



Linde Finance B.V.

FINANCIAL STATEMENTS
FOR THE 2014 FINANCIAL YEAR

Financial Statements

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DIRECTOR'S REPORT

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The Board of Managing Directors of Linde Finance B.V. hereby presents the financial statements for the year ended 31 December 2014. 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. All financial information is presented in Euro and has been rounded to the nearest million, 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. The ultimate parent of Linde Finance B.V. is Linde AG, Munich, which is listed on the German stock exchange.

Objectives

The objectives of Linde Finance B.V., 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.

Tasks and responsibilities

The Board of Managing Directors is in charge of the management of Linde Finance B.V.. This means that the Board of Managing Directors responsibilities include the policy and business progress within Linde Finance B.V. and with this the achievement of the goals, strategy, profit development and the social aspects of doing business that are relevant for Linde Finance B.V.. The Board of Managing Directors is also responsible for the compliance with legislation and regulations and the management of the risks coupled with the activities and the financing of Linde Finance B.V..

The Board of Managing Directors discusses the internal risk management and control systems with the Supervisory Board. These controls were set up to identify and manage foreign exchange-, interest-, liquidity-, counterparty- and credit risks. As to these risks, Linde Finance B.V. has a conservative approach. For example 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 five year syndicated revolving credit facility with originally two options to extend the facility, in each case by one year, subject to lenders consent, which was signed in 2013.

During the reporting period, Linde successfully extended the credit facility until July 2019. One option to extend the facility by one year remains.

Intercompany credit exposure has been insured with Linde AG, Munich through a Credit Assurance Agreement. For further information we refer to [NOTE \[29\] PAGE 23](#).

In discharging its duties the Board of Managing Directors is led by the interests of Linde Finance B.V. and its affiliated enterprises. The Board of Managing Directors is accountable to the Supervisory Board and the General Meeting of Shareholders for its policy.

Appointment

The members of the Board of Managing Directors are appointed by the Supervisory Board for an indefinite period. The basis for noncompliance with the recommendation of the Dutch Corporate Governance Code (appointment for a maximum term of four years Principle II.1.1 of the Code) rests in the principles of Linde Finance B.V. being oriented towards the long term. The Supervisory Board notifies the General Meeting of Shareholders of an intended appointment and does not dismiss members of the Board of Managing Directors until after the General Meeting of Shareholders has expressed its opinion.

Responsibility statement

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

- that the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of Linde Finance B.V.;
- that the annual 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 financial statement, together with a description of principal risks it faces.

Corporate Governance Statement

The Board of Managing Directors of Linde Finance B.V. is responsible for the maintenance and development of an accurate framework for risk management and control and also the active management of the strategic, technological, operational, financial and compliance risks that Linde Finance B.V. faces.

We declare that the substantial risks with which Linde Finance B.V. is confronted are described in these financial statements. These financial statements provide insight into the extent to which risks are prevented and controlled. Linde Finance B.V. takes due consideration of the findings of the external auditor, KPMG Accountants N.V., which audits the financial statements. Based on the reports, our own observations and experiences from the past, the Board of Managing Directors declares, with reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, as described above and in the Corporate Governance section of this report, provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that this framework worked properly in the 2014 reporting year. The true effectiveness of the Dutch Corporate Governance code can only be evaluated based on the results over a longer period and/or based on specific checks of the design, the existence and the function of the internal management controls.

AMSTERDAM, 25 MARCH 2015

THE BOARD OF MANAGING DIRECTORS

MICHA GLASER

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 DIRECTOR'S REPORT

Linde Finance B.V. has a EUR 10.0 bn Debt Issuance Programm (DIP), which is guaranteed by Linde AG, Munich.

At the end of December 2014 the nominal debt outstanding under this program is EUR 7.3 bn (31.12.2013: EUR 6.9 bn). Thereof EUR 5.0 bn (31.12.2013: EUR 4.7 bn) is issued by Linde Finance B.V..

During 2014 Linde Finance B.V. issued a ten year EUR 300.0 m bond, as well as a five year USD 200 m medium term note and a twelve year USD 200 m medium term note. Three bonds have been repaid in 2014; a five year USD 400 m bond, a five year EUR 100 m bond and a five year EUR 25 m bond.

As per 31 December 2014, Linde Finance B.V. has nominal EUR 700.0 m (31.12.2013: EUR 700.0 m) and GBP 250.0 m (31.12.2013: GBP 250.0 m) subordinated bonds outstanding. Linde Finance B.V. also has debt outstanding for nominal GBP 200.0 m (31.12.2013: GBP 200.0 m) which originally has been issued by the former BOC GROUP PLC and for which Linde Finance B.V. has

been substituted as issuer in December 2007. These three bonds are not issued under the DIP.

In 2013 Linde AG, Munich and Linde Finance B.V. had signed a new five-year EUR 2.5 bn syndicated revolving credit facility with originally two options to extend the facility, in each case by one year subject to lenders consent.

During the reporting period, Linde successfully extended the credit facility until July 2019. One option to extend the facility by one year remains.

Supplementary to the EUR 10.0 bn DIP programm, Linde Finance B.V. has a EUR 2.0 bn multi-currency Commercial Paper (CP) Programme which is unconditionally guaranteed by Linde AG, Munich. As per 31 December 2014, Linde Finance B.V. has no Commercial Papers outstanding (31.12.2013: EUR 0.0 m).

During 2014 the interest income amounted to EUR 595.7 m (2013: EUR 627.0 m). The interest expense amounted to EUR 573.2 m (2013: EUR 611.8 m).

The profit after taxation was EUR 17.2 m (2013: EUR 9.4 m). 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.

For the year 2015 we expect a positive and stable result. In relation to personnel, we do not foresee any changes in 2015.

T1 ISSUED BOND and MEDIUM TERM NOTES

in € million

Type	Currency	Principal	Coupon (percent)	Issue date	Maturity date
Bond	EUR	300	1,875	22.05.2014	22.05.2024
Medium term note	USD	200	variable	21.08.2014	21.08.2019
Medium term note	USD	200	3,434	26.08.2014	26.08.2026

Standard and Poor's credit rating for Linde Finance B.V. is "A+ / A-1" (long- and short-term) (aligned with the ratings of the ultimate parent Linde AG, Munich). The credit rating of the subordinated bonds is A-. During the reporting period, Moody's upgraded Linde Finance B.V. credit rating by one notch to "A2 / P-1" (long- and short-term) (aligned with the ratings of the ultimate parent Linde AG, Munich). Accordingly, the credit rating of the subordinated bonds were upgraded by one notch to Baa1. The outlook for all ratings is stable.

AMSTERDAM, 25 MARCH 2015

THE BOARD OF MANAGING DIRECTORS

MICHA GLASER

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The Board of Supervisory Directors hereby submits the report for the financial statements of the book year ended 31 December 2014. The financial statements have been audited by KPMG Accountants N.V. and were provided with an unqualified audit opinion on 25 March 2015. The independent auditor's report can be found on [PAGE 26](#) of the financial statements.

Corporate Governance

Corporate governance rules for the Supervisory Board

The Supervisory Board supervises the policy of the Board of Managing Directors and the general business progress of Linde Finance B.V., and advises the Board of Managing Directors. The Supervisory Board monitors and supervises the Board of Managing Directors with respect to the results of the strategy, the main risks related to the operations of Linde Finance B.V., as well as the functioning of the organisation. Furthermore any significant changes to the risk management and control systems will be discussed and monitored.

The Supervisory Board of Linde Finance B.V., also has the authority to approve certain decisions of the Board of Managing Directors as stipulated in the Articles of Association. The Supervisory Board consists of three members.

In the performance of its duties the members of the Supervisory Board, are led by the interests of Linde Finance B.V. and taking into account the interests of all Linde Finance B.V. stakeholders and all the aspects of social responsibility relevant to Linde Finance B.V..

The Supervisory Board also has the authorities and powers specified in the provisions of Book 2 of the Dutch Civil Code. These powers include, in particular, the appointment of the Board of Managing Directors members, the determination of the number of members of the Board of Managing Directors and the approval of a number of other decisions of the Board of Managing Directors as specified in legislation.

The Board of Supervisory Directors met two times in 2014. Besides these meetings there are on-going contacts between the Board of Supervisory Directors and the Board of Management Directors.

Based on the number of Supervisory Board members, the Supervisory Board of Linde Finance B.V. can operate without separate committees. This means that the Board of Supervisory Directors as a whole acts as Audit Committee as well.

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.
- Björn Schneider (1971, German nationality), member of the Board of Supervisory Directors since 24 August 2004.
- Dr. Sven Schneider (1966, German nationality), member of the Board of Supervisory Directors since 22 April 2011.

AMSTERDAM, 25 MARCH 2015

ON BEHALF OF THE BOARD
OF SUPERVISORY DIRECTORS,

GEORG DENOKE
CHAIRMAN

Corporate governance general

The Dutch corporate governance principles followed by Linde Finance B.V. are laid down in various Regulations of Linde Finance B.V..

The Code is not applicable to Linde Finance B.V. because by law it only governs stock exchange listed companies, Linde Finance B.V. voluntarily applies the principles and best practice provisions of the Code that are compatible with its control structure and the nature of Linde Finance B.V.. The provisions that are not applied and the reasons why are listed in the overview below.

There were no changes in the governance structure during the reporting year of 2014.

Corporate governance conflict of interests

Linde Finance B.V. as part of the Linde Group strictly rules to prevent every form and appearance of a conflict of interest between Linde Finance B.V. on the one hand and the members of the Board of Managing Directors and the members of the Supervisory Board on the other hand. Decisions to enter into transactions involving conflicting interests of Board of Managing Directors or Supervisory Board members of a material significance for Linde Finance B.V. and/or for the relevant individual must, in accordance with these rules, be approved by the Supervisory Board. During the year under review no conflicts of interests were reported.

Corporate governance, the General Meeting of Shareholders

Linde Finance B.V. General Meeting of Shareholders has the authority to approve certain Board of Managing Directors decisions. These decisions, which are stipulated in the Articles of Association, are major decisions relating to the operations, legal structure and financial structure of Linde Finance B.V. (and the companies in which it holds shares) as well as decisions related to major investments.

The most important other authorities of the General Meeting of Shareholders are:

- adoption of the financial statements and profit appropriation of Linde Finance B.V.;
- discharging the members of the Board of Managing Directors for their management and the members of the Supervisory Board for their supervision of the Board of Managing Directors;
- adoption of the dividend;
- appointment and dismissal of the external auditor;
- amendments to the Articles of Association; and
- issuing of shares, exclusion of the application right, authorisation to repurchase own shares, reduction of the paid-up capital, dissolution, application for bankruptcy of Linde Finance B.V..

Best practice provisions of the Code not applied by Linde Finance B.V.

Linde Finance B.V. endorses the Code by applying the principles and best practice provisions or by explaining why Linde Finance B.V. deviates from the Code. The principles listed below are not applied for the reason indicated in the foregoing text or below:

Principle II.1.1: Appointment

The members of the Board of Managing Directors are appointed by the Supervisory Board for an indefinite period. The basis for noncompliance with the recommendation of the Code (appointment for a maximum term of four years) rests in the fact that Linde Finance B.V. is oriented towards the long term. The Supervisory Board notifies the General Meeting of Shareholders of an intended appointment and does not dismiss members of the Board of Managing Directors until after the General Meeting of Shareholders has expressed its opinion.

Principle II.2.1-15: Remuneration

Publishing remuneration report, most important components of employment conditions or severance payment of Board of Managing Directors members: Linde Finance B.V. utilizes the statutory exception as understood in Art. 2:383b of the Dutch Civil Code for so-called "private public liability companies".

Principle III.2.1: Independence

All Supervisory Board members, with the exception of one, are independent. The reason for this is that this Supervisory Board member is also a director of the shareholder of Linde Finance B.V.. Here we are not compliant with the code. As stated before there has not been any conflict of interest during the year under review.

Principle III.5.10-14: Composition and role of three key committees of the supervisory board

As the board of Supervisory Directors consists of three members this principle is not applied. In respect to the audit committee we refer to the Report of the Supervisory Directors.

Principle III.7.1-3: Remuneration

The Board of Supervisory Directors are not paid any remuneration.

Principle III.8.1-4: One Tier Management Structure

This is not applied as there is no one tier management structure.

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T2 BALANCE SHEET OF LINDE FINANCE B.V. – ASSETS

<i>in € thousand</i>	<i>Note</i>	<i>31.12.2014</i>	<i>31.12.2013</i>
Other operating fixed assets		24	25
Tangible fixed assets		24	25
Loans to group companies	[1]	8.231.143	8.222.485
Deferred derivatives results	[2]	4.259	5.868
Prepaid expenses	[3]	3.272	4.074
Financial fixed assets		8.238.674	8.232.427
FIXED ASSETS		8.238.698	8.232.452
Loans to group companies	[4]	3.319.270	2.859.441
Interest receivable from group companies	[5]	157.724	154.791
Other receivables from group companies		–	11
Interest receivables from third parties	[6]	29.727	26.325
Deferred derivatives results	[2]	32.818	42.895
Forward exchange contracts	[7]	111.066	103.389
Derivatives at fair value	[8]	229.906	44.345
Tax receivable	[9]	4.411	9.041
Receivables		3.884.922	3.240.238
Collateral deposits	[10]	71.200	–
Liquid assets	[11]	7.801	4.840
Cash and cash equivalents		79.001	4.840
CURRENT ASSETS		3.963.923	3.245.078
ASSETS		12.202.621	11.477.530

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T3 BALANCE SHEET OF LINDE FINANCIAL B.V. – EQUITY AND LIABILITIES

<i>in € thousand</i>	<i>Note</i>	<i>31.12.2014</i>	<i>31.12.2013</i>
Share capital		5.000	5.000
Share premium		150.000	150.000
Retained earnings		119.357	109.955
Unappropriated profits		17.161	9.402
EQUITY	[12]	291.518	274.357
Subordinated bonds	[13]	1.033.030	1.018.367
Bonds notes payable	[14]	4.466.868	4.467.644
Deferred derivatives results		98	119
Loans from group companies	[15]	265.411	293.068
LONG TERM LIABILITIES		5.765.407	5.779.198
Bonds notes payable	[14]	703.309	415.705
Collateral borrowing	[16]	7.733	116.802
Loans from group companies	[15]	4.938.044	4.574.873
Interest payable to third parties	[17]	138.638	129.457
Interest payable to group companies	[18]	36.275	37.089
Forward exchange contracts	[7]	77.728	85.864
Derivatives at fair value	[8]	229.906	44.345
Other payables to third parties	[19]	6.298	6.049
Other payables to group companies		1.939	2.490
Tax payable		5.747	11.250
Accounts payable		79	51
SHORT TERM LIABILITIES		6.145.696	5.423.975
EQUITY AND LIABILITIES		12.202.621	11.477.530

PROFIT AND LOSS ACCOUNT

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T4 PROFIT AND LOSS

<i>in € thousand</i>	<i>Note</i>	<i>2014</i>	<i>2013</i>
Group company loans		443,666	456,164
Other interest income		152,018	170,838
INTEREST INCOME	[20]	595,684	627,002
Group company loans		178,205	194,447
Other interest expense		395,017	417,369
INTEREST EXPENSES	[21]	573,222	611,816
NET INTEREST RESULT		22,462	15,186
Foreign exchange result		1,331	-1,835
FINANCIAL RESULT		23,793	13,351
General and administrative expenses	[22]	851	923
Other income		85	124
PROFIT BEFORE TAXATION		23,027	12,552
Taxation	[23]	5,866	3,150
NET PROFIT AFTER TAXATION		17,161	9,402

CASH FLOW STATEMENT

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T5 CASH FLOW STATEMENT

<i>in € thousand</i>	<i>2014</i>	<i>2013</i>
NET PROFIT	17,161	9,402
In-/decrease fixed assets	-6,246	113,558
In-/decrease current assets	-715,884	405,773
In-/decrease long term liabilities	-644,410	-821,901
In-/decrease current liabilities	1,167,362	842,349
NET CASH FLOW FROM OPERATING ACTIVITIES	-199,178	539,779
Proceeds from issuance of debt securities	630,619	186,867
Repayment of debt securities	-445,641	-768,027
NET CASH FLOW FROM FINANCING ACTIVITIES	184,978	-581,160
In-/decrease cash at banks	2,961	-31,979
Liquid assets 1 January	4,840	36,819
LIQUID ASSETS 31 DECEMBER	7,801	4,840
INCLUDED IN THE CASH FLOW FOR THE YEAR ARE THE FOLLOWING AMOUNTS		
Interest income received	553,701	667,332
Interest expenses paid	403,741	496,284
Income taxes paid	4,460	2,242

GENERAL ACCOUNTING PRINCIPLES

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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. The ultimate parent of Linde Finance B.V. is Linde AG, Munich, which is listed on the German stock exchange.

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 million, unless otherwise stated. The financial statements are prepared on a going concern basis.

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.

Announced changed policies for financial instruments

As per the first of January 2014, the accounting principle "RJ290" (main change is the ineffectiveness testing of derivatives when cost price hedge accounting is applied) has been changed. Linde Finance B.V. is in compliance with these changes. These changes have no significant impact.

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 assesses the effectiveness of the hedge relationships by verifying that no over or under hedges exists based on the critical terms check.

Fair Value Accounting

For forward starting swaps contracted with third parties and with group companies are accounted for at fair value.

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

Derivatives that are not subject to cost price hedge accounting and which are not measured at fair value, are accounted for at the "lower cost or market".

Cash flow statement

The cash flow statement is based on the indirect method, for the operating cash flow and based on the direct method, for the cash flow from financing activities. The figures relating to the operational cash flows are derived from the delta in the balance sheet position.

Foreign currencies

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

Net result

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

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.

Taxation

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

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Assets

[1] Loans to group companies

The movements in long-term loans to group companies during the year were as follows:

T6 MOVEMENT IN LONG TERM LOANS TO GROUP COMPANIES

<i>in € thousand</i>	<i>2014</i>	<i>2013</i>
At 1 January	8.222.485	8.336.306
New loans	3.081.049	2.387.580 *
Reclassified to short term loans	-771.129	-597.395 *
Translation adjustment	86.318	-102.506 *
Loans redeemed	-2.387.580	-1.801.500 *
At 31 December	8.231.143	8.222.485

*The 2013 figures have been reclassified.

An amount of EUR 1.8 bn (31.12.2013: EUR 1.4 bn) of the principal portions outstanding have a final maturity over more than five years.

Long-term loans to group companies for a total amount of EUR 1.9 bn (31.12.2013: EUR 1.5 bn) 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 31 December 2014 was 4.08 per cent (31.12.2013: 4.3 percent).

[2] Deferred derivatives results

Deferred derivatives results are proceeds of unwound derivatives to be amortised, which were previously in a hedge relationship with group companies, of EUR 32.8 m (31.12.2013: EUR 42.9 m). The unwinding of derivatives has been executed on a risk neutral basis.

A remaining amount of EUR 4.3 m (31.12.2013: EUR 5.9 m) will be amortised over the remaining tenor of the settled swap.

[3] Prepaid expenses

In 2013 Linde AG, Munich and Linde Finance B.V. had signed a new five-year EUR 2.5 bn syndicated revolving credit facility with originally two options to extend the facility, in each case by one year subject to lenders consent.

During the reporting period, Linde successfully extended the credit facility until July 2019. One option to extend the facility by one year remains.

Linde Finance B.V. paid an upfront premium of EUR 4.5 m. The outstanding value per 31 December 2014 of EUR 3.3 m (31.12.2013: EUR 4.1 m) will be amortised over the remaining tenor of the facility.

[4] Loans to group companies

Linde Finance B.V. holds short-term loans to group companies for EUR 3.3 bn (31.12.2013: EUR 2.9 bn) 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 31 December 2014 is 1.78 percent (31.12.2013: 1.52 percent).

Short-term loans to group companies for a total amount of EUR 739.3 m (31.12.2013: EUR 830.1 m) 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.

[5] Interest receivable from group companies

Interest receivables from group companies include accrued interest on loans of EUR 152.0 m (31.12.2013: EUR 146.0 m), EUR 3.1 m (31.12.2013: EUR 3.1 m) accrued interest on derivatives with group companies and EUR 2.7 m (31.12.2013: EUR 5.7 m) of upfront premium on derivatives with group companies, which will be amortised over the remaining tenor.

[6] Interest receivables from third parties

Other receivables from third parties include accrued interest of EUR 29.7 m (31.12.2013: EUR 26.3 m) from interest rate swaps and cross currency swaps.

[7] Forward exchange contracts

All forward exchange contracts are in a hedging relationship for which Linde Finance B.V. applies cost price hedge accounting.

Cost price hedging means that both the forward exchange contract as hedging instrument and the hedged item are recognised at cost. If the hedged item is a foreign currency monetary item recognized in the balance sheet, the forward exchange contract is measured at the difference between the spot rate of the balance sheet date and the contract rate of the forward exchange contract. The position also includes the interest accrual on interest rate differentials of forward exchange contracts (forward points).

[8] Derivatives at fair value

The derivatives at fair value only consists of forward starting interest rate swaps of EUR 229.9 m (31.12.2013: 44.3 m), which are measured at fair value. Those transactions are executed on a risk neutral basis for which hedge accounting is not applied.

[9] Tax receivable

As per 31 December 2014 Linde Finance B.V. has a tax receivable of EUR 4.4 m (31.12.2013: EUR 9.0 m) related to corporate income tax and withholding tax.

[11] Liquid assets

Liquid assets comprise only cash at banks which are at the disposal of Linde Finance B.V..

[10] Collateral deposits

Since 2010 Linde Finance B.V. has Credit Support Annexes (CSAs) in place with its major financial market participants to mitigate the counterpart risk. The outstanding value of the cash collateral deposited by Linde Finance B.V. at banks per 31 December 2014 is EUR 71.2 m (31.12.2013: EUR 0.0 m).

Equity and liabilities

[12] Equity

Authorized share capital consists of 15,000 shares of EUR 1,000 each. As per 31 December 2014, the total number of shares outstanding which are fully paid in, are 5,000 (31.12.2013: 5,000). All shares of Linde Finance B.V. are held by Linde Holdings Netherlands B.V., Schiedam. The ultimate parent of Linde Finance B.V. is Linde AG, Munich, which is listed on the German stock exchange.

T7 EQUITY

<i>in € thousand</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Unappropriated profits</i>	<i>Total equity</i>
At 1 January 2013	5.000	150.000	85.764	24.191	264.955
Transfer to retained earnings	-	-	24.191	-24.191	-
unappropriated profits	-	-	-	9.402	9.402
At 31 December 2013 / At 1 January 2014	5.000	150.000	109.955	9.402	274.357
Transfer to retained earnings	-	-	9.402	-9.402	-
unappropriated profits	-	-	-	17.161	17.161
At 31 December 2014	5.000	150.000	119.357	17.161	291.518

[13] Subordinated bonds

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

T8 SUBORDINATED BONDS

	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon (percent)</i>	<i>Effective yield to first call (percent)</i>	<i>First call date</i>	<i>Maturity date</i>	<i>Coupon when first call is not exercised (percent)</i>	<i>Exchange</i>
1	EUR	700	7.375	7.557	14.07.2016	14.07.2066	3 month Euribor+4,125	Irish Stock Exchange*
2	GBP	250	8.125	8.125	14.07.2016	14.07.2066	3 month GBP Libor+4,125	Irish Stock Exchange*

* Not issued under DIP

Linde Finance B.V. has the right to call the bonds from the dates mentioned under "First call date".

This right to call applies to the EUR 700 m and GBP 250 m subordinated bonds issued in July 2006 which have a final maturity date of 14 July 2066. This right applies as from 14 July 2016. If the right to call the loan is not exercised on this date, the coupon will attract interest at a variable rate (3-month Euribor +4.125 percent for the euro bond and 3-month LIBOR +4.125 percent 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 or subordinated securities or Linde AG makes dividend payments.

The bonds are unconditionally, irrevocably guaranteed by Linde AG, Munich.

[14] 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:

T9 BONDS NOTES PAYABLE

<i>in € thousand</i>	<i>31.12.2014</i>	<i>31.12.2013</i>
< 1 year	703,309	415,705
1-5 years	3,022,327	2,838,149
> 5 years	1,444,541	1,629,495
	5,170,177	4,883,349

The bonds notes payable of Linde Finance B.V., bear an average interest of 4.6 percent (31.12.2013: 4.9 percent). An amount of EUR 4.9 bn (31.12.2013: EUR 4.7 bn) of bonds notes payable have been issued by Linde Finance B.V. under the terms of the Debt Issuance Programme. With respect to this programme Linde AG, Munich 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 1.1 bn (31.12.2013: EUR 1.0 bn) 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 or cross currency swaps to hedge foreign currency risks.

T10 ISSUED BONDS LINDE FINANCE B.V.

	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon (percent)</i>	<i>Maturity date</i>	<i>Exchange</i>
1	AUD	150	variable	19.08.2015	Bourse de Luxembourg
2	EUR	600	6,750	08.12.2015	Bourse de Luxembourg
3	GBP	200	6,500	29.01.2016	London Stock Exchange*
4	USD	50	variable	02.03.2016	not listed
5	USD	50	variable	11.07.2016	not listed
6	USD	20	variable	19.07.2016	not listed
7	USD	20	variable	20.04.2017	not listed
8	EUR	1.000	4,750	24.04.2017	Bourse de Luxembourg
9	EUR	50	variable	23.05.2018	not listed
10	EUR	750	3,125	12.12.2018	Bourse de Luxembourg
11	USD	150	variable	23.05.2019	not listed
12	USD	200	variable	21.08.2019	not listed
13	EUR	500	1,750	11.06.2019	Bourse de Luxembourg
14	AUD	100	4,250	20.06.2019	Bourse de Luxembourg
15	EUR	600	3,875	01.06.2021	Bourse de Luxembourg
16	GBP	300	5,875	24.04.2023	Bourse de Luxembourg
17	EUR	300	1,875	22.05.2024	Bourse de Luxembourg
18	USD	200	3,434	26.08.2026	Bourse de Luxembourg

* Not issued under DIP

[15] Loans from group companies

Linde Finance B.V. holds loans from group companies for a total amount of EUR 5.1 bn (31.12.2013: EUR 4.9 bn). An amount of EUR 265.4 m (31.12.2013: EUR 293.1 m) 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 31 December 2014 the average interest rate on these loans was 0.36 per cent (31.12.2013: 1.1 percent).

Short-term loans from group companies for an amount of EUR 3.2 bn (31.12.2013: EUR 2.7 bn) 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.

[16] Collateral borrowing

Since 2010 Linde Finance B.V. has Credit Support Annexes with its major financial market participants to mitigate the counterpart risk. The outstanding value of the cash collateral deposited at Linde Finance B.V. by various banks, as per 31 December 2014 is EUR 7.7 m (31.12.2013: EUR 116.8 m).

[17] Interest payable to third parties

T11 INTEREST PAYABLE TO THIRD PARTIES

<i>in € thousand</i>	<i>31.12.2014</i>	<i>31.12.2013</i>
Accrued interest bonds notes payable	94,217	89,596
Accrued interest subordinated bonds	36,437	35,574
Accrued interest derivatives	4,834	-
Upfront premiums received on derivatives	3,150	4,287
	138,638	129,457

Interest payables include upfront premiums received on derivatives with third parties, which will be amortised over the remaining tenor.

[18] Interest payable to group companies

Interest payable to group companies include accrued interest on loans from group companies of EUR 2.3 m (31.12.2013: EUR 3.9 m) and accrued interest on derivatives with group companies of EUR 33.3 m (31.12.2013: EUR 32.0 m).

This also includes upfront premiums received on derivatives with group parties for an amount of EUR 0.7 m (31.12.2013: EUR 1.2 m), which will be amortised over the remaining tenor.

[19] Other payables to third parties

Other payables include EUR 6.3 of unpaid financial transactions at the end of 2014. In 2013 6.1 m of early payment of foreign currency settlement with a value date in 2014 but book date 2013 were included.

Profit and loss

[20] Interest income

The interest income includes EUR 443.7 m (2013: EUR 456.2 m) of interest income on loans given to group companies. The other interest income EUR 152.0 m (2013: EUR 170.8 m) is income generated from external derivatives, amortisation of discounts and other interest income.

[21] Interest expense

The interest expense includes EUR 178.2 m (2013: EUR 194.5 m) of interest from loans of group companies. The other interest expense of EUR 395.0 m (2013: EUR 417.4 m) comprises mainly of interest expenses for external bonds, external derivatives and the amortisation of discounts. The interest expense includes EUR 8.4 m (2013: EUR 6.1 m) internal fee related to the guarantee issued by Linde AG, Munich.

[22] General and administrative expenses

The general and administrative expenses for the period can be analysed as stated in the below table. Whereby the other G&A costs, mainly consists of fees for advisory, VAT cost which cannot be claimed back due to the nature of the business of Linde Finance B.V., bank charges, office expenses and IT costs.

T12 GENERAL AND ADMINISTRATIVE EXPENSES

<i>in € thousand</i>	<i>2014</i>	<i>2013</i>
Wages and salaries	540	565
Other general and administrative expenses	311	358
	851	923

[23] Taxation

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.

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

T13 TAXATION

<i>in € thousand</i>	<i>2014</i>	<i>2013</i>
Profit before taxation	23,027	12,552
Income tax rate (percent)	25.00	25.00
Income tax expenses	5,866	3,150
Effective tax rate (percent)	25.47	25.10

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[24] Auditors' fees and services

The auditor's remuneration has been included in the consolidated accounts of The Linde Group, Munich.

[25] Directors

Linde Finance B.V. has one Managing Director (31.12.2013: one) and three Supervisory Board Members (31.12.2013: three). The members of the Supervisory Board did not receive any remuneration during 2014. Furthermore Linde Finance B.V. 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.

[26] Employees

During 2014 Linde Finance B.V. had an average of 3.0 full time equivalents (2013: 3.1).

The wages and salaries refer to [NOTE \[22\] PAGE 20](#) includes social security charges and pension premium costs of EUR 58.1 k (2013: 50.1 k). The employees participate in the "Stichting Pensioenfonds N.V. Linde Gas Benelux" pension fund.

The pension scheme of this fund is based on a defined benefit plan.

The contribution to the pension fund is fixed annually by the pension board as a percentage of the total sum of participants' salary costs, less the provisional franchise.

The employer will settle the member's contribution each time wages are being disbursed.

In case of a financial deterioration of the pension fund Linde Finance B.V. may voluntary contribute to the pension recovery plan. There is no mandatory obligation to do so.

[27] Off balance sheet commitments

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 11.6 bn (31.12.2013: EUR 10.4 bn) and a number of cross currency swap agreements, with a principal amount of EUR 397.8 m (31.12.2013: EUR 408.0 m). Due to the application of cost price hedging to derivative financial instruments an amount of EUR 6.8 bn (31.12.2013: EUR 6.7 bn) are following the valuation principle of the hedged items (i.e. cost price). The principal amount includes forward starting interest rate swaps of EUR 4.8 bn (31.12.2013: EUR 3.7 bn), recognised at fair value.

Linde Finance B.V. has limited rental, back office and IT commitments with third parties. Total expenses are approximately EUR 50.0 k per annum. The rental agreement for the offices has been signed in September 2012 for a period of five years.

In 2013 Linde AG, Munich and Linde Finance B.V. had signed a new five-year EUR 2.5 bn syndicated revolving credit facility with originally two options to extend the facility, in each case by one year subject to lenders consent. During the reporting period, Linde successfully extended the credit facility until July 2019. One option to extend the facility by one year remains. The syndicated revolving credit facility has not been drawn down and also serves as backup for the EUR 2.0 bn 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.

T14 FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

<i>in € million</i>	<i>31.12.2014</i>	<i>31.12.2013</i>
Assets		
Loans to group companies (non current)	9,138.4	9,134.5
Loans to group companies (current)	3,350.3	2,840.8
Interest rate swaps/cross currency swaps external	147.9	141.0
FX swaps	70.2	33.8
Interest rate swaps/cross currency swaps internal	258.9	59.0
Liabilities		
Bonds/notes payable	5,710.3	5,303.1
Subordinated bonds	1,117.2	1,137.2
Loans from group companies (non current)	258.6	285.8
Loans from group companies (current)	4,903.1	4,546.2
Interest rate swaps/cross currency swaps external	243.4	37.2
FX swaps	39.4	15.5
Interest rate swaps/cross currency swaps internal	142.4	131.8

[28] 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.

T15 MAJOR OUTSTANDING LOAN EXPOSURE

<i>in € million</i>			<i>31.12.2014</i>	<i>in percent</i>
Linde AG	Munich	DEU	5.057,6	43,8
Linde UK Holdings Limited	Guildford	GBR	3.311,5	28,7
Linde Gas Holding Sweden AB	Lidingo	SWE	920,0	8,0
Linde Holdings Netherlands B.V.	Schiedam	NLD	528,5	4,6
BOC Holdings	Guildford	GBR	380,5	3,3
The BOC Group Limited	Guildford	GBR	325,0	2,8
Linde Österreich Holding GmbH	Stadl- Paura	AUT	265,0	2,3
Abello Linde SA	Barcelona	ESP	157,1	1,4
Linde Canada Limited	Mississauga	CAN	131,0	1,1
Other			474,2	4,0
			11.550,4	100,0

T16 MAJOR OUTSTANDING DEPOSIT EXPOSURE

<i>in € million</i>			<i>31.12.2014</i>	<i>in percent</i>
Linde UK Holdings Limited	Guildford	GBR	1.460,5	28,1
The BOC Group Limited	Guildford	GBR	1.311,9	25,2
BOC Helex	Guildford	GBR	514,5	9,9
Linde Holdings, LLC	Tulsa	USA	320,9	6,2
Linde North America Inc	Murray Hill	USA	248,0	4,8
BOC Limited - ENG (Corporate)	Guildford	GBR	214,1	4,1
BOC Limited (Australia)	North Ryde	AUS	118,6	2,3
Oy AGA AB	Espoo	FIN	66,9	1,3
Linde Gas GmbH	Stadl- Paura	AUT	62,6	1,2
Other			885,5	16,9
			5.203,5	100,0

[29] 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 provides the net foreign exchange cash flow positions per 31 December 2014. 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.

T17 NET FOREIGN CURRENCY CASH FLOW POSITION PER CURRENCY

<i>in thousand Currency</i>	<i>Largest positions of Net FX cash flow positions per currency</i>	<i>In € per 31.12.2014</i>	<i>Latest Maturity</i>
GBP	5,652	7,365	24.04.23
CAD	1,493	1,077	17.12.18
USD	5,547	4,786	26.08.26
Other currencies		6	
Total position		13,234	

The total Value at Risk (VaR) for the largest positions is per 31 December 2014 EUR 1.4 m (31.12.2013: 1.5 m). The VaR calculation is based on a 97.5% VaR for Linde

Finance B.V. foreign currency positions (Multivariate normality assumed, i.e., Markowitz approach).

T18 FOREIGN CURRENCY RISK LINDE FINANCE B.V. AS AT 31.12.2014

<i>in thousand</i>	<i>Exposure FX</i>	<i>Exposure €</i>	<i>VaR €</i>
AUD	0	0	0
CAD	1,493	1,062	112
GBP	5,652	7,726	1,064
RUB	-299	-4	-
TRY	19	7	1
USD	5,547	4,585	457
Total			1,634
Total Risk (diversified)			1,448

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 swaps 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.

T19 INTEREST RISK

<i>in € thousand</i> <i>Time bucket</i>	<i>Bucket end date</i>	<i>Yearly mismatch</i>	<i>Cummulated mismatch</i>
less than 10 years	31.12.2024	-	-
less than 5 years	31.12.2019	-	-
less than 4 years	31.12.2018	-	-
less than 3 years	31.12.2017	-	-
less than 2 years	31.12.2016	-	-
less than 1 year	31.12.2015	-755	-755

Credit risk / Counterparty risk

Linde Finance B.V. solely provides loans within The Linde Group. Intercompany credit exposure has been insured with Linde AG, Munich 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, Munich, 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 A2 / P-1 rating by Moody's. Both credit ratings have a stable outlook.

