Linde Finance B.V.

Financial statements for the year 2007

Amsterdam, January 31, 2008

THE LINDE GROUP

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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 2007.

Operations

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, 2007, the Company had EUR 554 million CP outstanding (2006: EUR 224 million). This programme is supplementary to the Debt Issuance Programme, which started in April 2000 and which has been increased to EUR 10 billion from EUR 5 billion during 2007. At the end of December 2007, the Company had EUR 2,805 million (2006: EUR 1,000 million) debt outstanding under this programme.

As to currency risks, the Company has a conservative approach. Currency risks are avoided by the use of various hedging policies. Furthermore interest exposures with a duration of more than one year are being hedged.

Financial Highlights in 2007

During the year, the interest income amounted to EUR 532.6 million versus EUR 237.4 million last year. The interest expense amounted to EUR 503.7 million versus EUR 223.6 million last year.

The net result was EUR 16.0 million (2006: EUR 5.8 million).

In 2007 the Company has issued three bonds for a total of EUR 2,000 million and GBP 300 million to reduce its outstanding debt on the bridge facility related to the 2006 BOC acquisition financing.

December 2007 three outstanding BOC bonds denominated in GBP for a total of GBP 500 million and one JPY denominated bond for JPY 5.0 billion have been assigned to Linde Finance under the guarantee of the BOC Group.

Future developments

For 2008 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.

Amsterdam, January 31, 2008

The Board of Managing Directors

N.G.M. Limmen

GENERAL ACCOUNTING PRINCIPLES

Group affiliation and principle activity

The Company was incorporated under Dutch law in Amsterdam on May 12, 1999. The principal activity of the Company is that of a finance company for the Linde AG Group from its Amsterdam office. The Company is a wholly-owned subsidiary of Linde AG, Germany.

The financial information of the company is included in the consolidated financial statements of Linde AG, which is the direct holder of 100% of the issued share capital.

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.

Accounting policies

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

a. *Foreign currencies and financial derivatives*

General

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

Foreign currency risks

The Company enters into foreign currency forward exchange 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 at their net realisable value, which approximates fair value.

Interest risk

Interest exposures with a duration of more than one year are being hedged, by entering into Interest Rate Swaps and Cross Currency Swaps. Interest swap premiums are deferred and amortised over the term of the related contract.

Credit risk

The Company solely provides loans within the Linde AG Group. In co-operation with Linde AG headquarters, assessments of credit risks are made and credit limits are set, which are periodically reviewed. In respect of cash at banks and financial derivatives, these are only deposited and/or entered into with banks of reputation.

b. *Financial fixed assets*

Financial fixed assets represent the nominal amounts of loans, of a long-term nature, issued to group companies. If necessary, provisions for a permanent diminution in value are established.

c. *Net result*

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

d. *Taxation*

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

BALANCE SHEET AS AT DECEMBER 31

	Note	2007 EUR	2006 EUR
Financial fixed assets			
Loans to group companies	1	6,964,688,126	3,004,024,195
		6,964,688,126	3,004,024,195
Current assets			
Loans to group companies	2	2,705,607,701	5,981,404,871
Interest receivable from group companies		90,257,940	136,907,956
Tax receivables		114,591	1,197,404
Other receivables	4	25,079,295	33,455,889
Forward exchange contracts	5	15,353,442	17,765,369
Cash at banks	6	40,554,872	98,319,859
		2,876,967,841	6,269,051,348
Current liabilities			
Bonds and notes payable	7	-299,817,755	-636,561,000
Commercial Paper	8	-554,005,892	-224,295,052
Bank loans payable	9	-1,113,526,094	-4,601,920,113
Interest payable to third parties		-169,812,998	-137,295,022
Loans from group companies	3	-2,203,905,994	-730,551,557
Interest payable to group companies		-23,520,544	-3,814,499
Other payables to group companies		-2,140,975	-1,506,608
Other payables	12	-600,392	-2,107,004
Accounts payable and accrued interest		-3,317,104	-17,069,873
		-4,370,647,748	-6,355,120,728
Net working capital		-1,493,679,907	-86,069,380
Total assets less current liabilities		5,471,008,219	2,917,954,815
Less: Long term liabilities			
Bonds notes payable	7	-3,185,597,370	-365,707,333
Loans from group companies		-696,000,000	-696,000,000
Subordinated bond	10	-1,440,089,104	-1,459,353,525
Convertible bond	11	-104,700,000	-368,300,000
		-5,426,386,474	-2,889,360,858
		44,621,745	28,593,957

The accompanying notes form an integral part of these financial statements

BALANCE SHEET AS AT DECEMBER 31

	Note	2007	2006
		EUR	EUR
Capital and reserves	*13*		
Share capital		**5,000,000**	5,000,000
retained earnings		**23,593,957**	17,803,148
Unappropriated profits		**16,027,788**	5,790,809
		44,621,745	28,593,957

The accompanying notes form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31

		2007	2006
		EUR	EUR
Interest income			
Group company loans		**531,896,560**	235,792,967
Other interest income		**704,538**	1,652,333
		532,601,098	237,445,300
Interest expense			
Group company loans		**-111,903,119**	-40,663,601
Other interest expense		**-391,784,717**	-182,972,718
		-503,687,836	-223,636,319
Net interest result		**28,913,262**	13,808,981
Other			
Other expenses		**-**	-
General and administrative expenses	*14*	**-7,407,587**	-5,879,868
Profit before taxation		**21,505,675**	7,929,113
Taxation	*15*	**-5,477,887**	-2,138,304
Net profit after taxation		**16,027,788**	5,790,809

The accompanying notes form an integral part of these financial statements

CASHFLOW STATEMENT

	01.01.2007 - 31.12.2007		01.01.2006 - 31.12.2006	
	EUR		EUR	
Net cashflow provided by operating activities	-		-	
Net cashflow provided by investment activities	-		-	
Net cashflow provided by finance activities				
Profit after taxes	16,027,788		5,790,809	
		16,027,788		5,790,809
De/increase current assets	3,334,318,520		-5,315,544,899	
De/increase current Liabilities	-1,984,472,980		5,395,726,086	
		1,349,845,540		80,181,187
Increase long term liabilities	2,537,025,616		937,779,609	
		2,537,025,616		937,779,609
Increase financial fixed assets	-3,960,663,931		-1,093,341,351	
		-3,960,663,931		-1,093,341,351
Decrease cash at banks		-57,764,987		-69,589,746
Bank balances January 01		98,319,859		167,909,605
Bank balances December 31		40,554,872		98,319,859

Notes

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

The cashflow statement contain bank balances and deposits.

NOTES TO THE ANNUAL ACCOUNTS DECEMBER 31, 2007

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:

	2007	2006
	EUR	EUR
Balance January 1	**3,004,024,195**	1,910,682,844
New loans	**5,701,262,265**	1,791,843,833
To short term loans	**-287,939,362**	-434,129,034
Translation adjustment	**-31,283,075**	-7,778,966
Loans redeemed	**-1,421,375,897**	-256,594,482
Balance December 31	**6,964,688,126**	3,004,024,195

An amount of EUR 3,976 million (2006: EUR 2,207 million) of the principal portions outstanding are due and repayable over more than 5 years.

Long-term loans to group companies for a total amount of EUR 1,706 million (2006: EUR 460.3 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 are determined based on the yearend rate of exchange.

The fair value of financial fixed assets per December 31,2007 is EUR 7,021 million (2006: EUR 2,988 million).

2. Loans to group companies

The Company holds loans to group companies for EUR 2,706 million (2006: EUR 5,981 million) of which the principal portions are due and payable within one year. The majority of these loans provide that arm's-length interest rates are determined on a short term basis. The average stated interest rate on these loans as at December 31, 2007 was 5.85% (2006: 4.04%).

Short-term loans to group companies for a total amount of EUR 1,540 million (2006: EUR 4,024 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 are determined based on the yearend rate of exchange.

The fair value of loans to group companies per December 31, 2007 is EUR 2,706 million (2006: EUR 5,981 million).

3. Loans from group companies

The Company holds loans from group companies for a total amount of EUR 2,900 million (2006: EUR 1,425 million). An amount of EUR 696 million (2006: EUR 696 million) of the principal portion are due and payable after one year. This amount of EUR 696 million has been reclassified for 2006 from short term to long term liabilities due to the long term nature of this loan. The remaining principal portions are due and payable within one year. The majority of these loans provide that arm's-length interest rates are determined on a short term basis: as at December 31 the average stated interest rate on these loans was 4.29% (2006: 3.50%).

Short-term loans from group companies for an amount of EUR 1,026 million (2006: EUR 591.2 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 are determined based on the yearend rate of exchange.

The fair value of loans from group companies per December 31, 2007 is EUR 2,900 million (2006: EUR 1,425 million).

4. Other receivables

Other receivables include unamortised discounts for an amount of EUR 5.1 million (2006: EUR 7.0 million) and interest swaps receivables of EUR 19.6 million (2006: EUR 26.2 million). Of the unamortised discounts an amount of EUR 2.1 million is due after one year (2006: EUR 4.4 million).

5. Forward exchange contracts

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

6. Cash at banks

Cash at banks include deposits for an amount of EUR 38.2 million (2006: 51.6 million). An amount of EUR 444,952 for 2006 has been reclassified to forward exchange contracts. The average stated interest rate on these deposits was 3.70% (2006: 3.60%).

7. 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:

Maturity	31.12.2007	31.12.2006
	EUR	EUR
> 5 years	**1,816,213,849**	-
1-5 years	**1,369,383,521**	365,707,333
Sub-total long term	**3,185,597,370**	365,707,333
< 1 year	**299,817,755**	860,856,052
Sub-total current liabilities	**299,817,755**	860,856,052
Balance December 31	**3,485,415,125**	1,226,563,385

The payable bonds and notes bear an average stated interest of 5.34% (2006: 4.99%). An amount of EUR 2,805 million of bonds and notes have 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 1,165 million (2006: EUR 45.7 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 are determined based on the year-end rate of exchange.

The fair value of payable bonds and notes short term per December 31, 2007 is EUR 299.3 million (2006: EUR 865.4 million). The fair value of payable bonds and notes long term per December 31, 2007 is EUR 3,181.9 million (2006: EUR 366.9 million).

8. 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 stated interest rate on the outstanding CP as at December 31, 2007 was 4.87% (2006: 3.79%).

The fair value of the payable commercial paper is EUR 554 million (2006: EUR 224.2 million).

9. Bank loans payable

These loans have been drawn under the Multi Currency Term and Revolving Credit Facilities. All bank loans payable are short term and mature within 1 year. The average stated rate during 2007 was 6.27% (2006: 5.10%). With respect to this syndicated bank facility Linde AG has issued an unconditional guarantee in favor of the Company.

The fair value per December 31, 2007 is EUR 1,114 million (2006: EUR 4,602 million).

10. 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.

The fair value per December 31, 2007 is EUR 396.9 million (2006: EUR 396.4 million).

In 2006 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 guaranteed by Linde AG.

The fair value per December 31, 2007 is EUR 1,029 million (2006: EUR 1,059 million).

11. Convertible bond

In 2004 the company issued a convertible bond. The bond has a coupon of 1.25% which has been fixed till May 2009. Each Note will, at the opinion of the holder, subject to certain conditions, be convertible from July 2004 till May 2009 into ordinary shares Linde AG. In addition, Linde has the right to call the bonds from May 05, 2007 onwards, if shares trade above EUR 67.68 for a certain period. As of December 31, 2007 EUR 445.3 million (2006: EUR 181.7 million) has been converted. With respect to this bond, Linde AG has issued an irrevocable guarantee in favor of the Company. The conversion price is EUR 56.482.

The fair value per December 31, 2007 is EUR 104.7 million (2006: EUR 369.6 million) and represents the carrying value excluding the value of the implied options as the bond is fully guaranteed by Linde AG.

12. Other payables

Other payables are upfront premiums for an amount of EUR 600,392 (2006: EUR 2,107,004). Upfront premiums are received through issuing swaps to compensate some MTN discounts.

13. Capital and reserves

Authorized share capital consists of 15,000 shares of EUR 1,000 each. As at December 31, 2007, 5,000 shares were issued and fully paid in (December 31, 2006: 5,000).

Movements in capital and reserves were as follows:

	Share	Retained Earnings	Unappropriated profit	Total
	EUR	EUR	EUR	EUR
Balance December 31, 2005	5,000,000	17,803,148	-	22,803,148
2006 result		5,790,809	-	5,790,809
Balance December 31, 2006	5,000,000	23,593,957	-	28,593,957
Unappropriated profits 2007	-		16,027,788	16,027,788
Balance December 31, 2007	5,000,000	23,593,957	16,027,788	44,621,745

14. General and administrative expenses

The general and administrative expenses can be analyzed as follows (in EUR 1,000):

	2007	2006
	EUR	EUR
Wages and salaries	**375**	409
Guarantee commissions	**5,581**	3,355
Charges related to back up facilities	**1,121**	1,493
Other G&A expenses	**331**	623
	7,408	5,880

For wages and salaries, refer to note 17.

The guarantee commissions are charged by Linde AG with respect to bonds, notes and CP payable by the Company and Linde AG's guarantee thereof.

15. Taxation

Taxes on income can be analyzed as follows:

	2007	2006
	EUR	EUR
Profit before taxation	**21,505,675**	7,929,113
Deductible costs previous years	**-59,990**	-59,990
Deductible/taxable withholding tax	**-**	-812,650
	21,445,685	7,056,473
Income tax rate	**25.50%**	29.60%
	5,466,505	2,087,785
Tax income & expenses related to different period	**11,382**	50,519
Income tax expenses	**5,477,887**	2,138,304
Effective tax rate	**25.50%**	27.00%

16. Directors

The Company has one managing Director (2006: 1) and three supervisory directors (2006: 3). The supervisory directors did not receive a remuneration in 2007. 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.

17. Employees

During 2007 the Company had an average number of employees of 4 (2006: 4).

The wages and salaries as referred to in note 12 include social security charges of EUR 43,000 (2006: EUR 65,000) and pension premium costs of EUR 37,000 (2006: EUR 31,000).

18. Off balance sheet commitments

The Company has entered into a number of interest swap agreements , with a principal amount of EUR 980 million (2006: EUR 967.1 million), and a number of cross currency swap agreements, with a principal amount of approximately EUR 87.5 million (2006: EUR 196.2 million).

The positive fair value of all derivatives is EUR 33.3 million, the negative fair value of all derivatives is EUR 30.9 million.

The Company has various limited sort time service contracts with related parties, respecting to back-office assistance. Furthermore the Company has limited rental, front- and back office commitments with third parties. Total expenses are approximately EUR 100,000 per annum.

The Company has also long term obligations namely, a syndicated multi-currency revolving credit facility agreement with an annual expense of EUR 1.2 million a year.

The Company has accommodated their pension obligations for employees in Linde Gas Benelux pension fund. Linde Finance BV can be responsible for a deficit of the mentioned pension fund in proportion of the number of employees. At this moment there is no indications of a pension deficit.

Amsterdam, January 31, 2008

The Board of Managing Directors

N.G.M. Limmen

The Board of Supervisory Directors

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

G. Denoke

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 2007 of Linde Finance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2007, 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, 2007, 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 e 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, January 31, 2008

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA