

Linde Finance B.V.

LINDE FINANCE HALF-YEAR REPORT
JANUARY TO JUNE 2017

Leading.


THE LINDE GROUP

Half-Year Report

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DIRECTOR'S INTERIM REPORT

The Board of Managing Directors of Linde Finance B.V. hereby presents the interim financial statements for the first six months of 2017. These statements are prepared according to generally accepted accounting principles in the Netherlands and in conformity with the provisions of the Dutch Guideline for Annual Reporting 394 on interim financial information. 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 was 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.

Proposed Business Combination with Praxair, Inc.

On June 1, 2017, Linde AG and Praxair, Inc. entered into a definitive business combination agreement (the "Business Combination Agreement"), pursuant to which, among other things, Linde AG and Praxair, Inc. agreed to combine their respective businesses under a new holding company incorporated in Ireland, Linde plc (the "Business Combination").

Under the terms of the Business Combination Agreement, Linde AG will become an indirect subsidiary of Linde plc after effecting a public exchange offer. In this exchange offer, Linde plc will make an offer to exchange each outstanding share of Linde AG for 1.540 ordinary shares of Linde plc (the "Exchange Offer").

Furthermore, the Business Combination Agreement foresees, that each share of Praxair, Inc. will be converted into the right to receive one Linde plc ordinary share. Upon completion of the Business Combination, and assuming that all of the outstanding Linde shares

are exchanged in the Exchange Offer, former Linde shareholders and former Praxair shareholders will each own approximately 50 percent of the outstanding Linde plc shares. Linde plc will apply to list its ordinary shares on the New York Stock Exchange and the Frankfurt Stock Exchange, and will seek inclusion in the S & P 500 and DAX 30 indices. The parties currently expect the Business Combination to be completed in the second half of 2018. Completion of the Business Combination is subject to the satisfaction or waiver of conditions, including (a) approval of the merger of Praxair, Inc. with Zamalight Subco, Inc., a wholly-owned indirect subsidiary of Linde plc, by holders of a majority of the outstanding shares of Praxair, Inc. common stock, (b) the tender in the Exchange Offer of at least 75 percent of the outstanding Linde shares, (c) approval by requisite governmental regulators and authorities, (d) absence of any law, regulation or injunction or order by any governmental entity in Ireland, the United Kingdom, Germany or the United States that prohibits or makes illegal the completion of the Business Combination, and (e) that there has been no material adverse effect on and no material compliance violation by either Linde AG or Praxair, Inc., as determined by a third-party independent expert.

The Business Combination may be terminated for, or may terminate as a result of, certain reasons, including, among others, (a) the mutual consent of Praxair, Inc. and Linde AG to termination, (b) a change in recommendation regarding the Business Combination from the Praxair board of directors, the Linde AG executive board or the Linde AG supervisory board (provided that, with respect to the Linde AG supervisory board, such change involves recommending that Linde AG shareholders not accept the Exchange Offer), (c) the occurrence of an "adverse tax event" (as defined in the Business Combination Agreement), (d) a permanent injunction or order by any governmental entity in Ireland, the United Kingdom, Germany or the United States that prohibits or makes illegal the completion of the Business Combination, (e) the occurrence of a change, event, occurrence or effect that has had or is reasonably expected to have a "material adverse change" (as defined in the Business Combination Agreement) on Linde AG or Praxair, Inc. or (f) the failure to satisfy any of the conditions described in the preceding paragraph.

The Business Combination Agreement further provides that, upon termination of the Business Combination under certain specified circumstances, Praxair, Inc. will be required to pay Linde AG a termination fee of EUR 250 m or Linde AG will be required to pay Praxair, Inc. such termination fee, as applicable.

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 Director's 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, 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.

It is Linde Finance B.V. policy that interest rate exposures with duration longer than one year are hedged if no back-to-back funding is in place by entering into interest rate swaps and/or cross-currency swaps.

The liquidity risk is actively managed and covered by a €2.5 bn five-year syndicated revolving credit facility, with a final maturity of 2020.

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. For further information we refer to ► [NOTE \[30\] PAGE 19.](#)

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 the execution of its policy.

Appointment

The members of the Board of Managing Directors are appointed by the Supervisory Board for an indefinite period. The basis for non-compliance 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 interim financial statements for the first six months for 2017 give a true and fair view of the assets, liabilities, financial position and profit and loss of Linde Finance B.V.;
- that the half-year report for the first six months of 2017 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 interim financial statements and a description of principle 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 above, 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 the Board of Supervisory Directors' Interim 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 first six months of 2017. 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, 27 SEPTEMBER 2017

THE BOARD OF MANAGING DIRECTORS

MICHA GLASER

FINANCIAL HIGHLIGHTS

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

At the end of June 2017 the nominal debt outstanding under this programme is EUR 7.4 bn (31.12.2016: EUR 7.5 bn). Thereof EUR 5.1 bn (31.12.2016: EUR 5.1 bn) is issued by Linde Finance B.V.

During the first six months of 2017 Linde Finance B.V. issued a five-year EUR 1,000 m bond and repaid a ten-year EUR 1,000 m bond and a five-year USD 20 m bond.

Linde AG, Munich, and Linde Finance B.V. have a EUR 2.5 bn syndicated revolving credit facility at their disposal with a final maturity of 2020.

Supplementary to the EUR 10.0 bn Debt Issuance Programme, Linde AG and Linde Finance B.V. have a EUR 2.0 bn multicurrency Commercial Paper (CP) Programme which is unconditionally guaranteed by Linde AG, Munich. As per 30 June 2017, Linde Finance B.V. has no Commercial Paper outstanding (31.12.2016: EUR 0.0 m).

During the first six months of 2017 the interest income amounted to EUR 135.7 m (30.06.2016: EUR 224.0 m). The interest expense amounted to EUR 126.0 m (30.06.2016: EUR 212.2 m).

The profit after taxation was EUR 7.2 m (30.06.2016: EUR 7.4 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 intercompany loans.

For the year 2017 we expect a positive and stable result. In relation to personnel, we do not foresee any changes in 2017.

ISSUED MEDIUM-TERM NOTES IN THE FIRST SIX MONTHS OF 2017

<i>in € million</i> Type	Currency	Principal	Coupon (percent)	Issue date	Maturity date
Bond	EUR	1,000	0.250	18.01.2017	18.01.2022

Standard and Poor's credit rating for Linde Finance B.V. is "A+/A-1" (long- and short-term). Moody's credit rating for Linde Finance B.V. is "A2/P-1" (long- and short-term). Scope's credit rating for Linde Finance B.V. is "A+" (long term) and "S-1+" (short term). The outlook for all ratings is stable. All ratings are aligned with the ratings of the ultimate parent Linde AG, Munich. During the reporting period Standard and Poor's and Moody's affirmed their long- and short-term ratings for Linde Finance B.V.

AMSTERDAM, 27 SEPTEMBER 2017

THE BOARD OF MANAGING DIRECTORS

MICHA GLASER

BOARD OF SUPERVISORY DIRECTORS' INTERIM REPORT

The Board of Supervisory Directors hereby submits the interim report for the first six months of 2017. The interim financial statements have been reviewed by KPMG Accountants N.V. and were provided with a review opinion on 27 September 2017. The review report can be found on ► [PAGE 22](#) 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 two 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 member of the Board of Managing Directors, 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 one time in 2017. Besides this meeting there are ongoing contacts between the Board of Supervisory Directors and the Board of Managing 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:

- Daniel Geiger (1974, German nationality), member of the Board of Supervisory Directors since 7 July 2017.
- 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, 27 SEPTEMBER 2017

ON BEHALF OF THE BOARD
OF SUPERVISORY DIRECTORS,

DR SVEN SCHNEIDER
[CHAIRMAN]

Corporate governance general

The Dutch corporate governance principles ("the code") 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 first six months of 2017.

Corporate governance conflict of interests

Linde Finance B.V. as part of the Linde Group has strict 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 Director's from their management and the members of the Supervisory Board from 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 the remuneration report, most important components of employment conditions or severance payment of Board of Managing Directors members: Linde Finance B.V. utilises 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 two 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 Members of the Supervisory Board receive no remuneration.

Principle III.8.1-4: One Tier Management Structure

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

BALANCE SHEET ASSETS

BALANCE SHEET OF LINDE FINANCE B.V. – ASSETS¹

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<i>in € thousand</i>	<i>Note</i>	<i>30.06.2017</i>	<i>31.12.2016</i>
Other operating fixed assets		16	18
TANGIBLE FIXED ASSETS		16	18
Loans to group companies	[1]	6,135,335	7,547,446
Deferred derivatives results	[2]	1,301	1,590
Prepaid expenses	[3]	1,697	1,980
FINANCIAL FIXED ASSETS		6,138,333	7,551,016
FIXED ASSETS		6,138,349	7,551,034
Loans to group companies	[4]	3,844,090	2,577,206
Interest receivable from group companies	[5]	57,567	122,546
Interest receivables from third parties	[6]	2,130	8,784
Deferred derivatives results	[2]	12,631	14,299
Forward exchange contracts	[7]	61,167	90,033
Derivatives at fair value	[8]	161,551	222,483
Tax receivable	[9]	8,813	4,486
RECEIVABLES		4,147,949	3,039,837
Collateral deposits	[10]	211,700	172,200
Liquid assets		–	10,213
CASH AND CASH EQUIVALENTS		211,700	182,413
CURRENT ASSETS		4,359,649	3,222,250
ASSETS		10,497,998	10,773,284

¹ Before the appropriation of profit.

BALANCE SHEET EQUITY AND LIABILITIES

BALANCE SHEET OF LINDE FINANCE B.V. – EQUITY AND LIABILITIES¹

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<i>in € thousand</i>	<i>Note</i>	<i>30.06.2017</i>	<i>31.12.2016</i>
Share capital		5,000	5,000
Share premium		150,000	150,000
Retained earnings		168,870	154,061
Unappropriated profits		7,216	14,809
EQUITY	[11]	331,086	323,870
Bonds notes payable	[12]	5,023,947	4,135,706
Deferred derivatives results		46	56
Loans from group companies	[13]	171,247	212,838
LONG-TERM LIABILITIES		5,195,240	4,348,600
Bonds notes payable	[12]	49,964	1,018,796
Collateral borrowing	[14]	-	13,100
Credit institutions	[15]	708	-
Loans from group companies	[13]	4,585,192	4,664,321
Interest payable to third parties	[16]	35,659	84,693
Interest payable to group companies	[17]	8,871	17,227
Forward exchange contracts	[7]	120,255	62,720
Derivatives at fair value	[8]	161,551	222,483
Other payables to third parties	[18]	57	10,384
Other payables to group companies		2,052	2,083
Tax payable		7,315	4,923
Accounts payable		48	84
SHORT-TERM LIABILITIES		4,971,672	6,100,814
EQUITY AND LIABILITIES		10,497,998	10,773,284

¹ Before the appropriation of profit.

PROFIT AND LOSS ACCOUNT

PROFIT AND LOSS

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<i>in € thousand</i>	<i>Note</i>	<i>January to June 2017</i>	<i>January to June 2016</i>
Group company loans		93,702	159,277
Other interest income		42,016	64,734
INTEREST INCOME	[19]	135,718	224,011
Group company loans		39,109	57,559
Other interest expense		86,849	154,616
INTEREST EXPENSES	[20]	125,958	212,175
NET INTEREST RESULT		9,760	11,836
Foreign exchange result		694	-1,692
FINANCIAL RESULT		10,454	10,144
General and administrative expenses	[21]	423	406
Other income		-	53
PROFIT BEFORE TAXATION		10,031	9,791
Taxation	[22]	2,815	2,438
NET PROFIT AFTER TAXATION		7,216	7,353

CASH FLOW STATEMENT

CASH FLOW STATEMENT

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<i>in € thousand</i>	<i>January to June 2017</i>	<i>January to June 2016</i>
NET PROFIT	7,216	7,353
In-/decrease fixed assets	1,412,685	1,923,734
In-/decrease current assets	-1,147,612	-2,622,178
In-/decrease long-term liabilities	-153,360	-2,100,171
In-/decrease current liabilities	-111,602	2,323,038
NET CASH FLOW FROM OPERATING ACTIVITIES	111	-475,577
Proceeds from issuance of debt securities	1,000,000	750,000
Repayment of debt securities	-1,017,540	-286,982
NET CASH FLOW FROM FINANCING ACTIVITIES	-17,540	463,018
In-/decrease cash at banks	-10,213	-5,206
Liquid assets 1 January	10,213	5,206
LIQUID ASSETS 30 JUNE	-	-
INCLUDED IN THE CASH FLOW FOR THE YEAR ARE THE FOLLOWING AMOUNTS		
Interest income received	184,199	264,117
Interest expenses paid	-186,383	-255,220
Income taxes paid	3,383	4,493

GENERAL ACCOUNTING PRINCIPLES

General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, the Netherlands, and was 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. The interim financial statements for the first six months have not been audited by KPMG Accountants N.V.

Basis of presentation

The accompanying accounts have been prepared under the historical cost convention, unless otherwise mentioned, 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 financial assets and liabilities is fair value. The subsequent measurement of all financial assets and liabilities is amortised cost unless a different valuation principle is indicated in the accompanying notes. Financial assets are shown net of impairments where necessary. Income and expenses are attributed to the financial year to which they relate.

Recognition of assets and liabilities

Assets and liabilities are measured at nominal value, unless otherwise stated in the further principles. An asset is recognised in the balance sheet when it is

probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow of resources embodying economic benefits and the amount of the obligation can be measured reliably. An asset or liability that is recognised in the balance sheet remains on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. An asset or liability is no longer recognised in the balance sheet when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability being transferred to a third party.

Recognition of Profit and Loss Account

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. Revenues and expenses are allocated to the period to which they relate. Furthermore the profit and loss account as well as the balance sheet are not sensitive to seasonal or cyclical influences.

Cash and cash equivalents are stated at nominal value. If cash and cash equivalents are not readily available, this is taken into account in the measurement.

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 exist based on the critical terms check. When a derivative expires or is sold, the accumulated profit or loss that has not yet been recognised in the profit and loss account prior to that time is included as a deferral in the balance sheet until the hedged transactions take place. If the transactions are no longer expected to take place, then the accumulated profit or loss is transferred to the profit and loss account. If a derivative no

longer meets the conditions for hedge accounting, but the financial instrument is not sold, then the hedge accounting is also terminated. Subsequent measurement of the derivative instrument is then at the lower of cost or market value.

Fair Value Accounting

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

The fair value of the 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.

The fair value of non-listed financial instruments is determined by discounting the expected cash flows to their present value, applying a discount rate that is equal to the current risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.

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.

Long-term and current liabilities and other financial commitments are subsequently measured at amortised cost based on the effective interest rate method. Redemption payments regarding long-term liabilities that are due next year are presented under current liabilities.

Financial fixed assets

Financial fixed assets include the amortised costs of loans, of a long-term nature, issued to group companies, as well as prepaid expenses.

Other Financial Fixed assets

Bonds, listed and unlisted recognised under financial fixed assets, that are not held as part of a trading portfolio and which will be held to maturity, are valued at their amortised cost.

Net Profit

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

Interest income

Interest income is recognised in the period to which it belongs, taking into account the effective interest of the related asset. Interest expenses and similar expenses are recognised in the period to which they belong.

Taxation

Taxation is calculated on the basis of profit before tax adjusted for available fiscal facilities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS AS PER 30 JUNE 2017

Assets

[1] Loans to group companies

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

MOVEMENT IN LONG-TERM LOANS TO GROUP COMPANIES

in € thousand	2017	2016
AT 1 JANUARY	7,547,446	6,920,116
New loans	1,069,051	1,211,992
Reclassified to short-term loans	-2,354,834	-2,879,329
Translation adjustment	952,732	329,725
Loans redeemed	-1,079,060	-585,159
AT 30 JUNE (AS AT 31 DECEMBER FOR 2016 FIGURES)	6,135,335	4,997,345

An amount of EUR 1.9 bn (31.12.2016: EUR 2.0 bn) of the principal portions outstanding have a remaining maturity of more than five years.

Long-term loans to group companies for a total amount of EUR 1.2 bn (31.12.2016: EUR 1.3 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 30 June 2017 was 4.07 percent (31.12.2016: 4.02 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 12.6 m (31.12.2016: EUR 14.3 m). The unwinding of derivatives has been executed on a risk-neutral basis.

A remaining amount of EUR 1.3 m (31.12.2016: EUR 1.6 m) will be amortised over the remaining tenor of the settled swaps.

[3] Prepaid expenses

Linde AG, Munich, and Linde Finance B.V. have a EUR 2.5 bn syndicated credit line at their disposal with a final maturity of 2020.

Linde Finance B.V. paid an upfront premium of EUR 4.5 m at the initiation of the facility in 2013. The outstanding value per 30 June 2017 of EUR 1.7 m (31.12.2016: EUR 2.0 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 3.9 bn (31.12.2016: EUR 2.6 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 30 June 2017 is 0.22 percent (31.12.2016: 2.59 percent).

Short-term loans to group companies for a total amount of EUR 177.5 m (31.12.2016: EUR 266.8 m) are denominated in a currency other than the euro at 30 June 2017. 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 receivables from group companies

Interest receivables from group companies include accrued interest on loans of EUR 33.2 m (31.12.2016: EUR 94.8 m), EUR 6.2 m (31.12.2016: EUR 3.9 m) accrued interest on derivatives with group companies and EUR 18.1 m (31.12.2016: EUR 23.8 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 2.1 m (31.12.2016: EUR 8.8 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 recognised

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), which is amortised to the profit and loss account.

[8] Derivatives at fair value

The derivatives at fair value only consist of forward starting interest rate swaps of EUR 161.5 m (31.12.2016: 222.5 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 30 June 2017 Linde Finance B.V. has a tax receivable of EUR 8.8 m (31.12.2016: EUR 4.5 m) related to corporate income tax and withholding tax.

[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 counterparty risk. The outstanding value of the cash collateral deposited by Linde Finance B.V. at banks per 30 June 2017 is EUR 211.7 m (31.12.2016: EUR 172.2 m).

Equity and liabilities

[11] Equity

Authorised share capital consists of 15,000 shares of EUR 1,000 each. As per 30 June 2017, the total number of shares outstanding which are fully paid in are 5,000 (31.12.2016: 5,000). All shares of Linde Finance B.V. are

held by Linde Holdings Netherlands B.V., Schiedam. The share premium reserve can be considered as freely distributable share premium as referred to in the 2001 Income Tax Act.

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

EQUITY

<i>in € thousand</i>	<i>Share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Unappropriated profit</i>	<i>Total equity</i>
AT 1 JANUARY 2016	5,000	150,000	136,518	17,543	309,061
Transfer to retained earnings	-	-	17,543	-17,543	-
unappropriated profits	-	-	-	14,809	14,809
AT 31 DECEMBER 2016/ AT 1 JANUARY 2017	5,000	150,000	154,061	14,809	323,870
Transfer to retained earnings	-	-	14,809	-14,809	-
unappropriated profits	-	-	-	7,216	7,216
AT 30 JUNE 2017	5,000	150,000	168,870	7,216	331,086

[12] Bonds notes payable

The bonds notes payable comprises interest-bearing obligations from institutional investors.

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

BONDS NOTES PAYABLE

8

<i>in € thousand</i>	<i>30.06.2017</i>	<i>31.12.2016</i>
<1 year	49,964	1,018,796
1–5 years	3,287,158	2,373,739
>5 years	1,736,789	1,761,967
	5,073,911	5,154,502

The bonds notes payable of Linde Finance B.V. bear an average interest of 2.15 percent (31.12.2016: 3.02 percent). An amount of EUR 5.1 bn (31.12.2016: EUR 5.1 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 891.2 m (31.12.2016: EUR 962.6 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 or cross-currency swaps to hedge foreign currency risks.

ISSUED BONDS LINDE FINANCE B.V.

9

	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon</i>	<i>Maturity date</i>	<i>Exchange</i>
1	EUR	50	3-month Euribor + 60 bps	23.05.2018	not listed
2	EUR	750	3.125%	12.12.2018	Bourse de Luxembourg
3	USD	150	3-month USD Libor + 67 bps	23.05.2019	not listed
4	EUR	500	1.750%	11.06.2019	Bourse de Luxembourg
5	AUD	100	4.250%	20.06.2019	Bourse de Luxembourg
6	USD	200	3-month USD Libor + 47 bps	21.08.2019	not listed
7	EUR	50	0.634%	20.10.2020	Bourse de Luxembourg
8	EUR	600	3.875%	01.06.2021	Bourse de Luxembourg
9	EUR	1,000	0.250%	18.01.2022	Bourse de Luxembourg
10	GBP	300	5.875%	24.04.2023	Bourse de Luxembourg
11	EUR	300	1.875%	22.05.2024	Bourse de Luxembourg
12	USD	200	3.434%	26.08.2026	Bourse de Luxembourg
13	EUR	80	1.652%	20.10.2027	Bourse de Luxembourg
14	EUR	750	1.000%	20.04.2028	Bourse de Luxembourg
15	EUR	100	1.900%	21.10.2030	Bourse de Luxembourg

