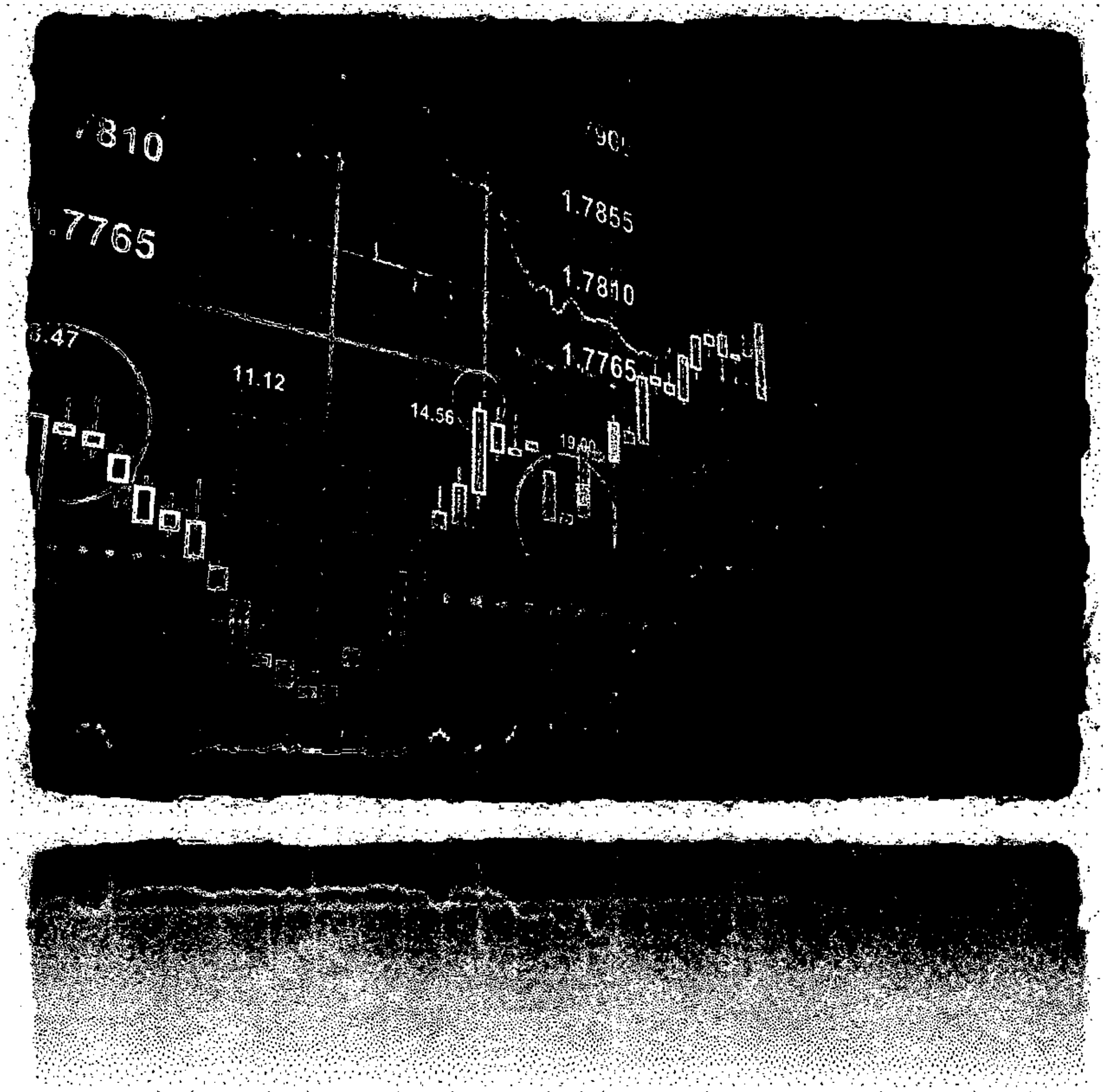
Linde Finance B.V.

2010 Interim Financial statements



Amsterdam, August 16, 2010

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INTERIM DIRECTOR'S REPORT

The Board of Directors of Linde Finance B.V. ("the Company") hereby presents the semi annual financial statements for the first six months of the 2010 book year, ending June 30, 2010. 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. is registered in Amsterdam, Strawinskylaan 3111, the Netherlands, and is a company incorporated on May 12, 1999 under Dutch law. The Company acts as a finance company for the benefit of The Linde Group companies. The Company's ultimate parent is Linde AG, which is listed on the German Stock Exchange.

Objectives

The Company's 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 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 actively managed and currently covered by a syndicated loan facility. Inter-company credit exposure has been insured with Linde AG through a Credit Assurance Agreement.

The interim result is in line with our expectation and for the entire year 2010 the anticipated result of the Company will remain positive as in previous years. We expect no significant changes in personnel numbers nor significant changes in the structure of the Company.

FINANCIAL HIGHLIGHTS

The Company runs an EUR 1,0 billion, multi currency, Commercial Paper ("CP") Programme unconditionally guaranteed by Linde AG. As of June 30, 2010, the Company had nominal EUR 525 million CP outstanding (2009: EUR 145 million). This programme is supplementary to the EUR 10 billion Debt Issuance Programme, also guaranteed by Linde AG. As of June 30, 2010 the Company had nominal EUR 3.973 million (2009: nominal EUR 3.859 million) debt outstanding under this programme.

During the first six months, the interest income amounted to EUR 322,5 million (2009: EUR 338,5 million). The interest expense amounted to EUR 316,5 million (2009: EUR 332,1 million).

The net result in the first six months was EUR 4,1 million (2009: EUR 4,4 million).

In April 2010 Linde Holdings Netherlands B.V., our direct shareholder, increased our equity base by injecting EUR 5,0 million as share premium.

In April 2010 Standard & Poor's, for the first time, assigned respectively 'A- / A-2' long- and short-term issuer credit ratings to Linde Finance B.V. with a stable outlook (equalized with the ratings on the ultimate parent Linde AG). In April Moody's raised their long term rating for Linde Finance from Baa3 to A3, subordinated debt from Baa3 to Baa2 and left the short term rating unchanged at P-2, all with a stable outlook.

In May 2010 the Company entered into a syndicated credit facility for EUR 2,5 billion (guaranteed by Linde AG) replacing both the current EUR 2,0 billion revolver facility and the 2011 - 2013 forward start syndicated credit facility for EUR 1,6 billion. The new facility runs until May 2015.

In May 2010 the remaining term loans on the original GBP 8,9 billion syndicated credit facility have been repaid.

Amsterdam, August 16, 2010

The Board of Managing Directors

N.G.M. Limmen

BALANCE SHEET

		30.06.2010	31.12.2009
ASSETS		**(x 1.000 EUR)**	(x 1.000 EUR)
Financial fixed assets			
Loans to group companies	1	**6.832.150**	8.388.570
Prepaid expenses		**6.487**	-
		6.838.637	8.388.570
Current assets			
Loans to group companies	2	**3.473.914**	1.359.593
Receivables from banks	3	**10.336**	14.241
Other receivables	4	**354.634**	312.376
Forward exchange contracts	11	**75.365**	251.840
Cash at banks	5	**6.444**	3.532
		3.920.693	1.941.582
Total Assets		**10.759.330**	10.330.152

The accompanying notes form an integral part of these financial statements

BALANCE SHEET

LIABILITIES	Note	30.06.2010 (x 1.000 EUR)	31.12.2009 (x 1.000 EUR)
Capital and reserves	6		
Share capital		**5.000**	5.000
Share premium		**17.000**	12.000
Retained earnings		**62.901**	52.017
Unappropriated profits		**4.128**	10.884
		89.029	79.901
Long term liabilities			
Bonds notes payable	7	**4.379.525**	4.262.819
Subordinated bonds	8	**1.447.428**	1.409.208
Bank loans payable		-	547.736
Loans from group companies	9	**581.736**	581.736
		6.408.689	6.801.499
Current liabilities			
Commercial Paper	10	**524.699**	144.851
Loans from group companies	9	**3.266.494**	2.804.944
Forward exchange contracts	11	**86.505**	239.147
Other payables	12	**383.914**	259.810
		4.261.612	3.448.752
Total Liabilities		**10.759.330**	10.330.152

The accompanying notes form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30

		2010	2009*
		(x 1.000 EUR)	(x 1.000 EUR)
Interest income			
Group company loans		243.605	271.903
Other interest income		78.883	66.575
		322.488	338.478
Interest expense	13		
Group company loans		-104.924	-97.948
Other interest expense		-211.610	-234.174
		-316.534	-332.122
Net interest result		5.954	6.356
Other			
General and administrative expenses	14	-430	-426
Profit before taxation		5.524	5.930
Taxation	15	-1.396	-1.494
Net profit after taxation		4.128	4.436

*Adjusted for comparison purposes
The accompanying notes form an integral part of these financial statements

CASH FLOW STATEMENT

	01.01.2010 30.06.2010 (x 1.000 EUR)		01.01.2009 30.06.2009 (x 1.000 EUR)	
Profit after taxes	4.128		4.436	
Net cash flow provided by operating activities:	-		-	
In/decrease financial fixed assets	1.549.933		259.798	
In/decrease current assets	-1.976.199		-285.592	
In/decrease long term liabilities	-392.810		204.884	
In/decrease current liabilities	812.860		-197.665	
Net cash flow provided by investment activities:	-		-	
Net cash flow provided by finance activities:				
Paid in capital (Share premium)	5.000		12.000	
In/decrease cash at banks		2.912		-2.139
Bank balances January 01		3.532		2.139
Bank balances June 30		6.444		0

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.

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 of Part 9, Book 2 of the Netherlands Civil Code. All financial information is presented in Euro and 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 principle 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.

Note to the semi-annual accounts

The comparing figures 2009 are, where necessary, reclassified for comparing purposes.

NOTES TO THE SEMI-ANNUAL ACCOUNTS JUNE 30, 2010

ASSETS

1. Loans to group companies

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 year were as follows:

	30.06.2010	31.12.2009
	(x 1.000 EUR)	(x 1.000 EUR)
Balance January 01	**8.388.570**	6.776.380
New loans	**104.926**	3.999.699
To short term loans	**-1.814.743**	-2.322.376
Translation adjustment	**162.656**	73.569
Loans redeemed	**-9.259**	-138.702
Total	**6.832.150**	8.388.570

An amount of EUR 4.238 million (2009: EUR 4.023 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 1.620 million (2009: EUR 1.436 million) are denominated in a currency other than Euro for which the Company 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 these loans as on June 30, 2010 was 5,10% (2009: 4,24%).

2. Loans to group companies

The Company holds loans to group companies for EUR 3.474 million (2009: EUR 1.360 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 June 30, 2010 was 1,06% (2009: 1,31%).

Short-term loans to group companies for a total amount of EUR 585 million (2009: EUR 629 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 prevailing rate of exchange on the respective reporting dates.

3. Receivables from banks

The Company holds a bank deposit for JPY 1,1 billion (2009: JPY 1,9 billion). This deposit is part of a back to back funding arrangement.

4. Other receivables

Other receivables are shown as below:

	30.06.2010	31.12.2009
	(x 1.000 EUR)	(x 1.000 EUR)
Interest receivables from group companies	**198.614**	183.943
Other receivables from third parties	**75.212**	69.792
Prepaid expenses	**80.808**	58.641
	354.634	312.376

Interest receivables from group companies include accrued interest on loans to group companies of EUR 169,0 million (2009: EUR 159,0 million) and accrued interest on derivatives with group companies of EUR 29,6 million (2009: EUR 24,9 million).

Other receivables from third parties include accrued interest of EUR 75,2 million (2009: EUR 69,7 million) from interest rate - cross currency swaps.

Prepaid expenses include to be amortized proceeds of unwound derivatives with group companies of EUR 77,9 million (2009: EUR 58,0) and upfront premiums on derivatives with group companies of EUR 1,2 million (2009 EUR 0,6). The unwinding of derivatives has been executed on a risk neutral basis.

5. Cash at banks

Cash at banks are at the disposal of the Company.

LIABILITIES

6. Capital and reserves

Authorized share capital consists of 15.000 shares of EUR 1.000 each. As at June 30, 2010, 5.000 shares were issued and fully paid in (December 31, 2009: 5.000). Since August 2008 all shares of the Company are owned by Linde Holdings Netherlands B.V., Schiedam, the Netherlands.

Movements in capital and reserves were as follows:

	Share Capital	Share Premium	Retained Earnings	Unappropriated profits	Total
	(x 1.000 EUR)	(x 1.000 EUR)	(x 1.000 EUR)	(x 1.000 EUR)	(x 1.000 EUR)
Balance December 31, 2008	5.000		52.017		57.017
2009 paid in capital/result		12.000	10.884		22.884
Balance December 31, 2009	5.000	12.000	62.901		79.901
Paid in capital		5.000			5.000
Unappropriated profits 2010				4.128	4.128
Balance June 30, 2010	5.000	17.000	62.901	4.128	89.029

7. Bonds notes payable

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:

	30.06.2010	31.12.2009
	(x 1.000 EUR)	(x 1.000 EUR)
1-5 years	**1.962.572**	1.922.183
> 5 years	**2.416.953**	2.340.636
Total	**4.379.525**	4.262.819

The bonds notes payable bear an average interest of 5,12% (2009: 5,12%). An amount of nominal EUR 3.973 million (2009: nominal EUR 3.859 million) of bonds notes payable 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 notes payable for an amount of EUR 1.065,7 million (2009: EUR 956,4 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 notes payable and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

8. Subordinated bonds

In July 2006, subordinated bonds for EUR 700 million and GBP 250 million were issued, with a final maturity date of 14 July 2066. There is the right to call the loan from 14 July 2016. If the right to call the loan is not exercised on this date, the increased coupon will attract interest at a variable rate (3 months Euribor + 4,125% for the EUR bond and 3 months GBP Libor + 4,125% for the bond in British pounds). The right to call the loan will then be available every quarter on the due date for interest payment. 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 shares. In July 2003, a subordinated bond for EUR 400 million was issued. It has no final maturity date, although there is a right to call the loan from 3 July 2013. If the right to call the loan is not exercised on this date, the increased coupon will attract interest at a variable rate (3 months Euribor + 3,375%). The right to call the loan will then be available every quarter on the due date for interest payment. The coupon payment maybe suspended as soon as Linde AG fails to pay a dividend. Coupon payments may be suspended for a maximum period of five years. If Linde AG resumes the dividend payment, or makes other payments for securities pari passu or subordinated securities, before a period of five years has elapsed, all of the cancelled coupon payments are made up.

The bonds are unconditionally, irrevocably guaranteed by Linde AG.

9. Loans from group companies

The Company holds loans from group companies for a total amount of EUR 3.848 million (2009: EUR 3.387 million). An amount of EUR 582 million (2009: EUR 582 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 June 30, 2010 the average interest rate on these loans was 1,53% (2009: 1,52%).

Short-term loans from group companies for an amount of EUR 1.291 million (2009: EUR 1.234 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 prevailing rate of exchange on the respective reporting dates.

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 June 30, 2010 was 0,6% (2009: 0,6%).

11. Forward exchange contracts

Forward exchange contracts are included in the balance sheet based on the prevailing rate of exchange on the respective reporting dates. None of the foreign currency contracts outstanding has a maturity longer than one year.

12. Other payables

Other payables are shown as below:

	30.06.2010	31.12.2009
	(x 1.000 EUR)	(x 1.000 EUR)
Collateral	**88.200**	-
Tax payable	**391**	682
Accrued interest bonds notes payable	**80.943**	106.573
Accrued interest subordinated bonds	**85.244**	46.470
Accrued interest bank loans payable	-	531
Accrued interest collateral	**18**	-
Accrued interest derivatives	**23.546**	23.970
Interest payable to group companies	**84.999**	71.556
Other payables to group companies	**10.668**	-
Other payables to third parties	**4.442**	4.760
Accounts payable	**5.463**	5.268
	383.914	259.810

During the year the company has entered into collateral agreements (CSA) with major financial market participants to mitigate the counterparty risk. Outstanding exposure EUR 88,2 million (2009: EUR 0).

Interest payable to group companies include accrued interest on loans from group companies of EUR 34,8 million (2009: EUR 18,2 million) and accrued interest on derivatives with group companies of EUR 50,2 million (2009: 53,4 million).

Other payables to third parties include unamortized upfront premiums received on derivatives for an amount of EUR 4,4 million (2009: EUR 4,8 million).

Accounts payable include unamortized debt push down fees of EUR 4,7 million (2009: EUR 5,2 million).

PROFIT & LOSS

13. Interest expense

The interest expense includes EUR 4,4 million (2009: 3,2 million) internal fee related to the guarantee issued by Linde AG and expenses incurred with the syndicated loans.

14. General and administrative expenses

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

	30.06.2010	30.06.2009
	(x 1.000 EUR)	(x 1.000 EUR)
Wages and salaries	**247**	237
Other G&A expenses	**183**	189
	430	426

15. Taxation

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

	30.06.2010	30.06.2009
	(x 1.000 EUR)	(x 1.000 EUR)
Profit before taxation	**5.524**	5.930
Deductible costs	**-**	-
	5.524	5.930
Income tax rate	**25,50%**	25,50%
	1.396	1.494
Tax income & expenses related to different period	**-**	-
Income tax expenses	**1.396**	1.494
Effective tax rate	**25,27%**	25,33%

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

OTHER NOTES

Off balance sheet commitments

The Company has entered into a number of interest rate swap agreements, with a principal amount of EUR 5,4 billion (2009: EUR 6,2 billion), and a number of cross currency swap agreements, with a principal amount of EUR 166,8 million (2009: EUR 174,7 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 222,0 million (2009: EUR 145 million), the negative fair value of all derivatives is EUR 151,8 million (2009: EUR 93 million).

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 annual accounts.

Major outstanding loan exposures to related companies in EUR equivalent:

Linde AG	Munich	GER	€ 3.271,1	million
The BOC Group Limited	Guildford	GBR	€ 395,5	million
Linde UK Holdings Limited	Guildford	GBR	€ 3.303,4	million
BOC Holdings	Guildford	GBR	€ 416,3	million
Linde Holdings Netherlands B.V.	Schiedam	NLD	€ 825,3	million
Linde Gas GmbH	Stadl-Paura	AUT	€ 581,8	million
Linde Gas Holding Sweden AB	Lidingö	SWE	€ 1.026,1	million

Major outstanding deposits exposures from related companies in EUR equivalent:

Commercium Immobilien- und Beteiligungs- GmbH	Munich	GER	€ 630,4	million
BOC Chile Holdings Limited	Guildford	GBR	€ 122,5	million
The BOC Group Limited	Guildford	GBR	€ 356,9	million
Airco Coating Technology Limited	Guildford	GBR	€ 758,2	million
Linde Gas GmbH	Stadl-Paura	AUT	€ 185,0	million
Linde UK Holdings Limited	Guildford	GBR	€ 294,5	million

RISK MANAGEMENT

Foreign currency risk

It is the objective of the Company to eliminate foreign currency risks. 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 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 longer than one year are being hedged, by entering into Interest Rate Swaps and/or Cross Currency Swaps. Interest rate swaps which include up front payments/receipts are amortized 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 Group. In co-operation with Linde AG corporate centre assessments of credit risks are made and credit limits are set, which are periodically reviewed. 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, who has issued an unconditional and irrevocable guaranty in relation to the debt issuance and commercial paper programme, presently has a A- / A-2 rating by Standard & Poor's and A3 / P-2 rating by Moody's.

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

Liquidity risk

The Company's access to liquidity is secured by the five-year EUR 2,5 billion syndicated credit facility which expires in May 2015.

Amsterdam, August 16, 2010

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

REVIEW REPORT

Introduction

We have reviewed the accompanying interim financial information for the six month period ended 30 June 2010, of Linde Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2010, the profit and loss account, the cash flow statement 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, Interim Reports. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including standard 2410 "Review of Interim Financial Information Performed by the 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 2010 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394, Interim Reports.

De Meern, 16 August 2010

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA