



# Linde Finance B.V.

LINDE FINANCE HALF-YEAR REPORT  
JANUARY TO JUNE 2015



# Interim Financial Statements

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# INTERIM DIRECTOR'S REPORT

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The Board of Managing Directors of Linde Finance B.V. hereby presents the interim financial statements for the first six months of 2015. 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 has been incorporated on 12 May 1999 under Dutch law. Linde Finance B.V. acts as a finance company for the benefit of The Linde Group companies. The ultimate parent of Linde Finance B.V. is Linde AG, Munich, which is listed on the German stock exchange.

## Objectives

The objectives of Linde Finance B.V., in accordance with article 2 of the Articles of Association, are to incorporate, to participate, to manage and finance other group companies. Furthermore to borrow and lend moneys, to place public and private debt and in general to engage in financial and commercial activities which may be conducive to the foregoing.

## Tasks and responsibilities

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

The Board of Managing Directors discusses the internal risk management and control systems with the Supervisory Board. These controls were set up to identify and manage foreign exchange-, interest-, liquidity-, counterparty- and credit risks. As to these risks, Linde Finance B.V. has a conservative approach. For example currency risks are avoided in line with the hedging policies. Interest rate exposures beyond the duration of one year are being hedged if no back to back funding is in place.

The liquidity risk is actively managed and covered by a EUR 2.5 bn five year syndicated revolving credit facility, which was agreed in July 2013. During the reporting period, Linde successfully extended the term of the syndicated revolving credit facility for a second time by one year until 2020. The credit line originally had a term of five years with two options to extend the facility, in each case by one year (subject to the agreement of the lenders).

Intercompany credit exposure has been insured with Linde AG, Munich through a Credit Assurance Agreement. For further information we refer to [NOTE \[31\] PAGE 23](#).

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

## Appointment

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

## Responsibility statement

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

- that the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of Linde Finance B.V.;
- that the interim report gives a true and fair view of the position as per balance sheet date, the development during the financial period of Linde Finance B.V. in the financial statement, together with a description of principal risks it faces.

## Corporate Governance Statement

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

We declare that the substantial risks with which Linde Finance B.V. is confronted are described in these financial statements. These financial statements provide insight into the extent to which risks are prevented and controlled. Linde Finance B.V. takes due consideration of the findings of the external auditor, KPMG Accountants N.V., which audits the financial statements. Based on the reports, our own observations and experiences from the past, the Board of Managing Directors declares, with reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, that the framework for risk management and control, as described above and in the Corporate Governance section of this report, provides a reasonable assurance that the financial reporting does not contain any errors of material importance and that this framework worked properly in the first six months of 2015 interim reporting. 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, 31 AUGUST 2015

THE BOARD OF MANAGING DIRECTORS

MICHA GLASER

# FINANCIAL HIGHLIGHTS

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 DIRECTOR'S REPORT

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

At the end of June 2015 the nominal debt outstanding under this program is EUR 7.3 bn (31.12.2014: EUR 7.3 bn). Thereof EUR 5.0 bn (31.12.2014: EUR 5.0 bn) is issued by Linde Finance B.V..

During the first six months of 2015 Linde Finance B.V. did not issue or repay any bonds or medium term notes.

As per 30 June 2015, Linde Finance B.V. has nominal EUR 700.0 m (31.12.2014: EUR 700.0 m) and GBP 250.0 m (31.12.2014: GBP 250.0 m) of subordinated bonds outstanding. Linde Finance B.V. also has debt outstanding for nominal GBP 200.0 m (31.12.2014: GBP 200.0 m) which originally has been issued by the former BOC GROUP PLC and for which Linde Finance B.V. has been substituted as issuer in December 2007. These three bonds are not issued under the DIP.

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

In July 2013 Linde AG, Munich and Linde Finance B.V. had agreed a new five-year EUR 2.5 bn syndicated revolving credit facility. During the reporting period, Linde successfully extended the term of the syndicated revolving credit facility for a second time by one year until 2020. The credit line originally had a term of five years with two options to extend the facility, in each case by one year (subject to the agreement of the lenders).

Supplementary to the EUR 10.0 bn DIP program, Linde Finance B.V. has a EUR 2.0 bn multi-currency Commercial Paper (CP) Programme which is unconditionally guaranteed by Linde AG, Munich. As per 30 June 2015, Linde Finance B.V. has no Commercial Papers outstanding (31.12.2014: EUR 0.0 m).

During the first six months of 2015 the interest income amounted to EUR 298.3 m (30.06.2014: EUR 293.6 m). The interest expense amounted to EUR 285.9 m (30.06.2014: EUR 283.5 m).

The profit after taxation was EUR 8.4 m (30.06.2014: EUR 8.6 m). Linde Finance B.V. operates under an Advance Pricing Agreement (APA) with the Dutch fiscal authorities. This APA ruling defines the minimum returns for inter-company loans.

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

AMSTERDAM, 31 AUGUST 2015

THE BOARD OF MANAGING DIRECTORS

MICHA GLASER

# INTERIM BOARD OF SUPERVISORY DIRECTOR'S REPORT

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The Board of Supervisory Directors hereby submits the interim report for the first six months of 2015. The interim financial statements have been reviewed by KPMG Accountants N.V. and were provided with an unqualified review opinion on 31 August 2015. The review report can be found on [PAGE 26](#) of the financial statements.

## Corporate Governance

### *Corporate governance rules for the Supervisory Board*

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

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

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

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

The Board of Supervisory Directors met one time in 2015. Besides these meetings there are on-going contacts between the Board of Supervisory Directors and the Board of Management Directors.

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

In connection with the listing of Bonds at the Luxembourg Stock Exchange Linde Finance B.V. is regarded as an "Organisation of Public Interest" (Organisatie van Openbaar Belang).

The current composition of the Board of Supervisory Directors is:

- Georg Denoke (1965, German nationality), member of the Board of Supervisory Directors since 12 September 2006.
- Björn Schneider (1971, German nationality), member of the Board of Supervisory Directors since 24 August 2004.
- Dr Sven Schneider (1966, German nationality), member of the Board of Supervisory Directors since 22 April 2011.

AMSTERDAM, 31 AUGUST 2015

ON BEHALF OF THE BOARD  
OF SUPERVISORY DIRECTORS,

GEORG DENOKE  
CHAIRMAN

*Corporate governance general*

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

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

There were no changes in the governance structure during the first six months of 2015.

*Corporate governance conflict of interests*

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

*Corporate governance, the General Meeting of Shareholders*

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

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

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

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

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

**Principle II.1.1: Appointment**

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

**Principle II.2.1-15: Remuneration**

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

**Principle III.2.1: Independence**

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

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

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

**Principle III.7.1-3: Remuneration**

The Board of Supervisory Directors are not paid any remuneration.

**Principle III.8.1-4: One Tier Management Structure**

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

# BALANCE SHEET ASSETS

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EQUITY AND LIABILITIES

## T1 BALANCE SHEET OF LINDE FINANCE B.V. – ASSETS

<i>in € thousand</i>	<i>Note</i>	<i>30.06.2015</i>	<i>31.12.2014</i>
Other operating fixed assets		21	24
<b>Tangible fixed assets</b>		<b>21</b>	<b>24</b>
Loans to group companies	[1]	5,953,581	8,231,143
Deferred derivatives results	[2]	3,454	4,259
Prepaid expenses	[3]	2,909	3,272
<b>Financial fixed assets</b>		<b>5,959,944</b>	<b>8,238,674</b>
<b>FIXED ASSETS</b>		<b>5,959,965</b>	<b>8,238,698</b>
Loans to group companies	[4]	6,051,597	3,319,270
Interest receivable from group companies	[5]	142,269	157,724
Interest receivables from third parties	[6]	43,441	29,727
Deferred derivatives results	[2]	28,105	32,818
Forward exchange contracts	[7]	68,241	111,066
Derivatives at fair value	[8]	177,137	229,906
Tax receivable	[9]	2,779	4,411
Other assets	[10]	33,767	–
<b>Receivables</b>		<b>6,547,336</b>	<b>3,884,922</b>
Collateral deposits	[11]	84,400	71,200
Liquid assets	[12]	–	7,801
<b>Cash and cash equivalents</b>		<b>84,400</b>	<b>79,001</b>
<b>CURRENT ASSETS</b>		<b>6,631,736</b>	<b>3,963,923</b>
<b>ASSETS</b>		<b>12,591,701</b>	<b>12,202,621</b>



# BALANCE SHEET EQUITY AND LIABILITIES

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## T2 BALANCE SHEET OF LINDE FINANCIAL B.V. – EQUITY AND LIABILITIES

<i>in € thousand</i>	<i>Note</i>	<i>30.06.2015</i>	<i>31.12.2014</i>
Share capital		5,000	5,000
Share premium		150,000	150,000
Retained earnings		136,518	119,357
Unappropriated profits		8,356	17,161
<b>EQUITY</b>	[13]	<b>299,874</b>	<b>291,518</b>
Subordinated bonds	[14]	1,059,917	1,033,030
Bonds notes payable	[15]	4,249,729	4,466,868
Deferred derivatives results		87	98
Loans from group companies	[16]	260,961	265,411
<b>LONG TERM LIABILITIES</b>		<b>5,570,694</b>	<b>5,765,407</b>
Bonds notes payable	[15]	1,030,611	703,309
Collateral borrowing	[17]	20,233	7,733
Credit institutions	[18]	19,484	–
Loans from group companies	[16]	5,209,690	4,938,044
Interest payable to third parties	[19]	140,334	138,638
Interest payable to group companies	[20]	42,452	36,275
Forward exchange contracts	[7]	55,602	77,728
Derivatives at fair value	[8]	177,137	229,906
Other payables to third parties	[21]	20,994	6,298
Other payables to group companies		1,795	1,939
Tax payable		2,772	5,747
Accounts payable		29	79
<b>SHORT TERM LIABILITIES</b>		<b>6,721,133</b>	<b>6,145,696</b>
<b>EQUITY AND LIABILITIES</b>		<b>12,591,701</b>	<b>12,202,621</b>

# PROFIT AND LOSS ACCOUNT

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## T3 PROFIT AND LOSS

<i>in € thousand</i>	<i>Note</i>	<i>January to June 2015</i>	<i>January to June 2014</i>
Group company loans		216,587	219,646
Other interest income		81,740	73,955
<b>INTEREST INCOME</b>	[22]	<b>298,327</b>	<b>293,601</b>
Group company loans		86,715	89,437
Other interest expense		199,159	194,014
<b>INTEREST EXPENSES</b>	[23]	<b>285,874</b>	<b>283,451</b>
<b>NET INTEREST RESULT</b>		<b>12,453</b>	<b>10,150</b>
Foreign exchange result		-976	1,842
<b>FINANCIAL RESULT</b>		<b>11,477</b>	<b>11,992</b>
General and administrative expenses	[24]	393	419
Other income		45	46
<b>PROFIT BEFORE TAXATION</b>		<b>11,129</b>	<b>11,619</b>
Taxation	[25]	2,773	3,025
<b>NET PROFIT AFTER TAXATION</b>		<b>8,356</b>	<b>8,594</b>

# CASH FLOW STATEMENT

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## T4 CASH FLOW STATEMENT

<i>in € thousand</i>	<i>January to June 2015</i>	<i>January to June 2014</i>
<b>NET PROFIT</b>	<b>8,356</b>	<b>8,594</b>
In-/decrease fixed assets	2,278,733	1,413,280
In-/decrease current assets	-2,675,614	-1,919,065
In-/decrease long term liabilities	-194,713	30,611
In-/decrease current liabilities	575,437	161,740
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-16,157</b>	<b>-313,434</b>
Proceeds from issuance of debt securities	-	300,000
Repayment of debt securities	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>300,000</b>
In-/decrease cash at banks	-7,801	-4,840
Liquid assets 1 January	7,801	4,840
<b>LIQUID ASSETS 30 JUNE</b>	<b>-</b>	<b>-</b>
<b>INCLUDED IN THE CASH FLOW FOR THE YEAR ARE THE FOLLOWING AMOUNTS</b>		
Interest income received	266,277	279,820
Interest expenses paid	-253,061	-265,192
Income taxes paid	3,175	5,935



# GENERAL ACCOUNTING PRINCIPLES

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## General

Linde Finance B.V. is registered in Amsterdam, Buitenveldertselaan 106, the Netherlands and has been incorporated on 12 May 1999 under Dutch law. Linde Finance B.V. acts as a finance company for the benefit of The Linde Group companies. The ultimate parent of Linde Finance B.V. is Linde AG, Munich, which is listed on the German stock exchange.

## Basis of presentation

The accompanying accounts have been prepared under the historical cost convention in accordance with generally accepted accounting principles in the Netherlands and in conformity with the 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. The financial statements are prepared on a going concern basis.

## Accounting policies

The initial measurement of all assets and liabilities is fair value. The subsequent measurement of all assets and liabilities is amortised cost unless a different valuation principle is indicated in the accompanying notes. Assets are shown net of provisions where necessary. Income and expenses are attributed to the financial year to which they relate.

## Announced changed policies for financial instruments

As per the first of January 2014, the accounting principle "RJ290" (main change is the ineffectiveness testing of derivatives when cost price hedge accounting is applied) has been changed. Linde Finance B.V. is in compliance with these changes.

## Cost price hedge accounting

Linde Finance B.V. applies the cost price hedging model to hedge interest rate risk and foreign currency risk. Cost price hedging means that derivative financial instruments follow the valuation principle of the hedged item (i.e. cost price). Linde Finance B.V. documents the hedge relationships in hedge documentation and periodically assesses the effectiveness of the hedge relationships by verifying that no over or under hedges exists based on the critical terms check.

## Fair Value Accounting

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

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

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

## Cash flow statement

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

## Foreign currencies

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

## Net result

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

## Financial fixed assets

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

## Taxation

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

# NOTES TO THE INTERIM ACCOUNTS AS PER 30 JUNE 2015

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## Assets

### [1] Loans to group companies

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

#### T5 MOVEMENT IN LONG TERM LOANS TO GROUP COMPANIES

<i>in € thousand</i>	<i>2015</i>	<i>2014</i>
<b>At 1 January</b>	<b>8,231,143</b>	<b>8,222,485</b>
New loans	12,245	667,034
Reclassified to short term loans	-2,413,820	-1,804,282
Translation adjustment	124,013	44,502
Loans redeemed	-	-319,290
<b>At 30 June</b>	<b>5,953,581</b>	<b>6,810,449</b>

An amount of EUR 1.8 bn (31.12.2014: EUR 1.8 bn) of the principal portions outstanding have a final maturity over more than five years.

Long-term loans to group companies for a total amount of EUR 1.7 bn (31.12.2014: EUR 1.9 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 2015 was 5.24 percent (31.12.2014: 4.08 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 28.1 m (31.12.2014: EUR 32.8 m). The unwinding of derivatives has been executed on a risk neutral basis.

A remaining amount of EUR 3.5 m (31.12.2014: EUR 4.3 m) will be amortised over the remaining tenor of the settled swap.



### [3] Prepaid expenses

In July 2013 Linde AG, Munich and Linde Finance B.V. had agreed a new five-year EUR 2.5 bn syndicated revolving credit facility. During the reporting period, Linde successfully extended the term of the syndicated revolving credit facility for a second time by one year until 2020. The credit line originally had a term of five years with two options to extend the facility, in each case by one year (subject to the agreement of the lenders).

Linde Finance B.V. paid an upfront premium of EUR 4.5 m. The outstanding value per 30 June 2015 of EUR 2.9 m (31.12.2014: EUR 3.3 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 6.1 bn (31.12.2014: EUR 3.3 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 2015 is 2.05 percent (31.12.2014: 1.78 percent).

Short-term loans to group companies for a total amount of EUR 1.1 bn (31.12.2014: EUR 739.3 m) are denominated in a currency other than Euro at 30 June 2015. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks. The valuation of the loans and foreign exchange contracts is based on the prevailing rate of exchange on the respective reporting dates.

### [5] Interest receivable from group companies

Interest receivables from group companies include accrued interest on loans of EUR 121.2 m (31.12.2014: EUR 152.0 m), EUR 19.8 m (31.12.2014: EUR 3.1 m) accrued interest on derivatives with group companies and EUR 1.3 m (31.12.2014: EUR 2.7 m) of upfront premium on derivatives with group companies, which will be amortised over the remaining tenor.

### [6] Interest receivables from third parties

Other receivables from third parties include accrued interest of EUR 43.4 m (31.12.2014: EUR 29.7 m) from interest rate swaps and cross currency swaps.

### [7] Forward exchange contracts

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

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

### [8] Derivatives at fair value

The derivatives at fair value only consists of forward starting interest rate swaps of EUR 177.14 m (31.12.2014: 229.9 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 2015 Linde Finance B.V. has a tax receivable of EUR 2.8 m (31.12.2014: EUR 4.4 m) related to corporate income tax and withholding tax.

## [10] Other assets

Other assets include EUR 33.8 m (31.12.2014: EUR 0.0 m) of early payment of foreign currency settlement with a value date in the second half of 2015 but book date in the first half of 2015.

## [11] Collateral deposits

Since 2010 Linde Finance B.V. has Credit Support Annexes (CSAs) in place with its major financial market participants to mitigate the counterpart risk. The outstanding value of the cash collateral deposited by Linde Finance B.V. at banks per 30 June 2015 is EUR 84.4 m (31.12.2014: EUR 71.2 m).

## [12] Liquid assets

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

## Equity and liabilities

### [13] Equity

Authorized share capital consists of 15,000 shares of EUR 1,000 each. As per 30 June 2015, the total number of shares outstanding which are fully paid in, are 5,000 (31.12.2014: 5,000). All shares of Linde Finance B.V. are held by Linde Holdings Netherlands B.V., Schiedam. The ultimate parent of Linde Finance B.V. is Linde AG, Munich, which is listed on the German stock exchange.

#### T6 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>
<b>At 1 January 2014</b>	<b>5,000</b>	<b>150,000</b>	<b>109,955</b>	<b>9,402</b>	<b>274,357</b>
Transfer to retained earnings	-	-	9,402	-9,402	-
unappropriated profits	-	-	-	17,161	17,161
<b>At 31 December 2014 / At 1 January 2015</b>	<b>5,000</b>	<b>150,000</b>	<b>119,357</b>	<b>17,161</b>	<b>291,518</b>
Transfer to retained earnings	-	-	17,161	-17,161	-
unappropriated profits	-	-	-	8,356	8,356
<b>At 30 June 2015</b>	<b>5,000</b>	<b>150,000</b>	<b>136,518</b>	<b>8,356</b>	<b>299,874</b>

### [14] Subordinated bonds

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

#### T7 SUBORDINATED BONDS

	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon (percent)</i>	<i>Effective yield to first call (percent)</i>	<i>First call date</i>	<i>Maturity date</i>	<i>Coupon when first call is not exercised (percent)</i>	<i>Exchange</i>
1	EUR	700	7,375	7,558	14.07.2016	14.07.2066	3 month Euribor+4,125	Irish Stock Exchange *
2	GBP	250	8,125	8,265	14.07.2016	14.07.2066	3 month GBP Libor+4,125	Irish Stock Exchange *

\* Not issued under DIP

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

This right to call applies to the EUR 700 m and GBP 250 m subordinated bonds issued in July 2006 which have a final maturity date of 14 July 2066. This right applies as from 14 July 2016. If the right to call the loan is not exercised on this date, the coupon will attract interest at a variable rate (3-month Euribor +4.125 percent for the euro bond and 3-month LIBOR +4.125 percent for the bond in British pounds). The right to call the bond will then be available every quarter on the due date for interest payment. The coupon payment may be sus-

pending on any due date for interest payment. Coupon payments not made will be made up if The Linde Group makes payments for securities pari passu or subordinated securities or Linde AG makes dividend payments.

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



## [15] Bonds notes payable

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

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

### T8 BONDS NOTES PAYABLE

<i>in € thousand</i>	<i>30.06.2015</i>	<i>31.12.2014</i>
< 1 year	1,030,611	703,309
1-5 years	2,755,241	3,022,327
> 5 years	1,494,488	1,444,541
	<b>5,280,340</b>	<b>5,170,177</b>

The bonds notes payable of Linde Finance B.V., bear an average interest of 4.6 percent (31.12.2014: 4.6 percent). An amount of EUR 5.0 bn (31.12.2014: EUR 4.9 bn) of bonds notes payable have been issued by Linde Finance B.V. under the terms of the Debt Issuance Programme. With respect to this programme Linde AG, Munich has issued an unconditional and irrevocable guarantee in favour of Linde Finance B.V..

Bonds notes payable under the terms of the Debt Issuance Programme for an amount of EUR 1.2 bn (31.12.2014: EUR 1.1 bn) are denominated in a currency other than Euro. If no natural hedge is in place Linde Finance B.V. has entered into foreign exchange contracts or cross currency swaps to hedge foreign currency risks.

### T9 ISSUED BONDS LINDE FINANCE B.V.

	<i>Currency</i>	<i>Principal in million</i>	<i>Coupon (percent)</i>	<i>Maturity date</i>	<i>Exchange</i>
1	AUD	150	variable	19.08.2015	Bourse de Luxembourg
2	EUR	600	6.750	08.12.2015	Bourse de Luxembourg
3	GBP	200	6.500	29.01.2016	London Stock Exchange*
4	USD	50	variable	02.03.2016	not listed
5	USD	50	variable	11.07.2016	not listed
6	USD	20	variable	19.07.2016	not listed
7	USD	20	variable	20.04.2017	not listed
8	EUR	1,000	4.750	24.04.2017	Bourse de Luxembourg
9	EUR	50	variable	23.05.2018	not listed
10	EUR	750	3.125	12.12.2018	Bourse de Luxembourg
11	USD	150	variable	23.05.2019	not listed
12	EUR	500	1.750	11.06.2019	Bourse de Luxembourg
13	AUD	100	4.250	20.06.2019	Bourse de Luxembourg
14	USD	200	variable	21.08.2019	not listed
15	EUR	600	3.875	01.06.2021	Bourse de Luxembourg
16	GBP	300	5.875	24.04.2023	Bourse de Luxembourg
17	EUR	300	1.875	22.05.2024	Bourse de Luxembourg
18	USD	200	3.434	26.08.2026	Bourse de Luxembourg

