 11, 2009

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA