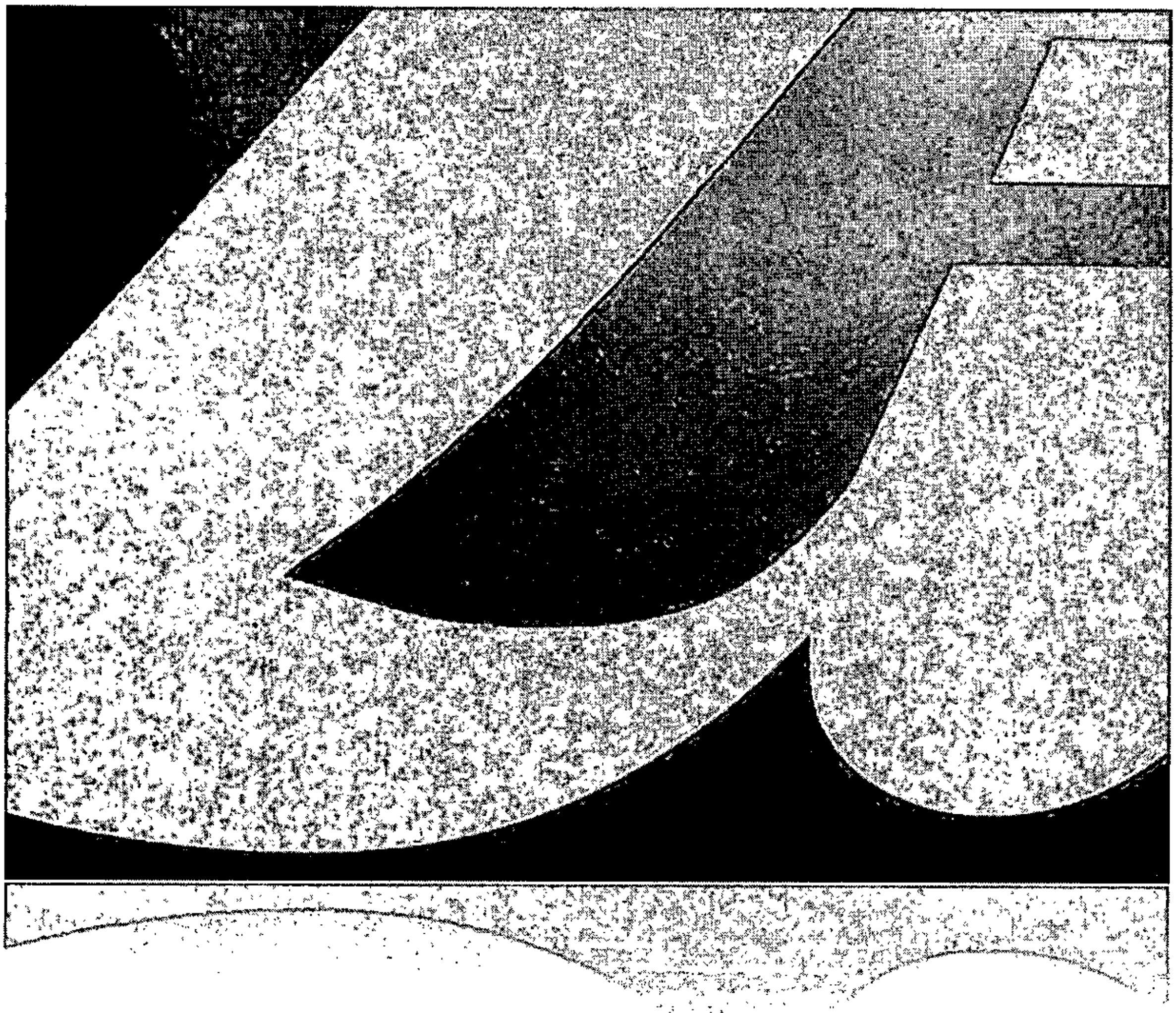
Linde Finance B.V.

Financial statements for the year 2006



Amsterdam, March 05, 2007

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 2006.

Operations

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.

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, 2006, the Company had EUR 224 million CP outstanding (2005: EUR 0 million). This programme is supplementary to the EUR 5,0 billion Debt Issuance Programme, which started in April 2000. At the end of December 2006, the Company had EUR 1,0 billion (2005: EUR 1,2 billion) debt outstanding under this programme. In 2003 the company has issued a subordinated loan of EUR 400 million with an option to repay the loan anytime after July 2013. A five year convertible loan of EUR 550 million has been issued in 2004. During 2006 the Company has issued EUR 700 million and GBP 250 million 60 year hybrid bonds with a call option any time after 10 years and unconditionally guaranteed by Linde AG.

As at 31 December 2006 a total of four employees manage the day to day business.

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 2006

During the year, the interest income amounted to EUR 237,4 million versus EUR 92,5 million last year. The interest expense amounted to EUR 223,6 million versus EUR 83,9 million last year. The net result was EUR 5,8 million (2005: EUR 3,2 million).

Future developments

We anticipate that the interest result of the Company will remain on the same level in 2007. We expect no significant changes in personnel numbers nor significant changes in the structure of the Company.

Amsterdam, March 05, 2007

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

		2006	2005
		EUR	EUR
Financial fixed assets	1		
Loans to group companies		**3.004.024.195**	1.910.682.844
		3.004.024.195	1.910.682.844
Current assets			
Loans to group companies	2	**5.981.404.871**	775.676.262
Interest receivable from group companies		**136.907.956**	33.428.629
Tax receivables		**1.197.404**	2.176.769
Other receivables	3	**33.455.889**	43.904.930
Cash at banks	5	**98.764.811**	167.909.605
		6.251.730.931	1.023.096.195
Current liabilities			
Bonds and notes payable	6	**-860.856.052**	-228.686.370
Bank loans payable	7	**-4.601.920.113**	-
Interest payable to third parties		**-137.295.022**	-52.695.902
Loans from group companies	2	**-1.426.551.557**	-644.615.936
Interest payable to group companies		**-3.814.499**	-2.310.859
Other payables to group companies		**-1.506.608**	-
Forward exchange contracts	4	**17.320.417**	-20.249.457
Taxes payables		**-**	-812.650
Other payables	10	**-2.107.004**	-3.796.510
Accounts payable and accrued interest		**-17.069.873**	-6.226.958
		-7.033.800.311	-959.394.642
Net working capital		**-782.069.380**	63.701.553
Total assets less current liabilities		**2.221.954.815**	1.974.384.397
Less: Long term liabilities			
Bonds notes payable	6	**-365.707.333**	-1.001.581.249
Subordinated bond	8	**-1.459.353.525**	-400.000.000
Convertible bond	9	**-368.300.000**	-550.000.000
		-2.193.360.858	-1.951.581.249
		28.593.957	22.803.148

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The accompanying notes form an integral part of these financial statements

	Note	2006	2005
		EUR	**EUR**
Capital and reserves	*11*		
Share capital		**5.000.000**	5.000.000
retained earnings		**17.803.148**	14.623.012
Unappropriated profit		**5.790.809**	3.180.136
		28.593.957	22.803.148

The accompanying notes form an integral part of these financial statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31

		2006	2005
		EUR	EUR
Interest income			
Group company loans		**235.792.967**	91.086.828
Other interest income		**1.652.333**	1.409.556
		237.445.300	92.496.384
Interest expense			
Group company loans		**-40.663.601**	-7.941.921
Other interest expense		**-182.972.718**	-76.005.260
		-223.636.319	-83.947.181
Net interest result		**13.808.981**	8.549.203
Other			
Other expenses		**-**	-
General and administrative expenses	12	**-5.879.868**	-3.695.612
Foreign exchange gain/loss, net		**-**	-13.757
Profit before taxation		**7.929.113**	4.839.834
Taxation	13	**-2.138.304**	-1.659.698
Net profit after taxation	11	**5.790.809**	3.180.136

The accompanying notes form an integral part of these financial statements

G. Dunke

11-04-2007

NOTES TO THE ANNUAL ACCOUNTS DECEMBER 31, 2006

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:

	2006	2005
	EUR	EUR
Balance January 1	**1.910.682.844**	2.056.113.219
New loans	**1.791.843.833**	33.530.607
To short term loans	**-434.129.034**	-159.539.168
Translation adjustment	**-7.778.966**	15.973.020
Loans redeemed	**-256.594.482**	-35.394.834
Balance December 31	**3.004.024.195**	1.910.682.844

An amount of EUR 2.207 million (2005: EUR 449,8 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 460,3 million (2005: EUR 162,3 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 31,2006 is EUR 2.988 million.

2. Loans to/from group companies

Loans to group companies

The Company holds loans to group companies for EUR 5.981 million (2005: EUR 775,7 million). 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 quarterly basis. The average stated interest rate on these loans as at December 31, 2006 was 4,04% (2005: 2,95%).

Short-term loans to group companies for a total amount of EUR 4.024 million (2005: EUR 296,8 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, 2006 is EUR 5.981 million.

Loans from group companies

The Company holds loans from group companies for a total amount of EUR 1.425 million (2005: EUR 626,9 million). 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 quarterly basis: as at December 31 the average stated interest rate on these loans was 3,50% (2005: 2,30%).

Short-term loans from group companies for an amount of EUR 591,2 million (2005: EUR 323,5 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, 2006 is EUR 1.425 million.

3. Other receivables

Other receivables include unamortised discounts for an amount of EUR 7,0 million (2005: EUR 11,2 million) and interest swaps receivables of EUR 26,2 million (2005: EUR 31,8 million). Of the unamortised discounts an amount of EUR 4,4 million is due after one year (2005: EUR 7,9 milion).

4. 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 (2005: EUR 0 million).

5. Cash at banks

Cash at banks include deposits for an amount of EUR 51,6 million (2005: 165,9 million). The average interest rate on these deposits was 3,60% (2005: 1,82%).

6. Bonds, notes payable

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

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

Maturity	**2006**	2005
	EUR	EUR
> 5 years	-	-
1-5 years	**365.707.333**	1.001.581.248
Sub-total long term	**365.707.333**	1.001.581.248
< 1 year	**860.856.052**	228.686.370
Sub-total current liabilities	**860.856.052**	228.686.370
Balance December 31	**1.226.563.385**	1.230.267.619

The payable bonds, notes and Commercial Paper (CP) bear an average interest of 3.77% (2005: 2.89%). The payable bonds and notes have been issued under the terms of the Debt Issuance Programme or the Commercial Paper Programme. With respect to both programmes, Linde AG has issued an unconditional and irrevocable guarantee in favor of the Company. Bonds and notes payable for an amount of EUR 45,7 million (2005: EUR 213,7 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 yearend rate of exchange.

The fair value of payable bonds and notes short term per December 31, 2006 is EUR 865,4 million. The fair value of payable bonds and notes long term per December 31, 2006 is EUR 366,9 million.

7. 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 rate during 2006 was 5,1%. 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, 2006 is EUR 4.602 million.

8. 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, 2006 is EUR 396,4 million

In 2006 the Company issued 60 year subordinated hybrid bonds for respectively GBP250 million and EUR 700 million with several call features attached. The bonds are unconditionally guaranteed by Linde AG.

The fair value per December 31, 2006 is EUR 1.059 million.

9. 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, 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, 2006 is EUR 369,6 million.

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10. Other payables

Other payables are upfront premiums for an amount of EUR 2.107.004 (2005: EUR 3.796.510). Upfront premiums are received through issuing swaps to compensate some MTN discounts

11. Capital and reserves

Authorized share capital consists of 15.000 shares of EUR 1,000 each. As at December 31, 2006, 5.000 shares were issued and fully paid in (December 31, 2005: 5.000).

Movements in capital and reserves were as follows:

	Share	Retained Earnings	Unappropriated profit	Total
	EUR	EUR	EUR	EUR
Balance December 31, 2004	5.000.000	14.623.012	-	19.623.012
2005 result		3.180.136	-	3.180.136
Balance December 31, 2005	5.000.000	17.803.148	-	22.803.148
Unappropriated profits 2006	-		5.790.809	5.790.809
Balance December 31, 2006	5.000.000	17.803.148	5.790.809	28.593.957

12. General and administrative expenses

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

	2006	2005
	EUR	EUR
Wages and salaries	**409**	331
Guarantee commissions	**3.355**	2.127
Charges related to back up facilities	**1.493**	1.036
Other G&A expenses	**623**	202
	5.880	3.696

For wages and salaries, refer to note 15.

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.

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13. Taxation

Taxes on income can be analyzed as follows:

	2006	2005
	EUR	EUR
Profit before taxation	**7.929.113**	4.839.834
Deductible costs previous years	**-59.990**	-11.630
Deductible/Taxable withholding tax	**-812.650**	450.550
	7.056.473	5.278.754
Income tax rate	**29,6%**	31,5%
	2.087.785	1.661.789
Tax income & expenses related to different period	**50.519**	-2.091
Income tax expenses	**2.138.304**	1.659.698
Effective tax rate	**27,0%**	34,3%

14. Directors

The Company has one managing Director (2005: 1) and three supervisory directors (2005: 3). The supervisory directors did not receive a remuneration in 2006. 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.

15. Employees

During 2006 the Company had an average number of employees of 4 (2005: 4).

The wages and salaries as referred to in note 12 include social security charges of EUR 65.000 (2005: EUR 27.234) and pension premium costs of EUR 31.000 (2005: EUR 43.742).

16. Off balance sheet commitments

The Company has entered into a number of interest swap agreements , with a principal amount of EUR 967,1 million (2005: EUR 1,0 billion), and a number of cross currency swap agreements, with a principal amount of approximately EUR 196,2 million (2005: EUR 434,3 million).

The positive fair value of all derivatives is EUR 40,3 million, the negative fair value of all derivatives is EUR 14,7 million.

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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 time obligations namely, a syndicated multi-currency revolving credit facility agreement with an annual expense of EUR 1,6 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, March 05, 2006

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

SUPPLEMENTARY INFORMATION

Appropriation of results

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

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements 2006 of Linde Finance B.V., Amsterdam, which comprise the balance sheet as at December 31, 2006, 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, 2006, 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, March 05, 2007

KPMG ACCOUNTANTS N.V.

K. Oosterhof RA

11-04-2007