\* Not issued under DIP

## [16] Loans from group companies

Linde Finance B.V. holds loans from group companies for a total amount of EUR 5.4 bn (31.12.2014: EUR 5.1 bn). An amount of EUR 261.0 m (31.12.2014: EUR 265.4 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 2015 the average interest rate on these loans was 0.31 percent (31.12.2014: 0.36 percent).

Short-term loans from group companies for an amount of EUR 3.2 bn (31.12.2014: EUR 3.2 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.

## [17] 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 2015 is EUR 20.2 m (31.12.2014: EUR 7.7 m).

## [18] Credit institutions

Credit institutions comprise only current bank accounts with negative value.

## [19] Interest payable to third parties

### T10 INTEREST PAYABLE TO THIRD PARTIES

<i>in € thousand</i>	<i>30.06.2015</i>	<i>31.12.2014</i>
Accrued interest bonds notes payable	65,865	94,217
Accrued interest subordinated bonds	62,933	36,437
Accrued interest derivatives	9,077	4,834
Upfront premiums received on derivatives	2,459	3,150
	<b>140,334</b>	<b>138,638</b>

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

## [20] Interest payable to group companies

Interest payable to group companies include accrued interest on loans from group companies of EUR 2.2 m (31.12.2014: EUR 2.3 m) and accrued interest on derivatives with group companies of EUR 39.9 m (31.12.2014: EUR 33.3 m).

This also includes upfront premiums received on derivatives with group parties for an amount of EUR 0.4 m (31.12.2014: EUR 0.7 m), which will be amortised over the remaining tenor.

## [21] Other payables to third parties

Other payables include EUR 21.0 m (31.12.2014: EUR 0.0 m) of early payment of foreign currency settlement with a value date in the second half of 2015 but book date in the first half of 2015. In 2014 6.3 m of unpaid financial transactions were included.

## Profit and loss

### [22] Interest income

The interest income includes EUR 216.6 m (30.06.2014: EUR 219.7 m) of interest income on loans given to group companies. The other interest income EUR 81.7 m (30.06.2014: EUR 74.0 m) is income generated from external derivatives, amortisation of discounts and other interest income.

### [23] Interest expense

The interest expense includes EUR 86.7 m (30.06.2014: EUR 89.4 m) of interest from loans of group companies. The other interest expense of EUR 199.2 m (30.06.2014: EUR 194.0 m) comprises mainly of interest expenses for external bonds, external derivatives and the amortisation of discounts. The interest expense includes EUR 2.9 m (30.06.2014: EUR 2.8 m) internal fee related to the guarantee issued by Linde AG, Munich.

### [24] General and administrative expenses

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

#### T11 GENERAL AND ADMINISTRATIVE EXPENSES

<i>in € thousand</i>	<i>January to June 2015</i>	<i>January to June 2014</i>
Wages and salaries	245	274
Other general and administrative expenses	148	145
	<b>393</b>	<b>419</b>

### [25] Taxation

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

This APA ruling defines the minimum returns for inter-company loans.

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

#### T12 TAXATION

<i>in € thousand</i>	<i>January to June 2015</i>	<i>January to June 2014</i>
Profit before taxation	11,129	11,619
Income tax rate (percent)	25.00	25.00
Income tax expenses	2,773	3,025
Effective tax rate (percent)	<b>24.92</b>	<b>26.03</b>

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## [26] Auditors' fees and services

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

## [27] Directors

Linde Finance B.V. has one Managing Director (30.06.2014: one) and three Supervisory Board Members (30.06.2014: three). The members of the Supervisory Board did not receive any remuneration during the first six months of 2015. Furthermore Linde Finance B.V. avails itself to the stipulations laid down in article 2:383, section 1, of the Dutch Civil Code with regard to the remuneration of the Managing Director.

## [28] Employees

During the first six months of 2015 Linde Finance B.V. had an average of 3.0 full time equivalents (31.12.2014: 3.0).

The wages and salaries refer to [NOTE \[24\] PAGE 20](#) includes social security charges and pension premium costs of EUR 25.4 k (30.06.2014: 29.1 k). The employees participate in the Industry – wide "Stichting Pensioen Fonds voor de Grafische Bedrijven" fund. All accrued rights, build-up in the "Stichting Pensioen-fonds N.V. Linde Gas Benelux" up to 2014, were transferred to "Stichting Pensioen Fonds voor de Grafische Bedrijven" on first 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.

## [29] Off balance sheet commitments

Linde Finance B.V. has entered into a number of interest rate swap agreements, with a principal amount of EUR 11.7 bn (31.12.2014: EUR 11.6 bn) and a number of cross currency swap agreements, with a principal amount of EUR 404.9 m (31.12.2014: EUR 397.8 m). Due to the application of cost price hedging to derivative financial instruments an amount of EUR 6.9 bn (31.12.2014: EUR 6.8 bn) are following the valuation principle of the hedged items (i.e. cost price). The principal amount includes forward starting interest rate swaps of EUR 4.8 bn (31.12.2014: EUR 4.8 bn), recognised at fair value.

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

In July 2013 Linde AG, Munich and Linde Finance B.V. had agreed a new five-year EUR 2.5 bn syndicated revolving credit facility. During the reporting period, Linde successfully extended the term of the syndicated revolving credit facility for a second time by one year until 2020. The credit line originally had a term of five years with two options to extend the facility, in each case by one year (subject to the agreement of the lenders).

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

The fair value of financial instruments is determined using measurement methods customary in the market, based on market parameters specific to the instrument.

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

The table below shows the fair value of financial assets and liabilities.

## T13 FAIR VALUES FINANCIAL ASSETS AND LIABILITIES

<i>in € million</i>	<i>30.06.2015</i>	<i>31.12.2014</i>
<b>Assets</b>		
Loans to group companies (non current)	6,693.5	9,138.4
Loans to group companies (current)	6,090.6	3,350.3
Interest rate swaps/cross currency swaps external	138.3	147.9
FX swaps	30.6	70.2
Interest rate swaps/cross currency swaps internal	213.4	258.9
<b>Liabilities</b>		
Bonds/notes payable	5,352.0	5,710.3
Subordinated bonds	1,119.5	1,117.2
Loans from group companies (non current)	259.5	258.6
Loans from group companies (current)	5,175.7	4,903.1
Interest rate swaps/cross currency swaps external	190.7	243.4
FX swaps	21.1	39.4
Interest rate swaps/cross currency swaps internal	125.2	142.4

## [30] 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 interim accounts.

## T14 MAJOR OUTSTANDING LOAN EXPOSURE

<i>in € million</i>			<i>30.06.2015</i>	<i>in percent</i>
Linde AG	Munich	DEU	5,424.7	45.2
Linde UK Holdings Limited	Guilford	GBR	3,396.8	28.3
Linde Gas Holding Sweden AB	Lidingo	SWE	881.3	7.3
Linde Holdings Netherlands B.V.	Schiedam	NLD	461.5	3.8
BOC Holdings	Guilford	GBR	415.9	3.5
The BOC Group Limited	Guilford	GBR	351.1	2.9
Linde Österreich Holding GmbH	Stadl- Paura	AUT	265.0	2.2
Abello Linde SA	Barcelona	ESP	158.6	1.3
Linde Canada Limited	Mississauga	CAN	141.8	1.2
other			508.5	4.3
			<b>12,005.2</b>	<b>100.0</b>

**T15 MAJOR OUTSTANDING DEPOSIT EXPOSURE**

<i>in € million</i>			<i>30.06.2015</i>	<i>in percent</i>
Linde UK Holdings Limited	Guilford	GBR	1,688.2	30.9
The BOC Group Limited	Guilford	GBR	845.9	15.5
BOC Helex	Guilford	GBR	600.2	11
Linde North America Inc	Murray Hill	USA	371.0	6.8
Linde Holdings, LLC	Tulsa	USA	368.5	6.7
BOC LIMITED	Guilford	GBR	263.0	4.8
Oy AGA AB	Espoo	FIN	132.8	2.4
BOC HOLDINGS	Guilford	GBR	82.5	1.5
Linde Gas GmbH	Stadl-Paura	AUT	75.6	1.3
other			1,043.0	19.1
			<b>5,470.7</b>	<b>100.0</b>

**[31] Risk management***Foreign currency risk*

It is the objective of Linde Finance B.V. to eliminate foreign currency risks. With the exception of margins generated by foreign currency denominated back to back loans, Linde Finance B.V. enters into currency contracts and cross currency swaps in order to hedge Linde Finance B.V.'s currency exposure. The underlying assets and liabilities are translated into Euro at the balance sheet date. The derivatives used to hedge the currency

risk exposure are included in the balance sheet in accordance with the cost price hedging model. The positions are regularly checked as part of the risk management procedures.

The below table provides the net foreign exchange cash flow positions per 30 June 2015. 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.

**T16 NET FOREIGN CURRENCY CASH FLOW POSITION PER CURRENCY**

<i>in thousand Currency</i>	<i>Largest positions of Net FX cash flow positions per currency</i>	<i>In € per 30.06.2015</i>	<i>Latest Maturity</i>
GBP	3.953	5.586	24.04.23
CAD	1.374	988	17.12.18
USD	2.409	2.179	26.08.26
Other currencies		339	
<b>Total position</b>		<b>9.092</b>	

The total Value at Risk (VaR) for the largest positions is per 30 June 2015 EUR 1.3 m (31.12.2014: 1.4 m). The VaR calculation is based on a 97.5% VaR for Linde

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



**T17 FOREIGN CURRENCY RISK LINDE FINANCE B.V. AS AT 30.06.2015**

<i>in thousand</i>	<i>Exposure FX</i>	<i>Exposure €</i>	<i>VaR €</i>
AUD	-1.804	1.239	169
CAD	-851	-614	86
GBP	3.953	5.559	1.244
HKD	4	0	0
NZD	-1.398	852	112
RUB	-189	-3	-
TRY	-7.735	-2.573	218
SEK	96	10	-
USD	2.246	2.012	375

**Interest risk**

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

The table below shows the “un-matched” open nominal positions according to their maturity, for durations of one year and above for all currencies in EUR equivalents. A positive sign is a net long position.

**T18 INTEREST RISK**

<i>in € thousand</i> <i>Time bucket</i>	<i>Bucket end date</i>	<i>Yearly mismatch</i>	<i>Cumulated mismatch</i>
less than 10 years	30.06.2024	-	-
less than 5 years	30.06.2019	-	-
less than 4 years	30.06.2018	-	-
less than 3 years	30.06.2017	-	-
less than 2 years	30.06.2016	-	-
less than 1 year	30.06.2015	149,847	149,847

**Credit risk / Counterparty risk**

Linde Finance B.V. solely provides loans within The Linde Group. Intercompany credit exposure has been insured with Linde AG, Munich through a Credit Assurance Agreement. The associated expenses are charged on to the companies through an additional risk premium on top of the base rate.

Linde AG, Munich, which has issued an unconditional and irrevocable guarantee in relation to the Debt Issuance and Commercial Paper Programme, presently has a A+ / A-1 rating by Standard & Poor's and A2 / P-1 rating by Moody's. Both credit ratings have a stable outlook.

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

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

#### *Liquidity risk*

The liquidity risk is actively managed and covered by a currently undrawn EUR 2.5 bn five year syndicated revolving credit facility, which was agreed in July 2013. During the reporting period, Linde successfully extended the term of the syndicated revolving credit facility for a second time by one year until 2020. The credit line originally had a term of five years with two options to extend the facility, in each case by one year (subject to the agreement of the lenders).

## [32] Other information

### *Appropriation of Results*

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

## [33] Subsequent events

No subsequent event occurred.

AMSTERDAM, 31 AUGUST 2015

THE BOARD OF MANAGING  
DIRECTORS

MICHA GLASER

THE BOARD OF SUPERVISORY  
DIRECTORS

GEORG DENOKE, CHAIRMAN

BJÖRN SCHNEIDER

DR SVEN SCHNEIDER

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## *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports.

AMSTELVEEN, 31 AUGUST 2015

KPMG ACCOUNTANTS N.V.

F.M. VAN DEN WILDENBERG RA

## Review Report

To: the General Meeting of Shareholders of Linde Finance B.V.

### *Introduction*

We have reviewed the accompanying interim financial information as at 30 June 2015 of Linde Finance B.V., Amsterdam, which comprises the balance sheet as at 30 June 2015, the profit and loss account for the period of 6 months ended at 30 June 2015, and the notes. Management of the Company is responsible for the preparation and presentation of this interim financial information in accordance with the Dutch Guideline for Annual Reporting 394 on Interim Reports. Our responsibility is to express a conclusion on this interim financial information 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 information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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