[13] Loans from group companies

Linde Finance B.V. holds loans from group companies for a total amount of EUR 4.8 bn (31.12.2016: EUR 4.8 bn). An amount of EUR 171.2 m (31.12.2016: EUR 212.8 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 30 June 2017 the average interest rate on these loans was 0.31 percent (31.12.2016: 0.31 percent).

Short-term loans from group companies for an amount of EUR 2.9 bn (31.12.2016: EUR 3.4 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.

[14] Collateral borrowing

Since 2010 Linde Finance B.V. has Credit Support Annexes with its major financial market participants to mitigate the counterparty risk. The outstanding value of the cash collateral deposited at Linde Finance B.V. by various banks as per 30 June 2017 is EUR 0.0 m (31.12.2016: EUR 13.1 m).

[15] Credit institutions

Credit institutions comprise only current bank accounts with negative value.

[16] Interest payable to third parties

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

INTEREST PAYABLE TO THIRD PARTIES

in € thousand	30.06.2017	31.12.2016
Accrued interest bonds notes payable	30,488	80,692
Accrued interest derivatives	4,952	3,650
Upfront premiums received on derivatives	219	351
	35,659	84,693

[17] Interest payable to group companies

Interest payable to group companies include accrued interest on loans from group companies of EUR 4.2 m (31.12.2016: EUR 3.4 m) and accrued interest on derivatives with group companies of EUR 4.7 m (31.12.2016: EUR 13.8 m).

[18] Other payables to third parties

Other payables include EUR 0.0 m (31.12.2016: EUR 10.3 m) of early payment of foreign currency settlement with a value date in January 2017 but book date in December 2016.

Profit and loss**[19] Interest income**

The interest income includes EUR 93.7 m (30.06.2016: EUR 159.3 m) of interest income on loans given to group companies. The other interest income EUR 42.0 m (30.06.2016: EUR 64.7 m) is income generated from external derivatives, amortisation of discounts and other interest income.

[20] Interest expense

The interest expense includes EUR 39.1 m (30.06.2016: EUR 57.6 m) of interest from loans of group companies. The other interest expense of EUR 86.8 m (30.06.2016: EUR 154.6 m) comprises mainly interest expenses for external bonds, external derivatives and the amortisation of discounts. The interest expense includes EUR 2.6 m (30.06.2016: EUR 2.2 m) internal fee related to the guarantee and a credit assurance fee issued by Linde AG, Munich.

[21] General and administrative expenses

The general and administrative expenses for the period can be analysed as stated in the table below. Whereby the other G & A costs mainly consist 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.

GENERAL AND ADMINISTRATIVE EXPENSES

in € thousand	January to June 2017	January to June 2016
Wages and salaries	248	251
Other general and administrative expenses	175	155
	423	406

[22] Taxation

Linde Finance B.V. operates under the Advance Pricing Agreement (APA) with the Dutch fiscal authorities.

This APA ruling defines the minimum return for intercompany loans.

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

TAXATION

in € thousand	January to June 2017	January to June 2016
Profit before taxation	10,031	9,791
Income tax rate (percent)	25.00	25.00
Income tax expenses	2,815	2,438
EFFECTIVE TAX RATE (PERCENT)	28.06	24.90

SUPPLEMENTARY INFORMATION ON THE NOTES

[23] Auditor's fees and services

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

[24] Directors

Linde Finance B.V. has one Managing Director (30.06.2016: one) and two Supervisory Board Members (30.06.2016: three). The members of the Supervisory Board did not receive any remuneration during the first six months of 2017. Furthermore, Linde Finance B.V. avails itself of the stipulations laid down in article 2:383, section 1, of the Dutch Civil Code with regard to the remuneration of the Managing Director. The Managing Director participates in the share option scheme at Linde AG, Munich, and in conformity with RJ 275 it is opted for accounting this in the financial statements of Linde AG, Munich.

[25] Employees

During the first six months of 2017 Linde Finance B.V. had an average of 3.0 full-time equivalents (31.12.2016: 3.0).

The wages and salaries ► [NOTE \[21\] PAGE 16](#) includes social security charges and pension premium costs of EUR 20.6 k (30.06.2016: 25.4 k). The employees participate in the industry-wide "Stichting Pensioen Fonds voor de Grafische Bedrijven" fund. All accrued rights, build-up in the "Stichting Pensioenfonds N.V. Linde Gas Benelux" up to 2014, were transferred to "Stichting Pensioen Fonds voor de Grafische Bedrijven" on 1 April 2015.

The pension scheme of this fund is a Collective Defined Contribution 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 AOW deductible. The employer will settle the contribution with the pension fund on a monthly basis. In case of a shortfall in funding within the pension fund this will result in a reduction of pensions and build-up pension rights for all participants. A shortfall of funding within the pension fund cannot result in any claim towards the employer.

[26] Off-balance-sheet commitments and facilities

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 was signed in September 2012 for a period of five years. An extension agreement was signed for another five years. The new maturity of the rental agreement is September 2022.

Linde AG, Munich, and Linde Finance B.V. have a EUR 2.5 bn syndicated credit line at their disposal with a final maturity of 2020.

The syndicated revolving credit facility has not been drawn down and also serves as backup for the EUR 2.0 bn Commercial Paper Programme.

[27] Derivative contracts

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 7.8 bn (31.12.2016: EUR 9.3 bn) and a number of cross-currency swap agreements, with a principal amount of EUR 471 m (31.12.2016: EUR 512.4 m). Due to the application of cost price hedging to derivative financial instruments a principle amount of EUR 4.6 bn (31.12.2016: EUR 5.7 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 3.2 bn (31.12.2016: EUR 3.6 bn), recognised at fair value.

[28] Fair value of financial instruments

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.

FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

13

<i>in € million</i>	<i>30.06.2017</i>	<i>31.12.2016</i>
Assets		
Loans to group companies (non-current)	5,062.8	8,063.8
Loans to group companies (current)	3,864.9	2,653.8
Interest rate swaps/cross-currency swaps external	25.7	37.9
FX swaps	6.0	47.1
Interest rate swaps/cross-currency swaps internal	213.9	269.3
Liabilities		
Bonds/notes payable	5,333.7	5,472.3
Loans from group companies (non-current)	172.9	217.2
Loans from group companies (current)	4,547.2	4,628.5
Interest rate swaps/cross-currency swaps external	199.6	253.8
FX swaps	69.9	14.9
Interest rate swaps/cross-currency swaps internal	44.2	64.5

[29] 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 accounts.

MAJOR OUTSTANDING LOAN EXPOSURE

14

<i>in € million</i>			<i>30.06.2017</i>	<i>in percent</i>
Linde AG	Munich	DEU	4,696.5	47.1
Linde UK Holdings Limited	Guildford	GBR	2,777.8	27.8
Linde Gas Holding Sweden AB	Lidingo	SWE	869.4	8.7
Linde Holdings Netherlands B.V.	Schiedam	NLD	374.5	3.8
BOC Holdings	Guildford	GBR	337.6	3.4
Linde Österreich Holding GmbH	Stadl-Paura	AUT	265.0	2.7
PU Elgas	North Ryde	AUS	114.6	1.1
SKTY (Thailand) Limited	Chachoengsao	THA	90.4	0.8
BOC LIMITED (New Zealand)	Auckland	NZL	78.4	0.8
other			375.2	3.8
			9,979.4	100.0

MAJOR OUTSTANDING DEPOSIT EXPOSURE

15

<i>in € million</i>			<i>30.06.2017</i>	<i>in percent</i>
Linde Holdings Netherlands B.V.	Schiedam	NLD	729.8	15.3
The BOC Group Limited	Guildford	GBR	689.5	14.5
Linde UK Holdings Limited	Guildford	GBR	549.9	11.6
BOC Helex	Guildford	GBR	529.8	11.1
BOC Limited	Guildford	GBR	312.0	6.6
BOC Holdings	Guildford	GBR	152.0	3.2
Oy AGA AB	Espoo	FIN	151.8	3.2
Linde North America, Inc.	Wilmington	USA	138.8	2.9
Linde HKO Limited	Hong Kong	HKG	131.7	2.8
other			1,371.1	28.8
			4,756.4	100.0

[30] 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 table below provides the net foreign exchange cash flow positions per 30 June 2017. 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.

NET FOREIGN CURRENCY CASH FLOW POSITION PER CURRENCY

in € thousand Currency	Largest positions of Net FX cash flow positions per currency	In € per 30.06.2017	Latest Maturity
GBP	2,700	3,066	24.04.2030
USD	176	154	26.08.2026
CAD	247	166	17.12.2018
Other currencies		41	
TOTAL POSITION		3,427	

The total Value at Risk (VaR) for the largest positions is per 30 June 2017 EUR 0.5 m (31.12.2016: EUR 1.1 m). The VaR calculation is based on a 97.5 percent VaR for Linde Finance B.V. foreign currency positions (Multivariate normality assumed, i.e. Markowitz approach).

FOREIGN CURRENCY RISK LINDE FINANCE B.V. AS AT 30.06.2017

in € thousand	Exposure FX	Exposure €	VaR €
AUD	-53	-36	-6
CAD	247	167	27
GBP	2,700	3,072	531
RUB	-615	-9	-2
TRY	13	3	1
USD	176	154	23
TOTAL			574
TOTAL RISK (DIVERSIFIED)			544

Interest risk

It is Linde Finance B.V. policy that interest exposures with duration longer than one year are hedged, by entering into interest rate swaps and/or cross-currency swaps.

The table below shows the "unmatched" open nominal positions according to their maturity, for durations of one year and above for all currencies in euro equivalents.

A positive sign is a net long position.

INTEREST RISK

in € thousand Time bucket	Bucket end date	Yearly mismatch	Cumulated mismatch
less than 10 years	30.06.2027	-	-
less than 5 years	30.06.2022	-	-
less than 4 years	30.06.2021	-	-
less than 3 years	30.06.2020	-	-
less than 2 years	30.06.2019	-	-
less than 1 year	30.06.2018	-87,803	-87,803

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 an A+/A-1 rating by Standard & Poor's, a A2/P-1 rating by Moody's and a A+/S-1+ rating by Scope. All 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 counterparty risk associated with derivative transactions.

Liquidity risk

Linde AG, Munich, and Linde Finance B.V. have a EUR 2.5 bn syndicated revolving credit facility at their disposal with a final maturity of 2020. The syndicated revolving credit facility is currently undrawn.

[31] 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 Shareholders. The Directors propose to add the net profits to the retained earnings.

[32] Subsequent events

No subsequent events have occurred.

AMSTERDAM, 27 SEPTEMBER 2017

THE BOARD OF SUPERVISORY
DIRECTORS

THE BOARD OF MANAGING
DIRECTORS

DR SVEN SCHNEIDER
[CHAIRMAN]

MICHA GLASER

DANIEL GEIGER

BJÖRN SCHNEIDER

PROVISIONS IN THE ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT

Article 27 stipulates in short, that profit means the surplus shown in the duly adapted profit and loss account. These profits are at the disposal of the General Meeting of Shareholders subject to the following provisions:

- the company may only make distributions of profits to shareholders to the extent that the shareholders' equity exceeds the paid and called up part of its capital plus the reserves which are required to be maintained by law.
- distribution of profits may only be made after adoption of the annual accounts showing that the distribution is permissible.
- the company may make interim distributions provided that the requirements of paragraph 2 sub a have been met.
- as well as that the shares which the company holds in its own capital shall not count for the purposes of calculating the profit distribution, unless a right usufruct has been constituted on those shares in favour of persons other than the company.
- furthermore, a loss may only be offset against the reserves which are prescribed by law to the extent that it is permitted by law.

REVIEW REPORT

To: the Supervisory Board of Linde Finance B.V.

Introduction

We have reviewed the accompanying company interim financial statements as at 30 June 2017 of Linde Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2017, the profit and loss account and the cash flow statement for the six-month period ended 30 June 2017, and the notes. The Board of Managing Directors of the Company are responsible for the preparation and presentation of the interim financial statements in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on the interim financial statements based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying company interim financial statements as at 30 June 2017 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

AMSTELVEEN, 27 SEPTEMBER 2017
KPMG ACCOUNTANTS N.V.

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