

Q3

Linde Interim Report. January to September 2008.

LeadIng.


THE LINDE GROUP

Linde Financial Highlights

in € million	January to September 2008	2007	Change
Share			
Closing price	€ 75.48	87.09	-13.3%
Year high	€ 97.90	93.20	5.0%
Year low	€ 71.01	71.68	-0.9%
Market capitalisation	12,718	14,244	-10.7%
Earnings per share¹	€ 4.14	3.55	16.6%
Earnings per share	€ 3.29	4.48	-26.6%
Number of shares outstanding (in 000s)	168,489	163,556	3.0%
Sales	9,392	8,958	4.8%
Operating profit	1,910	1,770	7.9%
EBIT before amortisation of fair value adjustments and non-recurring items	1,288	1,147	12.3%
Non-recurring items	59	574	-
Earnings after taxes on income Group	593	764	-22.4%
attributable to minority interests	41	41	0.0%
attributable to Linde AG shareholders	552	723	-23.7%
Number of employees²	51,171	50,485	1.4%
Gases Division			
Sales	7,157	6,850	4.5%
Operating profit	1,819	1,707	6.6%
Engineering Division			
Sales	2,063	1,835	12.4%
Operating profit	183	160	14.4%

¹ Adjusted for the effects of the purchase price allocation on the acquisition of BOC and for non-recurring items.

² Continuing operations as of 30 September 2008/31 December 2007.

Linde Interim Report. January to September 2008.

January to September 2008: The Linde Group continues steady growth trend and improves operating margin

- Sales growth of 11.0 percent after adjusting for exchange rate effects to EUR 9.392 bn; growth of 4.8 percent on reported basis
- 12.9 percent increase in operating profit¹ after adjusting for exchange rate effects to EUR 1.910 bn; increase of 7.9 percent on reported basis
- Operating margin improved by 50 basis points to 20.3 percent
- Adjusted earnings per share up 16.6 percent to EUR 4.14
- Outlook for 2008 reaffirmed: sales expected to increase and earnings expected to rise at a faster rate than sales
- New programme for sustainable productivity improvements already started

¹ Operating profit: EBITDA before non-recurring items, including share of net income from associates and joint ventures.

Interim Group Management Report

General economic environment

The economic situation is continuing to worsen in the wake of the global financial and banking crisis. According to the International Monetary Fund (IMF), the downturn will affect each of the G7 nations at different times. The greatest impact is expected to be felt in 2009.

In the current year 2008, economic forecasters are predicting economic growth in the eurozone of 1.3 percent. This would be half the rate achieved in the previous year. The German economy should see growth of 1.8 percent in the year 2008 (2007: 2.5 percent), while economic output in the UK is expected to reach only 1.0 percent, a mere third of the prior year's growth rate. Most experts believe that the US economy is already in recession and that it will continue to contract in the fourth quarter.

The high rate of economic growth in the newly industrialised countries will last until the end of 2008 at least. In China, for example, it is probable that the slowdown will only become significant if the demand from industrial nations for goods and services falls as the result of a recession and there is a collapse in personal consumption at the same time. The IMF is therefore sticking to its view that China's gross domestic product will increase by 9.7 percent this year.

The IMF forecasts that the emerging markets will continue to achieve the highest growth rates in 2009. These economies might experience a slowdown, but not a downturn. In the IMF's view, the risk of a global depression – the simultaneous contraction of the gross domestic product in all the major world economies – is therefore only slight.

Group

The Linde Group saw an 11.0 percent increase in sales in the first nine months of the year to EUR 9.392 bn after adjusting for exchange rate effects, maintaining the good business performance it achieved in the first six months of the year. We also continued to improve our profitability, increasing our operating profit by 12.9 percent to EUR 1.910 bn if exchange rate effects are not taken into account. Compared with the prior year period, the operating margin improved by 50 basis points to 20.3 percent.

On the basis of reported figures, sales increased by 4.8 percent (2007: EUR 8.958 bn) and operating profit by 7.9 percent (2007: EUR 1.770 bn).

Earnings before taxes on income of EUR 796 m were lower than the figure for the comparable prior year period of EUR 1.109 bn. However, this is mainly due to non-recurring items of EUR 574 m in the first nine months of 2007 relating to the disposal of businesses. In the current year, Linde has made a profit on the disposal of businesses of EUR 59 m.

Earnings after tax for the Group were EUR 593 m (2007: EUR 764 m). Of this amount, earnings attributable to Linde AG shareholders were EUR 552 m (2007: EUR 723 m), giving earnings per share of EUR 3.29 (2007: EUR 4.48). Here, too, the non-recurring items relating to the disposal of businesses should be taken into account when comparing the figures with those for the prior year. On an adjusted basis, i.e. after adjusting for the book profit on the disposal of the businesses and the effect of the purchase price allocation in the course of the BOC acquisition, earnings per share increased by 16.6 percent from EUR 3.55 to EUR 4.14.

Gases Division

The positive business trends in the Gases Division have continued, with an 11.0 percent increase in sales in the first nine months of the year to EUR 7.157 bn after adjusting for exchange rate effects. If changes in the price of natural

gas and changes to Group structure are also taken into account, the rate of sales growth was 8.7 percent. On the basis of reported figures, sales increased by 4.5 percent (2007: EUR 6.850 bn).

Sales arising from The Linde Group's participation in joint ventures increased by 21.7 percent to EUR 515 m after adjusting for exchange rate effects. According to IFRS, sales from joint ventures are not included in Group sales.

The operating profit of the Gases Division again rose at a faster rate than sales, increasing by 11.8 percent in the first nine months of the year after adjusting for exchange rate effects to EUR 1.819 bn. The reported increase in operating profit was 6.6 percent (2007: EUR 1.707 bn). The operating margin improved once again. At 25.4 percent, it was 50 basis points higher than the prior year figure of 24.9 percent.

The individual regions and product areas of the Gases Division show the following business trends:

The Western Europe operating segment achieved a 5.9 percent increase in sales in the first nine months of 2008 to EUR 3.131 bn on a comparable basis, i.e. after adjusting for exchange rate effects, changes in the price of natural gas and changes in Group structure. On the basis of reported figures, the increase was 4.5 percent (2007: EUR 2.995 bn).

Operating profit in the first nine months of the year rose 4.7 percent to EUR 854 m (2007: EUR 816 m). The operating margin of 27.3 percent hence remained on the high prior year level.

Contributing to this positive trend were volume increases and upward price trends in the cylinder gas product area – and especially within specialty gases – in our core markets Germany and the UK.

In the solar energy growth segment, our subsidiary Linde Nippon Sanso was able to conclude an exclusive contract in the third quarter with the Spanish company T-Solar S.A. In future, we will be the sole supplier of liquefied and specialty gases to this manufacturer of thin-film solar cells at its site in Ourense, Galicia. This new contract underlines again our leading market position in this attractive end-market segment.

In the Americas operating segment, we achieved a 6.9 percent increase in sales in the reporting period on a comparable basis to EUR 1.652 bn. On the basis of reported figures, sales in this segment were below the prior year figure of EUR 1.837 bn. This is due to the unfavourable effect of currency variations and especially to changes in the scope of consolidation. Thus, prior year sales included businesses in the cylinder, bulk and Healthcare (INO) product areas which were sold in the first six months of 2007.

As a result, the operating profit in the Americas operating segment in the nine months to 30 September 2008 of EUR 320 m was lower than the figure for the prior year period of EUR 338 m. The operating margin increased by 100 basis points to 19.4 percent. The positive impact of portfolio optimisation, price trends and efficiency improvements more than offset the dilution of the margin as a result of the contractual pass-through of natural gas price increases to our customers.

The tonnage product area also benefited from the ramp-up of new hydrogen plants in North and South America.

In the first nine months of the year, the Asia & Eastern Europe operating segment achieved sales of EUR 1.459 bn (2007: EUR 1.145 bn). On a comparable basis, this was an increase of 12.4 percent. On the basis of reported figures, the rate of growth was 27.4 percent. The first-time consolidation of our former joint ventures in Malaysia, Hong Kong and Taiwan also contributed to the good business performance in this segment.

Asia & Eastern Europe saw another rapid rise in operating profit (26.0 percent) to EUR 417 m (2007: EUR 331 m). Once again, we achieved our highest operating margin in this growth region (28.6 percent).

The positive business trend in the Asia & Eastern Europe operating segment was generated as a result of the sustained high level of demand in the entire region.

The trends in Eastern Europe continue to be based on high volume growth and upward price trends for cylinder gases in all the major markets. The tonnage business also saw positive trends. In the third quarter, sales arising from the newly-agreed supply contract with ArcelorMittal in Romania had an impact for the first time on the figures.

Growth in Asia is based on continuing dynamic business activity in the industrial clusters of the region Greater China and in other countries of South and East Asia.

The South Pacific & Africa operating segment achieved a 12.7 percent increase in sales in the first nine months of the year on a comparable basis to EUR 969 m. On the basis of reported figures, the increase over the prior year figure of EUR 947 m was only 2.3 percent, as a result of unfavourable exchange rate movements arising from the devaluation of the South African rand. For the same reason, our operating profit of EUR 228 m was only slightly above the figure for the first nine months of 2007 of EUR 222 m. The operating margin of 23.5 percent was negatively impacted especially by energy price increases, and was therefore at last year's level.

In Australia, construction work started in the third quarter on the first local helium production and liquefaction plant. Once it comes on stream in the summer of 2009, the plant will produce 750 tons of high-purity liquefied helium per annum, supplying customers in Australia and in the Asia/Pacific region. This will enable us to strengthen our market position and benefit from the rising demand for helium.

After the end of the reporting period, we purchased the remaining 50 percent of the shares in the Australian LPG company Elgas from our joint venture partner AGL Energy. Elgas is the largest marketer of LPG (Liquefied Propane Gas) in Australia. We will benefit from the synergies between the LPG business and our strong industrial gases business, and we will use Elgas's excellent infrastructure to expand our LPG activities in Australia and New Zealand (see also note [14] Significant events after the balance sheet date).

The various product areas performed as follows. On a comparable basis, i.e. after adjusting for exchange rate effects, changes in the price of natural gas and changes in Group structure, we increased sales in the bulk business by 6.2 percent to EUR 1.761 bn (2007: EUR 1.658 bn). In the cylinder gas business, we achieved a 11.6 percent increase in sales on the same basis to EUR 2.843 bn (2007: EUR 2.548 bn), while the increase by 6.9 percent in the tonnage business in the nine months to September amounted to EUR 1.818 bn (2007: EUR 1.700 bn). Sales in the Healthcare product area rose 8.2 percent to EUR 735 m (2007: EUR 679 m).

Gases Division

in € million	January to September 2008			2007		
	Sales	Operating profit	Margin	Sales	Operating profit	Margin
Western Europe	3,131	854	27.3%	2,995	816	27.2%
Americas	1,652	320	19.4%	1,837	338	18.4%
Asia & Eastern Europe	1,459	417	28.6%	1,145	331	28.9%
South Pacific & Africa	969	228	23.5%	947	222	23.4%
Consolidation	-54	-	-	-74	-	-
Gases Division	7,157	1,819	25.4%	6,850	1,707	24.9%

Gases Division

in € million	3rd Quarter 2008			2007		
	Sales	Operating profit	Margin	Sales	Operating profit	Margin
Western Europe	1,048	279	26.6%	1,020	275	27.0%
Americas	570	114	20.0%	562	98	17.4%
Asia & Eastern Europe	514	148	28.8%	433	133	30.7%
South Pacific & Africa	337	84	24.9%	341	76	22.3%
Consolidation	-21	-	-	-59	-	-
Gases Division	2,448	625	25.5%	2,297	582	25.3%

Engineering Division

The Engineering Division continued on its growth path, achieving a 12.4 percent increase in sales in the first nine months of 2008 to EUR 2.063 bn (2007: EUR 1.835 bn). Operating profit rose 14.4 percent compared with the prior year period to EUR 183 m (2007: EUR 160 m). The operating margin was 8.9 percent (2007: 8.7 percent), once again exceeding our target margin of 8 percent.

The market environment for international plant construction remains positive. This is reflected by the order intake for our four core product segments: air separation plants, hydrogen and synthesis gas plants, olefin plants and natural gas plants. Our order intake, at EUR 2.295 bn, remained at the same high level as in the previous year. The order backlog has increased slightly since the beginning of the year, and stood at EUR 4.632 bn at 30 September 2008 (31 December 2007: EUR 4.391 bn).

As a result of the major contract with Abu Dhabi National Oil Company (ADNOC) for around USD 800 m signed in the first half of the year, 58 percent of the order intake related to the air separation plant segment. A further 15 percent of orders related to the olefin plant segment and 14 percent to the hydrogen and synthesis gas plant segment. The share of orders relating to the natural gas plant segment at 30 September 2008 was 6 percent and the share of other projects 7 percent.

The order intake saw a balanced regional spread. At the end of September, 32 percent of new orders related to Europe, while the Asia/Pacific region and the Middle East region each accounted for 26 percent of the order intake. 11 percent of orders came from North or South America and a further 5 percent from Africa.

Engineering Division

in € million	3rd Quarter 2008		January to September 2008	
	2008	2007	2008	2007
Sales	652	701	2,063	1,835
Order intake	738	749	2,295	2,248
Order backlog as of 30.09./31.12.	-	-	4,632	4,391
Operating profit	57	62	183	160
Margin	8.7%	8.8%	8.9%	8.7%

Engineering Division – order intake by regions

in € million	3rd Quarter		2007	in %
	2008	in %		
Europe	324	43.9	200	26.7
North America	54	7.3	233	31.1
South America	12	1.6	30	4.0
Asia/Pacific	286	38.8	194	25.9
Middle East	34	4.6	55	7.3
Africa	28	3.8	37	4.9

Engineering Division – order intake by regions

in € million	January to September		2007	in %
	2008	in %		
Europe	732	31.9	596	26.5
North America	190	8.3	371	16.5
South America	68	3.0	44	2.0
Asia/Pacific	598	26.1	363	16.1
Middle East	605	26.4	818	36.4
Africa	102	4.4	56	2.5

Finance

Cash flow from operating activities in the reporting period was EUR 1.301 bn, compared with EUR 1.170 bn in the same period in the previous year. This is an increase of 11.2 percent and is partly due to improved operating performance. It is worth noting that the sale of companies and businesses in 2007 makes it difficult to compare these figures directly.

The net cash outflow from investing activities in the first nine months of the year was EUR –716 m (2007: net cash inflow of EUR 2.304 bn). Investments in tangible and intangible assets in the reporting period, including plants held under leases in accordance with IFRIC 4, were EUR 891 m, around 15.6 percent higher than the figure for the first nine months of 2007 of EUR 771 m. The increase reflects, in particular, the good project situation in the Gases Division. Payments for investments in financial assets of EUR 74 m comprise mainly the investment in Elixier, the joint venture with ADNOC, and the formation of other joint ventures in the Asian region. Cash inflows on the other hand from the disposal of businesses amounted to EUR 130 m (2007: EUR 3.063 bn).

Net cash inflow (free cash flow) in the reporting period fell to EUR 585 m (2007: EUR 3.474 bn), mainly due to the fact that cash inflows from the disposal of businesses were lower than in the comparable prior year period.

Total assets have decreased since the balance sheet date, 31 December 2007, by 1.7 percent or EUR 416 m. Net financial debt (financial debt less cash and cash equivalents and securities) was EUR 6.377 bn, as against EUR 6.427 bn at 31 December 2007. The Linde Group is financed on a long-term basis, which can be seen from the maturity profile of the financial debt. Of the financial debt of EUR 7.460 bn (31.12.2007: EUR 7.330 bn), EUR 1.756 bn (31.12.2007: EUR 1.303 bn) is due within one year, EUR 2.506 bn (31.12.2007: EUR 2.801 bn) is due within one to five years and EUR 3.198 bn (31.12.2007: EUR 3.226 bn) is due in more than five years. Amounts repayable within one year are matched by liquid funds of EUR 1.043 bn and a EUR 2 bn syndicated credit facility available until 2011.

Even in the difficult general market environment of the past few months, Linde has had access to the capital market: for example, via the issue of a EUR 300 m bond in September. The 5-year bond has a coupon of 5.375 percent.

Equity fell by EUR 271 m to EUR 8.939 bn. This reduction in the equity figure was due mainly to exchange rate effects, the payment of the dividend and actuarial gains and losses on pension provisions, although earnings after taxes on income had a positive impact of EUR 593 m. During the reporting period, the portion of the convertible bond which was outstanding was converted into shares in accordance with the bond terms, which led to an increase in equity of EUR 102 m. The equity ratio, which was 36 percent, was almost the same as the figure at the balance sheet date, 31 December 2007, of 37 percent.

Employees

The number of employees in The Linde Group worldwide at 30 September 2008 was 51,171 (31 December 2007: 50,704).

Of this number, 40,470 were employed in the Gases Division and 5,887 in the Engineering Division. Nearly all of the 4,814 staff under the Corporate/Other heading are employed by the logistics business Gist.

Group – employees by divisions

	30.09.2008	31.12.2007
Gases Division	40,470	39,577
Engineering Division	5,887	5,637
Other/Corporate	4,814	5,271
Discontinued operations	-	219
Group	51,171	50,704

Gases Division – employees by operating segments

	30.09.2008	31.12.2007
Western Europe	13,608	13,284
Americas	7,847	7,554
Asia & Eastern Europe	11,625	11,309
South Pacific & Africa	7,390	7,430
Total (continuing operations)	40,470	39,577

Outlook

Group

In the wake of the global financial crisis, economies around the world will continue to weaken. Economic forecasters are currently expecting the growth of the global domestic product for the year 2009 to be half that of 2008. Even a business like ours cannot remain immune to the adverse economic climate. However, as a result of our global presence and our stable business model, we will be much better able to cushion the impact of the expected economic downturn than would have been the case prior to the reorganisation of the Group. In particular, our excellent position in the growth markets and in the established core regions such as Germany, the UK and Scandi-

navia will help us to absorb some of the impact of the probable downturn. Our order books at the end of September are well filled, and we continue to expect orders to be processed on schedule.

Against this background, we confirm our outlook for the current financial year 2008 and expect sales growth and an above-average increase in earnings.

Our medium-term target of achieving an operating profit of more than EUR 3 bn and a return on capital employed of at least 13 percent for the 2010 financial year must now be seen against the background of a more uncertain and significantly weaker economic environment. We also assume that exchange rates, on average, will remain at around their current levels.

In order to meet our medium-term targets even despite these more difficult conditions, we will put into action with speed and vigour the new programme for sustainable process optimisation and productivity improvement (HPO = High Performance Organisation) that was already set up at the beginning of the year. This integrated programme will result in a gross cost reduction of EUR 650 m to EUR 800 m in the next four years, from 2009.

HPO follows on directly from the synergy programme we devised when we acquired BOC. On the basis of this programme, cost synergies of EUR 250 m per annum will be achieved as planned in full for the first time in the 2009 financial year.

Gases Division

We expect the international gases business to remain a relatively stable and lucrative market for the rest of the year and in the coming years. We still anticipate that the rate of growth in this division will be at least twice as high as the rate of growth in gross domestic product worldwide.

We confirm our short-term and medium-term targets and continue to expect that we will outperform the market and increase our earnings at a faster pace than sales. We will benefit not only from our leading market position in the emerging markets, but also from the synergies between our Gases and Engineering divisions.

Engineering Division

We remain confident about our global plant construction business. Demand in our product areas is still high. Against this background and in the light of the high order backlog, we continue to expect an average increase in sales in the Engineering Division this year and in the coming years of 8 to 10 percent per annum. We expect an order intake of around EUR 3 bn in the current financial year 2008.

Risk report

In conducting its operations, Linde is exposed to a number of risks, as a result of its international orientation and wide range of products. To minimise the potential negative impact of such risks, we are continually developing and improving our integrated risk management system. Risks specific to a region or a business activity are identified locally using an early warning system. Guided by standards which are defined centrally, all the risks are identified and analysed by applying independent processes, and appropriate countermeasures and security precautions are adopted.

Since the risk assessment made in the 2007 Annual Report, global economic conditions have worsened considerably. The high level of volatility in the financial markets makes it more difficult to give a precise evaluation of the future net assets, financial position and results of operations of The Linde Group. Currently, we are assuming that the rate of global economic growth will approximately halve. Yet, even in this environment, we are expecting to be able to meet our medium-term targets (see the Outlook section). However, if the world economy should experience an even more significant sustained downturn than we are assuming as this report goes to press, The Linde Group will not only lose potential new business, but will also be exposed to increased financial risks. These include in particular the risk of counterparty default.

Group income statement

in € million	3rd Quarter		January to September	
	2008	2007	2008	2007
Sales	3,136	3,070	9,392	8,958
Cost of sales	2,125	2,080	6,406	6,033
Gross profit on sales	1,011	990	2,986	2,925
Marketing and selling expenses	428	445	1,274	1,336
Research and development costs	20	21	69	70
Administration expenses	245	304	803	868
Other operating income	27	43	207	152
Other operating expense	9	5	79	50
Income from associates and joint ventures (at equity)	18	28	43	59
Non-recurring items	-	-	59	574
Financial income	84	131	275	364
Financial expenses	186	204	549	641
Earnings before taxes on income	252	213	796	1,109
Taxes on income	61	64	203	359
Earnings after taxes from continuing operations	191	149	593	750
Earnings after taxes from discontinued operations	-	1	-	14
Earnings after taxes on income	191	150	593	764
attributable to minority interests	14	16	41	41
attributable to Linde AG shareholders	177	134	552	723
Continuing operations				
Earnings per share in €	1.05	0.81	3.29	4.39
Earnings per share in € – fully diluted –	1.04	0.80	3.26	4.26
Discontinued operations				
Earnings per share in €	0.00	0.01	0.00	0.09
Earnings per share in € – fully diluted –	0.00	0.00	0.00	0.08

Group balance sheet

in € million	30.09.2008	31.12.2007
Assets		
Goodwill	7,175	7,332
Other intangible assets	3,468	3,791
Tangible assets	7,130	7,213
Investments in associates and joint ventures	577	516
Other financial assets	364	395
Receivables from financial services	712	765
Trade receivables	-	1
Other receivables and other assets	426	406
Deferred tax assets	149	151
Non-current assets	20,001	20,570
Inventories	1,045	1,062
Receivables from financial services	82	95
Trade receivables	1,697	1,609
Other receivables and other assets	627	604
Securities	40	45
Cash and cash equivalents	1,043	858
Non-current assets held for sale and disposal groups	4	112
Current assets	4,538	4,385
Total assets	24,539	24,955

Group balance sheet

in € million	30.09.2008	31.12.2007
Equity and liabilities		
Capital subscribed	431	426
Capital reserve	5,070	4,948
Retained earnings	4,198	3,940
Cumulative changes in equity not recognised through the income statement	-1,162	-553
Total equity excluding minority interests	8,537	8,761
Minority interests	402	449
Total equity	8,939	9,210
Provisions for pensions and similar obligations	933	747
Other non-current provisions	334	241
Deferred tax liabilities	1,917	2,164
Financial debt	5,704	6,027
Liabilities from financial services	27	24
Trade payables	5	8
Other non-current liabilities	229	162
Non-current liabilities	9,149	9,373
Other current provisions	1,734	1,886 ¹
Financial debt	1,756	1,303
Liabilities from financial services	8	12
Trade payables	2,069	2,210 ¹
Other current liabilities	884	910
Liabilities related to non-current assets held for sale	-	51
Current liabilities	6,451	6,372
Total equity and liabilities	24,539	24,955

¹ Adjusted, see note [1].

Group cash flow statement

in € million	January to September 2008	2007
Earnings before taxes on income	796	1,109
Adjustments to earnings before taxes (on income) to calculate cash flow from operating activities		
Earnings after taxes from discontinued operations	-	14
Amortisation of intangible assets/depreciation of tangible assets	899	958
Write-down of financial assets	-	2
Profit/loss on disposal of non-current assets	-98	-580
Net interest	286	331
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	39	43
Income from associates and joint ventures	-48	-59
Distributions/dividends received from operating associates and joint ventures	20	21
Income taxes paid	-195	-359
Changes in assets and liabilities, adjusted for the effects of changes in Group structure		
Change in inventories	7	-206
Change in trade accounts receivables	-93	-5
Change in provisions	80	40
Change in trade payables	-155	207
Change in other assets and liabilities	-237	-346
Cash flow from operating activities	1,301	1,170
thereof discontinued operations	-	-30

Group cash flow statement

in € million	January to September 2008	2007
Payments for investments in tangible and intangible assets and plants held under leases in accordance with IFRIC 4	-891	-771
Payments for acquisition of consolidated companies	-	-578
Payments for investments in financial assets	-74	-
Payments for investments in securities held as current assets	-36	-
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from financial services in accordance with IFRIC 4	115	147
Proceeds on disposal of consolidated companies	26	689
Proceeds on disposal of non-current assets held for sale and disposal groups	104	2,374
Proceeds on disposal of financial assets	1	442
Proceeds on disposal of securities held as current assets	39	1
Cash flow from investing activities	-716	2,304
thereof discontinued operations	-	-13
Dividend payments to Linde AG shareholders and minority shareholders	-311	-273
Increase in share capital	16	26
Interest received	84	112
Interest paid	-492	-443
Proceeds of commercial papers and other loans	1,095	3,373
Cash outflows for the repayment of loans and bonds	-785	-6,054
Change in liabilities from financial services	-	-11
Cash flow from financing activities	-393	-3,270
Net cash inflow/outflow	192	204
Opening balance of cash and cash equivalents	858	621
Effects of currency translation and changes in Group structure	-7	-16
Closing balance of cash and cash equivalents	1,043	809
thereof cash in escrow account for acquisition of consolidated company	55	-

Statement of recognised income and expense

in € million	1 January to 30 September 2008	1 January to 30 September 2007
Gain/loss from remeasurement of securities	1	-2
Gain/loss on remeasurement at fair value of derivative financial instruments	-107	77
Currency translation differences	-209	-253
Actuarial gains/losses on pension provisions and change in effect of the limit on a defined benefit asset (asset ceiling under IAS 19.58)	-302	212
Gains and losses recognised directly in equity	-617	34
Earnings after taxes on income	593	764
Total gains and losses recognised	-24	798
of which attributable to		
Linde AG shareholders	-57	763
Minority interests	33	35

Segment information

in € million	Reportable segments			
	Total Gases Division		Engineering Division	
	01.01. to 30.09.2008	01.01. to 30.09.2007	01.01. to 30.09.2008	01.01. to 30.09.2007
Sales to third parties	7,152	6,846	1,852	1,684
Sales to other segments	5	4	211	151
Segment sales	7,157	6,850	2,063	1,835
Operating profit (before non-recurring items)	1,819	1,707	183	160
of which share of profit/loss from associates/joint ventures	43	59	-	-
Amortisation and depreciation	851	902	26	23
of which amortisation of fair value adjustments identified in the course of purchase price allocation	263	317	6	6
Non-recurring items	-	-	-	-
EBIT (earnings before interest and tax)	968	805	157	137

in € million	Gases Division			
	Western Europe		Americas	
	01.01. to 30.09.2008	01.01. to 30.09.2007	01.01. to 30.09.2008	01.01. to 30.09.2007
Sales to third parties	3,113	2,956	1,624	1,810
Sales to other segments	18	39	28	27
Segment sales	3,131	2,995	1,652	1,837
Operating profit (before non-recurring items)	854	816	320	338
of which share of profit/loss from associates/joint ventures	-	-3	14	24
Amortisation and depreciation	326	366	221	240
of which amortisation of fair value adjustments identified in the course of purchase price allocation	63	88	94	109
Non-recurring items	-	-	-	-
EBIT (earnings before interest and tax)	528	450	99	98

Reportable segments

	Other activities		Reconciliation		Total Group	
	01.01. to 30.09.2008	01.01. to 30.09.2007	01.01. to 30.09.2008	01.01. to 30.09.2007	01.01. to 30.09.2008	01.01. to 30.09.2007
	388	428	-	-	9,392	8,958
	5	-	-221	-155	-	-
	393	428	-221	-155	9,392	8,958
	34	39	-126	-136	1,910	1,770
	-	-	-	-	43	59
	22	25	-	8	899	958
	8	12	-	-	277	335
	-	-	59	574	59	574
	12	14	-67	430	1,070	1,386

Gases Division

	Asia & Eastern Europe		South Pacific & Africa		Total Gases Division	
	01.01. to 30.09.2008	01.01. to 30.09.2007	01.01. to 30.09.2008	01.01. to 30.09.2007	01.01. to 30.09.2008	01.01. to 30.09.2007
	1,446	1,138	969	942	7,152	6,846
	13	7	-	5	5	4
	1,459	1,145	969	947	7,157	6,850
	417	331	228	222	1,819	1,707
	23	33	6	5	43	59
	177	153	127	143	851	902
	39	34	67	86	263	317
	-	-	-	-	-	-
	240	178	101	79	968	805

Additional comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the nine months ended 30 September 2008 have been drawn up in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial reporting, as adopted by the European Union.

A review of the financial statements included in the condensed Group interim financial statements has been performed by KPMG AG Wirtschaftsprüfungsgesellschaft (formerly known as KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft).

We have used the same accounting policies in the condensed Group interim financial statements as those used to prepare the Group financial statements for the year ended 31 December 2007 and have also applied IAS 34 "Interim Financial Reporting". With effect from 1 January 2008, amounts due to third parties for outstanding invoices have been disclosed in Trade payables. The prior year figures for Other current provisions and Trade payables have been adjusted accordingly.

The effective date of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is 1 January 2008. However, as this standard has not yet been adopted by the European Union, IFRIC 14 has not been applied in the Group interim financial statements for the nine months to 30 September 2008. The application of this standard is expected to result in an increase in the provision for pension obligations, not affecting profit or loss, as Linde is obliged to make contributions to plan assets as a result of legal requirements or contractual agreements. It will, however, not lead to the recognition of an asset, because of the asset ceiling described in IAS 19.58.

During the reporting period, amendments to IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" became effective as a result of the crisis in the financial markets ("Reclassifications of Financial Assets"). These amendments to the standards had no impact on the net assets, financial position and results of operations of The Linde Group.

In addition to the changes referred to above, the following new or revised standards and interpretations have been issued by the IASB and IFRIC. These have not been applied in the condensed Group interim financial statements for the nine months to 30 September 2008, as they are either not yet mandatory or have not yet been adopted by the European Commission:

- IFRIC 12 "Service Concession Arrangements"
- IFRIC 13 "Customer Loyalty Programmes"
- IFRIC 15 "Agreements for the Construction of Real Estate"
- IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"
- Revised IFRS 3 "Business Combinations"
- Amendments to IAS 27 "Consolidated and Separate Financial Statements"
- Amendments to IFRS 2 "Share-based Payment: Vesting Conditions and Cancellations"
- Amendments to IAS 32 and IAS 1 "Puttable Financial Instruments and Obligations arising on Liquidation"
- Amendments to IAS 1 "Presentation of Financial Statements"
- Improvements to International Financial Reporting Standards
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement: Eligible Hedged Items"

With the exception of IFRIC 14, the impact on the net assets, financial position and results of operations of The Linde Group of the standards and interpretations which have not been applied will not be significant overall.

[2] Changes in Group structure

The condensed Group interim financial statements comprise Linde AG and all the companies over which Linde AG exercised direct or indirect control by virtue of its power to govern their financial and operating policies.

The Linde Group comprises the following companies:

Changes in the base of consolidation

	As at 31.12.2007	Additions	Disposals	As at 30.09.2008
Consolidated subsidiaries	543	13	29	527
of which within Germany ¹	35	-	7	28
of which outside Germany ¹	508	13	22	499
Other investments	112	12	40	84
of which within Germany	3	-	2	1
of which outside Germany ¹	109	12	38	83
Companies accounted for using the equity method	66	12	14	64
of which within Germany	-	-	-	-
of which outside Germany	66	12	14	64

¹ Adjusted.

On 7 May 2008, The Linde Group sold its valve production facility MAPAG Valves GmbH to the international technology group Metso, Finland, at an enterprise value of EUR 36 m.

[3] Acquisitions

On 19 January 2008, the Board of Directors of BOC India Ltd issued and allotted on a preferential basis 36,200,000 new shares for cash at a price of INR 165 per share to The BOC Group plc, a Group company of The Linde Group. As a result, The BOC Group's shareholding increased from 54.80 percent to 73.99 percent. Following this preferential allotment, The BOC Group plc was required to make a mandatory public takeover offer to acquire up to 20 percent of the outstanding share capital of BOC India Ltd. This offer expired on 30 June 2008 and legal completion of the transaction took place in the third quarter of 2008. As a result, The Linde Group's holding in BOC India Ltd increased to 89.48 percent. The difference between the cost of the shares acquired as a result of the mandatory public takeover offer and the equity acquired of EUR 30 m was offset against retained earnings.

On 13 May 2008, The Linde Group acquired 51 percent of the shares in the Saudi Arabian industrial gases company SIGAS (Saudi Industrial Gas Co. Ltd). Closing is subject to the approval of the transaction by the relevant Saudi Arabian regulatory authorities and is expected to take place in the fourth quarter of 2008. SIGAS, a family-owned company which employs about 400 people, is the second largest industrial gases company in Saudi Arabia and achieved sales of around EUR 28 m in the 2007 financial year.

[4] Foreign currency translation

The financial statements of companies outside the European Currency Union are translated in accordance with the functional currency concept. For all our companies, we translate items in the balance sheet using the closing rate and items in the income statement using the average rate.

The main exchange rates used are as follows:

Currencies

Exchange rate € 1 =	ISO code	Mid-rate on balance sheet date		Annual average rate January to September	
		30.09.2008	31.12.2007	2008	2007
		Argentina	ARS	4.425400	4.595500
Australia	AUD	1.778200	1.665800	1.669440	1.637450
Brazil	BRL	2.692700	2.596800	2.564500	2.691680
Canada	CAD	1.502000	1.453800	1.550290	1.485240
China	CNY	9.665300	10.656700	10.633730	10.304350
Czech Republic	CZK	24.497000	26.521000	24.823840	28.074430
Great Britain	GBP	0.791900	0.735100	0.781680	0.676660
Hungary	HUF	242.080000	252.990000	247.745910	250.854870
Malaysia	MYR	4.861800	4.824900	4.958870	4.657770
Mexico	MXN	15.422300	15.915900	16.003350	14.731900
Norway	NOK	8.271100	7.931600	7.991220	8.061430
Poland	PLN	3.396300	3.603100	3.427830	3.825280
South Africa	ZAR	11.698900	10.016100	11.727220	9.600540
South Korea	KRW	1,704.580000	1,365.480000	1,541.385180	1,252.990000
Sweden	SEK	9.747600	9.435600	9.410560	9.235750
Switzerland	CHF	1.581100	1.654000	1.607580	1.637320
Turkey	TRY	1.802800	1.703600	1.868550	1.807410
USA	USD	1.410400	1.459000	1.522310	1.343820

[5] Non-recurring items

During the reporting period, the remaining parts of the BOC Edwards components business – BOC Edwards Pharmaceutical Systems – were sold.

The sale of the subsidiary Cryogas S.A., Colombia, to Indura S.A., Chile, at an enterprise value of EUR 90 m was also completed during the reporting period. The divestment was an antitrust condition imposed by the Colombian regulatory authority SIC on the acquisition of The BOC Group plc by Linde, which became effective on 5 September 2006. The Linde Group owned 73.95 percent of the shares in Cryogas S.A. and had recently acquired a further 26.00 percent. All the shares have now been sold to Indura S.A. Due to the conditions imposed by the antitrust authority,

the company had already been deconsolidated and the carrying value of the investment disclosed under Non-current assets held for sale.

These two transactions gave rise to a profit on deconsolidation of EUR 59 m.

In the first quarter of 2007, Linde sold the industrial and medical gases business in Mexico operated by its subsidiary AGA S.A. de C.V., as well as the Australian gases activities of its subsidiary Linde Gas Australia and its US liquefied gases business. The subsidiary INO Therapeutics LLC was also deconsolidated in the first quarter of 2007. In the second quarter of 2007, the investment in the subsidiary Linde Gas UK and the packaged gas business in the US was sold. These sales gave rise to a total profit on deconsolidation of EUR 574 m.

[6] Non-current assets held for sale and discontinued operations

At 31 December 2007, the investment in the subsidiary Gases Industriales de Colombia S.A. (Cryogas S.A.), Colombia, which was acquired in the course of the BOC transaction, was disclosed in Non-current assets held for sale. The company was sold in the second quarter of 2008.

In addition, during the reporting period, two pieces of land with a carrying value of EUR 4 m have been disclosed in Non-current assets held for sale, as it is probable that they will be sold within the next 12 months. The pieces of land were previously allocated to the South Pacific & Africa and the Western Europe operating segments.

In the income statement for the nine months to 30 September 2007, the BOC Edwards components business was disclosed under discontinued operations. It was also classified under this heading in the opening balance at 5 September 2006.

Discontinued operations

in € million	January to September	
	2008 BOCE Components	2007 BOCE Components
Sales	-	356
Cost of sales	-	257
Gross profit on sales	-	99
Other income and expenses	-	-84
Non-recurring items	-	5
Financial income	-	-
Financial expense	-	2
Taxes on income	-	4
Earnings after taxes on income	-	14
attributable to minority interests	-	-
Cash flow from operating activities	-	-30
Cash flow from investing activities	-	-13

[7] Group equity

Statement of changes in Group equity

	Capital subscribed	Capital reserve	Retained earnings
in € million			
At 01.01.2007	411	4,648	3,226
Dividend payments	-	-	-241
Change in currency translation differences	-	-	-
Financial instruments	-	-	-
Amount arising from issue of convertible bond	7	118	-
Earnings after taxes on income	-	-	723
Changes as a result of share option scheme	1	32	-
Other changes	-	-	-4
At 30.09.2007	419	4,798	3,704
At 31.12.2007/01.01.2008	426	4,948	3,940
Dividend payments	-	-	-283
Change in currency translation differences	-	-	-
Financial instruments	-	-	-
Amount arising from issue of convertible bond	5	97	-
Earnings after taxes on income	-	-	552
Changes as a result of share option scheme	-	25	-
Other changes	-	-	-11
At 30.09.2008	431	5,070	4,198

Cumulated changes in equity not recognised through
the income statement

	Currency translation differences	Remeasurement of securities at fair value	Derivative financial instruments	Actuarial gains/ losses	Total equity excluding minority interests	Minority interests	Total equity
	-228	1	5	-63	8,000	225	8,225
	-	-	-	-	-241	-32	-273
	-247	-	-	-	-247	-6	-253
	-	-2	77	-	75	-	75
	-	-	-	-	125	-	125
	-	-	-	-	723	41	764
	-	-	-	-	33	-	33
	-	-	-	212	208	207	415
	-475	-1	82	149	8,676	435	9,111
	-905	-	187	165	8,761	449	9,210
	-	-	-	-	-283	-28	-311
	-201	-	-	-	-201	-8	-209
	-	1	-107	-	-106	-	-106
	-	-	-	-	102	-	102
	-	-	-	-	552	41	593
	-	-	-	-	25	-	25
	-	-	-	-302	-313	-52	-365
	-1,106	1	80	-137	8,537	402	8,939

[8] Pension obligations

The actuarial valuation of pension obligations is based on the projected unit credit method set out in IAS 19 "Employee Benefits". This method takes into account not only vested future benefits and known pensions at the balance sheet date, but expected future increases in salaries and pensions. The calculation of the provisions is determined using actuarial reports. Actuarial gains and losses are recognised directly in equity.

In the quarterly financial reports, a competent estimate of the pension obligation is made, based on trends in the actuarial assumptions and taking into account any exceptional effects in the current quarter.

At 30 September 2008, changes in the assumptions on which the pension obligations are based and in the fair value of plan assets have resulted in a decrease in equity of EUR 302 m (after deferred tax).

[9] Financial debt

Convertible bond

In May 2004, a convertible bond with a nominal amount of EUR 550 m was issued. It had a maturity period of five years, with a coupon of 1.25 percent. As most of the bond had been converted in the past by investors, we called in the unconverted portion of the bond on 30 April 2008, in accordance with the bond terms, and repaid the bond in the form of shares. In the reporting period, 1,853,668 shares were issued in total. The convertible bond has therefore been fully converted into shares. As a result, financial debt has been reduced and equity has increased by EUR 102 m.

Other bonds

In September, Linde Finance B. V. issued a 5-year EUR 300 m bond. The bond has a fixed-rate coupon of 5.375 percent and is guaranteed by Linde AG.

[10] Earnings per share

in € million	January to September 2008			January to September 2007		
	Continuing operations	Discontinued operations	Group	Continuing operations	Discontinued operations	Group
Earnings after taxes on income attributable to Linde AG shareholders	552	-	552	709	14	723
Plus: increase in profit due to dilutive effect of convertible bond	1	-	1	7	-	7
Profit after adjusting for dilutive effects	553	-	553	716	14	730
Shares in thousands						
Weighted average number of shares outstanding	167,587	167,587	167,587	161,523	161,523	161,523
Dilution as a result of the Linde Management Incentive Programme	1,325	1,325	1,325	800	800	800
Effect of dilutive convertible bond	716	716	716	5,900	5,900	5,900
Weighted average number of shares outstanding - fully diluted -	169,628	169,628	169,628	168,223	168,223	168,223
Earnings per share in €	3.29	0.00	3.29	4.39	0.09	4.48
Earnings per share in € - fully diluted -	3.26	0.00	3.26	4.26	0.08	4.34

[11] Segment reporting

IFRS 8 "Operating Segments" was applied to the reporting of segment information in the Group financial statements for the year ended 31 December 2007 and has also been applied in the nine months to 30 September 2008. The prior year figures were adjusted to reflect the new operating segments of The Linde Group.

For the operating segments, the same accounting policies apply as those set out in the Group financial statements for the year ended 31 December 2007. No changes were made to the segment structure during the reporting period.

To arrive at the figure for the Gases Division as a whole from the figures for the operating segments in the Gases Division, consolidation adjustments of EUR –54 m (2007: EUR –74 m) were deducted from sales. Therefore, it is not possible to arrive at the figures for the Gases Division as a whole by merely adding together the operating segments in the Gases Division.

The reconciliation of segment sales to Group sales and of segment operating profit to Group earnings before taxes on income is shown in the table below:

Reconciliation of segment sales and result

in € million	01.01. to 30.09.2008	01.01. to 30.09.2007
Segment sales		
Sales in the reportable segments	9,613	9,113
Consolidation	–221	–155
Group sales (continuing operations)	9,392	8,958
Operating profit		
Operating profit from the reportable segments	2,036	1,906
Corporate activities	–102	–123
Amortisation and depreciation	899	958
thereof those of fair value adjustments in the course of the purchase price allocation	277	335
Non-recurring items	59	574
Financial income	275	364
Financial expense	549	641
Consolidation	–24	–13
Group earnings before taxes on income	796	1,109

[12] Reconciliation of key financial figures

To provide better comparability, the key financial figures relating to The Linde Group have been adjusted below in accordance with IFRS 3 for the effects of the purchase price allocation, relating both to the acquisition of BOC and to acquisitions directly connected with the BOC transaction.

Adjusted financial figures

in € million	30.09.2008			30.09.2007		
	As reported	Non-GAAP adjustments	Key financial figures	As reported	Non-GAAP adjustments	Key financial figures
Sales	9,392	-	9,392	8,958	-	8,958
Cost of sales	-6,406	157	-6,249	-6,033	227	-5,806
Gross profit on sales	2,986	157	3,143	2,925	227	3,152
Research and development costs, marketing, selling and administration expenses	-2,146	120	-2,026	-2,274	108	-2,166
Other operating income and expenses	128	-	128	102	-	102
Income from associates	43	-	43	59	-	59
Non-recurring items	59	-59	-	574	-574	-
EBIT	1,070	218	1,288	1,386	-239	1,147
Financial result	-274	-	-274	-277	-	-277
EBT	796	218	1,014	1,109	-239	870
Taxes on Income	-203	-77	-280	-359	89	-270
Earnings after taxes on income from continuing operations	593	141	734	750	-150	600
Earnings after taxes on income from discontinued operations	-	-	-	14	-	14
Earnings after taxes on income Group	593	141	734	764	-150	614
attributable to minority interests	41	-	41	41	-	41
attributable to Linde AG shareholders	552	141	693	723	-150	573
Earnings per share in €	3.29	-	4.14	4.48	-	3.55
Earnings per share in € - fully diluted -	3.26	-	4.09	4.34	-	3.45

[13] Discretionary decisions and estimates

The preparation of the interim report in accordance with IFRS requires discretionary decisions and estimates for some items, which might have an effect on their recognition and measurement in the balance sheet and income statement. The actual amounts realised may differ from these estimates. Estimates are required in particular for:

- the assessment of the need to recognise and the measurement of impairment losses relating to intangible assets, tangible assets and inventories,
- the recognition and measurement of pension obligations,
- the recognition and measurement of Other provisions,
- the assessment of the recoverability of deferred tax assets,
- the assessment of the stage of completion of long-term construction contracts.

Any change in the key factors which are applied in the impairment review of goodwill may possibly result in higher or lower impairment losses or no impairment losses at all being recognised.

The obligation arising from defined benefit commitments is determined on the basis of actuarial assumptions. Any change in the assumptions would have no effect on earnings, as actuarial gains and losses are recognised directly in equity.

The recognition and measurement of Other provisions are based on the assessment of the probability of an outflow of resources to settle the obligation, and on past experience and circumstances known at the balance sheet date. The actual amount utilised may therefore differ from the figure set aside in the balance sheet in Other provisions.

Deferred tax assets in respect of unused tax losses are recognised on the basis of an assessment of their future recoverability: i. e. when there is sufficient taxable income or there are lower tax charges. The actual tax situation in future periods, and the extent to which tax loss carryforwards may be used, may differ from the assessment made at the date the deferred tax assets are recognised.

The assessment of the stage of completion of long-term construction contracts is based on the percentage of completion method, subject to certain conditions being met. The stage of completion of the contract is determined on the basis of the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Especially with regard to current major projects, we have further refined our processes for the calculation and analysis of contract cost incurred and especially taken into account contract cost – also facilitating external experts – incurred by subcontractors based on the stage of completion.

Discretionary decisions are required to be made, for example, in assessing whether a transfer of substantially all the risks and rewards incident to ownership of an asset has taken place.

[14] Significant events after the balance sheet date

The Linde Group acquires the remaining 50 percent of shares in the Australian LPG company Elgas

On 2 October 2008, The Linde Group acquired the remaining 50 percent of the shares in the Australian LPG company Elgas, Sydney, at a price of around EUR 126 m. Elgas was established in 1984 as a 50/50 joint venture between BOC Limited, a subsidiary of The Linde Group, and AGL Energy (AGL).

Elgas is the biggest marketer of LPG (Liquefied Propane Gas) in Australia and operates Australia's largest LPG storage facility in Port Botany, Sydney. The company achieved sales of EUR 255 m in the 2007 financial year and currently employs around 460 people.

The company will be included as a subsidiary in the consolidated financial statements of The Linde Group from 2 October 2008 and will be allocated to the operating segment South Pacific & Africa.

Impacts of the financial market situation on pension obligations

The situation on global financial markets has further deteriorated. Share prices on the most important markets have continued to decline and uncertainty on credit markets still exists. This development has a negative impact on pension plan assets, while increased interest rates lead to decreased pension obligations. Due to the volatility on the financial markets, an estimation of these effects on the Group balance sheet is not possible. The Group profit and loss statement will not be impacted.

Other

Apart from the events mentioned above, there have been no significant events for The Linde Group between the end of the reporting period on 30 September 2008 and the publication deadline for these condensed Group interim financial statements.

Munich, 3 November 2008

Professor Dr Wolfgang Reitzle
Chief Executive Officer
of Linde AG

Georg Denoke
Member of the Executive Board
of Linde AG

Dr Aldo Belloni
Member of the Executive Board
of Linde AG

J. Kent Masters
Member of the Executive Board
of Linde AG

Review report

To Linde AG, Munich

We have reviewed the condensed interim consolidated financial statements of Linde AG, Munich – comprising the balance sheet, income statement, cash flow statement, statement of recognised income and expense and selected explanatory notes – together with the interim Group management report of Linde AG, Munich, for the period from 1 January to 30 September 2008 that are part of the quarterly financial report according to § 37x (3) of the German Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the European Union, and of the interim Group management report, in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim consolidated financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim Group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer e. V. (IDW) and in supplementary compliance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and conduct the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the European Union, and that the interim Group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditors' report.

Based on our review, no matters have come to our attention that cause us to believe that the condensed interim consolidated financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial accounting, as adopted by the European Union, or that the interim Group management report has not been prepared, in all material respects, in accordance with the regulations of the WpHG applicable to interim group management reports.

Munich, 3 November 2008

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Wirtschaftsprüfungsgesellschaft
(formerly known as
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Gesellschaft Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

Professor Dr Rolf Nonnenmacher
Wirtschaftsprüfer
(German Public Auditor)

Manfred Huber
Wirtschaftsprüfer
(German Public Auditor)

Responsibility statement

To the best of our knowledge and belief, and in accordance with the applicable accounting principles for interim reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remaining part of the financial year.

Munich, 3 November 2008

Professor Dr Wolfgang Reitzle
Chief Executive Officer
of Linde AG

Georg Denoke
Member of the Executive Board
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Member of the Executive Board
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