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

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

Liquidity risk

The access to Linde Finance B.V. to liquidity is secured by a currently undrawn five year EUR 2.5 bn syndicated credit facility signed in 2013. The facility's documentation contains originally two options to extend its legal maturity, in each case by one year, subject to lenders consent. During the reporting period, Linde successfully extended the credit facility until July 2019. One option to extend the facility by one year remains.

[30] Other information

Appropriation of Results

In accordance with Article 27 of Linde Finance B.V. Articles of Association, profits, if any, are at the disposal of the General Meeting of shareholder. The Directors propose to add the net profits to the retained earnings.

[31] Subsequent events

No subsequent event occurred.

AMSTERDAM, 25 MARCH 2015

THE BOARD OF MANAGING
DIRECTORS

MICHA GLASER

THE BOARD OF SUPERVISORY
DIRECTORS

GEORG DENOKE, CHAIRMAN

BJÖRN SCHNEIDER

DR SVEN SCHNEIDER

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To: The Board of Managing Directors of Linde Finance B.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Linde Finance B.V. (the company), based in Amsterdam.

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, 2014 and of its result for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The financial statements comprise:

1. the balance sheet as at December 31, 2014;
2. the profit and loss account for 2014; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Linde Finance B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

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

Materiality

Misstatements can arise from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 20 million. The materiality is determined with reference to the Company's total equity (7%) as we consider solvency most relevant given the activities of the Company as financing entity for The Linde Group companies.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the Board of Managing Directors that misstatements in excess of EUR 1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Managing Directors and Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Complexity in respect of the application of cost price hedge accounting

The Company manages its exposure to interest rate and foreign currency risk by means of derivative financial instruments. The company applies cost price hedge accounting to a significant part of its derivatives portfolio to match results on the derivatives and related hedged positions.

The accounting treatment of derivatives is dependent on whether the hedge relationship qualifies for hedge accounting or not. In accordance with Dutch Accounting Standard RJ 290, hedge effectiveness testing is required to be performed. An overview of the Company's hedging activities is included in [NOTE \[29\] PAGE 23](#).

Given the significance of the application of cost price hedge accounting for the financial position as a whole and the inherent complexity we have paid specific attention during our audit to the application of cost hedge accounting. We have evaluated the Company's hedge documentation and identification process for new hedge relationships. Our procedures included assessing the calculation method of the defined hedged risk. We evaluated the Company's hedge effectiveness testing and assessed whether the accounting requirements were met for each hedge relationship. We also assessed whether the disclosure requirements were met in the financial statements.

Based on our procedures we concur that hedge accounting has been applied in accordance with the company's accounting policies as set out in the general accounting principles [ON PAGE 12](#). We have also found that the disclosures in the financial statements [NOTE \[29\] PAGE 23](#) have been prepared in accordance with the company's accounting policies.

Estimation uncertainty in respect of the valuation of Loans to Group companies

The Company is a financing entity entering into financing arrangements with The Linde Group companies. The Company has no substantial assets other than the loans to Group companies. The Company is therefore interrelated and dependent on the performance of the Linde Group for repayment of its debt instruments and meeting its financial obligations. This is highlighted in [NOTE \[29\] PAGE 23](#) of the financial statements. Given this pervasive impact on the financial statements of the Company, we considered this a key audit matter.

Our audit procedures included an assessment of the financial robustness of the financial position and liquidity of the Group to assess whether the respective Group entities are able to meet their contractual obligations. To this end we have performed, amongst others, the following procedures with respect to the exposure on Group entities:

- Inspect the audited 2014 financial statements of Linde AG
- Inquire and discuss with the Group auditor KPMG Germany recent developments in the financial position and cash flows of the Group and whether any conditions existing as at, or subsequent to the reporting date that may lead to the Group's inability to meet its contractual obligations.
- Inspect the terms and conditions of the Credit Assurance Agreement between Linde A.G. and Linde Finance B.V.

Based on our audit procedures we found that the loans to Group companies of Linde AG are appropriately valued in accordance with the company's accounting policies [ON PAGE 12](#).

Responsibilities of the Board of Managing Directors and the Supervisory Board for the financial statements

The Board of Managing Directors is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Board of Managing Directors report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Managing Directors is responsible for such internal control as the Board of Managing Directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud. As part of the preparation of the financial statements, the Board of Managing Directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial

reporting framework mentioned, the Board of Managing Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Managing Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Board of Managing Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and/or fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managing Directors;
- Concluding on the appropriateness of the Board of Managing Directors's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions

may cause the company ceasing to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Report on other legal and regulatory requirements

Report on the Board of Managing Directors report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Board of Managing Directors report and other information),:

- We have no deficiencies to report as a result of our examination whether the Board of Managing Directors board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Netherlands Civil Code, and whether the information as required by Part 9 of Book 2 of the Netherlands Civil Code has been annexed;
- We report that the Board of Managing Directors report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Board of Managing Directors as auditor of Linde Finance B.V. prior to the year 2008 and have operated as statutory auditor ever since that date.

AMSTELVEEN, 25 MARCH 2015
KPMG ACCOUNTANTS N.V.

F.M. VAN DEN WILDENBERG RA

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