Interim Report

January to March 2005

Linde Group

Linde Financial Highlights in € million

		January to March			Year 2004
		2005	2004	Change	
Share					
Closing price	€	53.00	43.09	23.0 %	46.06
Period high	€	54.05	45.90	17.8 %	49.10
Period low	€	47.73	41.20	15.8 %	40.50
Market capitalization		6,324	5,139	23.1 %	5,496
Per share					
Earnings	€	0.71	0,17	–	2.23
Cash flow from operating activities	€	1.17	1.69	–30.8 %	10.47
No. of shares	(in 000s)	119,327	119,262	n/a	119,327
Group					
Sales		2,124	2,111	0.6 %	9,421
Incoming orders		2,353	2,358	–0.2 %	9,637
EBITA		165	117	41.0 %	777
Earnings before taxes on income (EBT)		135	49	–	510
Net income		85	20	–	266
EBITA return on sales		7.8 %	5.5 %	n/a	8.2%
Capital expenditure (excluding financial assets)		198	160	23.8 %	987
Cash flow from operating activities		140	201	–30.3 %	1,249
Equity		4,218	3,948	6.8 %	4,081
Total assets		11,715	12,024	–2.6 %	11,591
Number of employees (at the end of the period)		41,696	46,390	–10.1 %	41,383

Linde successfully maintains its course towards earnings-based growth

- Sales* up 6.9 percent and operating profit* up 13.0 percent
- No change in the forecast for 2005: increase in sales and operating profit
- GAP and GO optimization programs ensure profitable and sustainable growth in Linde Gas and Material Handling

* excluding Refrigeration

General economic environment / Outlook

In the first quarter of 2005, the global economy grew at a somewhat slower rate than in the previous year, when growth was well above average levels. The principal reason for this was the significant increase in oil prices. The United States and the newly industrialized countries of Asia, especially China, continued to generate growth, while Latin America and Eastern Europe also showed signs of being in rude health. However, economic dynamism in the eurozone remained weak throughout the period.

The survey conducted by the Ifo Institute for Economic Research in Munich indicates a further worsening of the business climate in Germany as a result of the weak domestic economy and another decline in economic dynamism from a low base.

Despite a somewhat slower pace, the global economy is forecast to expand at a not inconsiderable growth rate of around 4 percent. However, the economic recovery in the eurozone is likely to continue to proceed very slowly.

Early indicators suggest that it is doubtful that the current dips in growth in Germany will be able to be reversed soon or that any reversal will be long-term. Most of the impetus for growth will continue to come from exports, while reluctance to invest and restraint in private consumption look as if they will improve only gradually.

In this economic environment, the Linde Group continues to assume that sales and operating profit (EBITA) will exceed prior year figures. As announced, the rate of increase in earnings will slow down a little in comparison with the previous year.

Group

The business trends described below are based on adjusted prior year figures which exclude Refrigeration and the amortization of goodwill. The prior year figures for the Group and for the business segments have been restated to take account of revised accounting regulations and the change in the disclosure of the financial result from long-term contracts.

In the first quarter of 2005, the Linde Group achieved sales growth of 6.9 percent to €2.124 billion (2004: €1.986 billion). While sales in Germany remained at the same level as in the previous year, sales outside Germany increased by 8.7 percent. Incoming orders rose by 8.2 percent to €2.353 billion (2004: €2.174 billion).

Operating profit (EBITA) increased 13.0 percent based on comparable prior year figures to €165 million (2004: €146 million). Earnings before taxes on income showed a 25.0 percent improvement to €135 million (2004: €108 million). Net income rose 9.0 percent to €85 million (2004: €78 million). The figure for earnings per share was €0.71 (2004: €0.65).

The Gas and Engineering business segment was the main contributor to these steady business trends in the first quarter of 2005. The Material Handling business segment had a slightly less favorable start to the year, due to the annual cycle which generally affects this industry sector.

Comparatives excluding Refrigeration and the amortization of goodwill in € million

January – March 2004	Group income statement	Refrigeration	Amortization of goodwill (other business segments)	Group income statement, comparable figures
EBITA	117	29		146
Amortization of goodwill	–30	1	29	0
Financial result	–38	–		–38
EBT	49	30	29	108
Taxes on income	–29	–1		–30
Net income	**20**	**29**	**29**	**78**

Group in € million

	January to March		
	2005	2004*	Change
Incoming orders	2,353	2,174	8.2 %
Domestic	456	474	–3.8 %
Foreign	1,897	1,700	11.6 %
Sales	2,124	1,986	6.9 %
Germany	433	430	0.7 %
Rest of Europe	1,156	1,082	6.8 %
America	336	310	8.4 %
Asia	125	119	5.0 %
Africa/Australia	74	45	64.4 %
Foreign total	1,691	1,556	8.7 %

*) excluding Refrigeration

Gas and Engineering

The Gas and Engineering business segment achieved a 9.0 percent increase in sales in the first quarter of 2005 to €1.339 billion (2004: €1.228 billion). Incoming orders of €1.485 billion were 10.2 percent higher than in the previous year (2004: €1.348 billion). Operating profit (EBITA) improved 11.8 percent to €170 million (2004: €152 million).

Gas and Engineering in € million

	January to March		
	2005	2004	Change
Sales	1,339	1,228	9.0 %
EBITA	170	152	11.8 %
EBITA margin	12.7 %	12.4 %	–

Linde Gas

Sales in the Linde Gas division increased by 7.8 percent in the first three months of the year to €1.038 billion (2004: €963 million). Operating profit (EBITA) rose 10.1 percent to €164 million (2004: €149 million). Based on comparable prior year figures, i. e. after adjusting for the effects of exchange rate movements, changes in the price of natural gas and new companies included in the consolidation, the increase in sales was 5.2 percent.

The on-site business achieved significant growth of 18.1 percent. Sales in the bulk business rose 6.3 percent, while the cylinder business slightly exceeded the prior year figure with an increase of 1.2 percent.

The Healthcare segment again achieved double-digit growth with an 11.1 percent increase in sales to €170 million (2004: €153 million). The Homecare segment once more generated the highest rate of sales growth, with a 26.5 percent increase in revenue to €43 million. Some of this increase was due to a number of small companies acquired in 2004 being included in the consolidation for the first time.

In the Linde Gas division, sales in Europe rose 6.3 percent to €729 million (2004: €686 million). Linde achieved increases in all the countries in which it operates. Eastern Europe once again saw above-average growth. In Northern Europe, Linde was able to strengthen its leading market position by bringing on stream the largest air separation plant in the region. The customer is the Finnish steel company, Outokumpu.

Sales in North America rose by 4.1 percent over the previous year to €203 million (2004: €195 million). After adjusting for the effects of exchange rate movements, Linde achieved a 9.1 percent increase in sales, with significant growth rates in all the product segments.

Again there were very positive trends in South America, where sales increased by 9.4 percent to €70 million (2004: €64 million).

In the Asia / Pacific region, Linde achieved a significant increase in sales to €36 million (2004: €17 million). This positive trend was partly due to the consolidation of companies acquired in 2004 in Singapore, Malaysia and Thailand. These acquisitions have enabled Linde to strengthen its market position in this region considerably. In the Xiamen region of China, Linde was able to reinforce its good market position by entering into long-term supply contracts with a number of different customers.

The Fit-For-Future efficiency improvement program, which was launched in 2003, will be completed in 2005 and will result in total cost savings of €150 million in line with forecasts.

This year will see the launch of a raft of new initiatives for sustainable earnings-based growth under the GAP (Growth and Performance) program. As well as making further improvements to our operations and processes, this program is specifically designed to expand our business activities to achieve additional profitability.

Linde sees opportunities to achieve sustainable improvements in efficiency in four areas, production, distribution, sales and administration, as well as in procurement. It attaches the greatest importance to production and distribution.

The GAP program will enable the Linde Gas division to increase its return on capital (ROCE) to 13 percent by 2008 (2004: 10.9 percent).

We continue to anticipate that sales and operating profit (EBITA) in the Linde Gas division for 2005 will be up on the previous year.

Linde Gas in € million

	January to March		
	2005	2004	Change
Sales	1,038	963	7.8%
EBITA	164	149	10.1%
EBITA margin	15.8%	15.5%	–

Linde Engineering

Sales in the Linde Engineering division once again significantly exceeded the figure for the corresponding quarter in the previous year, showing an increase of 23.1 percent to €357 million (2004: €290 million). Operating profit (EBITA) rose to €16 million (2004: €5 million).

Incoming orders of €465 million (2004: €414 million) exceeded the high level achieved the previous year by 12.3 percent. The increase in orders was due mainly to the air separation plant and hydrogen plant product segments. Linde was awarded a contract by the American gases company Praxair to construct a large hydrogen plant in the state of Texas. The English gases company BOC has commissioned Linde to build two air separation plants in China and India. The fact that Linde was also awarded a contract to build an air separation plant by two different Chinese companies demonstrates the very good market position Linde Engineering has achieved in that country.

The outlook for all the product segments remains positive. In the next few months, the greatest demand for air separation plants will continue to come from China. Synthesis gas plants will be concentrated mainly in the United States and China. The Middle East will continue to dominate for olefin plants. Currently, the only slight slowdown is in the natural gas plant segment. However, it is anticipated that high growth rates will recur in the medium to long term.

We continue to anticipate that sales and operating profit (EBITA) in the Linde Engineering division for 2005 will be at the same high levels as in 2004.

Linde Engineering in € million

	January to March		
	2005	2004	Change
Sales	357	290	23.1%
Incoming orders	465	414	12.3%
EBITA	16	5	–
EBITA margin	4.5%	1.7%	–

Material Handling

The Material Handling business segment achieved a 3.6 percent increase in sales in the first quarter to €771 million (2004: €744 million). Operating profit (EBITA) showed an 8.7 percent increase over the previous year to €25 million (2004: €23 million). Incoming orders rose 5.4 percent to €854 million (2004: €810 million).

As a result of a fall in demand in Western Europe in March, the European market was not able to sustain the positive trends seen at the beginning of the year. However, once again there was significant growth in Eastern Europe. The North American and Asian markets also demonstrated that they were robust by achieving double-digit growth rates.

The TRIM optimization program will be phased out this year. It is expected to achieve total cost savings of €150 million in line with forecasts. To ensure that the Material Handling business segment achieves its target return on capital employed of 16 percent by 2007 in the current difficult and competitive market environment, Linde intends to move from the TRIM program to continuous improvement in operations and processes across the brands.

The GO (Growth and Operational Excellence) initiative comprises a number of measures which will not only continue to optimize our cost structures, but also create further opportunities for growth.

The specific measures to achieve sustainable increases in earnings are designed to improve core processes in the area of research and development and to improve efficiency in the areas of production, logistics and procurement.

Linde sees the main opportunities for growth in the Material Handling business segment in Asia and in the after-sales service business.

Linde is expecting a moderate slowdown in the markets in 2005 in comparison with the very good results achieved in 2004. Despite this, Linde continues to anticipate that this business segment will achieve an increase in sales and a significant improvement in operating profit (EBITA) in 2005.

Material Handling in € million

	January to March		
	2005	2004	Change
Sales	771	744	3.6%
Incoming orders	854	810	5.4%
EBITA	25	23	8.7%
EBITA margin	3.2%	3.1%	–

Employees

Since December 31, 2004, the number of employees in the Linde Group has risen by 313 to 41,696. Of these, 14,723 were employed in Germany and 26,973 outside Germany. The increase in the number of employees outside Germany of 257 was due mainly to new companies being included in the consolidation in the Linde Gas division.

Personnel costs, excluding the prior year costs for Refrigeration, increased by €19 million to €517 million (2004: €498 million).

Number of employees

	March 31, 2005	Dec. 31, 2004	Change
Group	41,696	41,383	313
Domestic	14,723	14,667	56
Foreign	26,973	26,716	257
Gas and Engineering	22,057	21,787	270
Material Handling	18,848	18,878	–30
Corporate	791	718	73

Finance

The cash flow from operating activities at March 31, 2005 was €140 million compared with €201 million in the same period in the previous year. The main reasons for the decrease were the lack of positive cash flows from the operating activities of the Refrigeration business segment, which ceased to belong to the Linde Group in October 2004 (2004: €33 million), and the fall in operating cash flows in the Linde Engineering business segment. The Refrigeration business segment used to benefit from relatively high cash flows in the first quarter of the year due to the seasonality of the business. In the Linde Engineering business segment, a change in project structure resulting in a smaller increase in advance payments received from customers in comparison with the previous year led to a reduction in the cash flow from operating activities.

The cash flow from investing activities at March 31, 2005 was €170 million, around €40 million more than in the corresponding period in the previous year. €29 million was spent on acquisitions and other financial assets. Part of this related to the purchase of a majority interest in Linde Nippon Sanso GmbH & Co. KG by the Linde Gas division. The amount invested in tangible fixed assets and intangible assets was €146 million, as against €142 million in the previous year.

The lower net cash inflows from operating activities and the increased capital expenditure led to a net cash outflow in the reporting period of €30 million.

Total assets have increased since December 31, 2004 by €124 million. The rise is due mainly to the increase in fixed assets of €74 million and the increase in inventories of €119 million. These are set against a net cash outflow of cash and cash equivalents of €109 million. The equity figure rose by €137 million to €4.218 billion. Contributing to this increase were net income of €85 million and positive exchange rate movements. The equity ratio benefited as a result and was 36% at March 31, 2005, compared with 35% at December 31, 2004.

Group income statement in € million

	January to March		Year 2004
	2005	2004	
Sales	2,124	2,111	9,421
Discontinued operation	–	132	578
Cost of sales	1,451	1,462	6,539
Gross profit on sales	673	649	2,882
Marketing and selling expenses	304	319	1,314
Research and development costs	44	44	177
Administration expenses	174	177	731
Other operating income less other operating expenses	14	8	117
Amortization of goodwill	0	30	141
Operating profit (EBIT)	165	87	636
Discontinued operation	–	–30	6
Financial result	–30	–38	–126
Earnings before taxes on income (EBT)	135	49	510
Discontinued operation	–	–30	4
Taxes on income	49	29	239
Earnings after taxes on income	86	20	271
Minority interests	–1	0	–5
Net income	**85**	**20**	**266**
Discontinued operation	–	-29	–
Earnings per share in €	0.71	0.17	2.23
Earnings per share in € – fully diluted	0.68	0.17	2.18

Group balance sheet in € million

	March 31, 2005	Dec. 31, 2004
Assets		
Goodwill	2,798	2,788
Other intangible assets	277	277
Tangible assets	3,856	3,814
Investments in associates	140	139
Other financial assets	102	83
Leased assets	576	574
Fixed assets	**7,749**	**7,675**
Receivables from financial services	136	132
Trade receivables	29	45
Other receivables and other assets	16	21
Deferred tax assets	126	123
Other non-current assets	**307**	**321**
Inventories	1,061	942
Receivables from financial services	81	82
Trade receivables	1,454	1,409
Other receivables and other assets	545	560
Securities	4	3
Cash and cash equivalents	455	564
Prepaid expenses and deferred charges	59	35
Current assets	**3,659**	**3,595**
Total assets	**11,715**	**11,591**

Group balance sheet in € million

Equity and liabilities	March 31, 2005	Dec. 31, 2004
Capital subscribed	305	305
Capital reserve	2,682	2,680
Retained earnings	1,351	1,266
Cumulative changes in equity not recognized through the income statement	–159	–208
Total equity excluding minority interests	**4,179**	**4,043**
Minority interests	39	38
Total equity	**4,218**	**4,081**
Provisions for pensions and similar obligations	847	840
Other non-current provisions	172	177
Deferred tax liabilities	307	294
Financial debt	2,218	2,230
Liabilities from financial services	353	349
Trade payables	5	6
Other non-current liabilities	47	56
Deferred income	73	76
Non-current liabilities and deferred income	**4,022**	**4,028**
Other current provisions	1,237	1,107
Financial debt	246	305
Liabilities from financial services	171	174
Trade payables	1,083	1,194
Other current liabilities	602	575
Deferred income	136	127
Current liabilities and deferred income	**3,475**	**3,482**
Total equity and liabilities	**11,715**	**11,591**

Statement of changes in Group equity in € million

	Capital sub-scribed	Capital reserve	Retained earnings	Cumulative changes in equity not recognized through the income statement			Total equity excluding minority interests	Minority interests	Total equity
				Currency translation differences	Remea-surement of securi-ties at fair value	Derivative financial instru-ments			
As at Jan. 1, 2004 (figures originally published)	305	2,595	1,144	−183	–	–	3,861	35	3,896
Adjustments arising from first-time application of IFRS 2	–	9	−9	–	–	–	–	–	–
As at Jan. 1, 2004 (restated)	305	2,604	1,135	−183	–	–	3,861	35	3,896
Dividend payments	–	–	–	–	–	–	–	–	–
Change in currency translation differences	–	–	–	41	–	–	41	1	42
Financial instruments	–	–	–	–	–	−3	−3	–	−3
Net income (restated)	–	–	20	–	–	–	20	–	20
Other changes (restated)	–	2	2	–	–	–	4	−1	3
As at March 31, 2004 (restated)	305	2,606	1,157	−142	–	−3	3,923	35	3,958
As at Jan. 1, 2005	305	2,680	1,266	−205	–	−3	4,043	38	4,081
Dividend payments	–	–	–	–	–	–	–	–	–
Change in currency translation differences	–	–	–	46	–	–	46	–	46
Financial instruments	–	–	–	–	–	3	3	–	3
Net income	–	–	85	–	–	–	85	1	86
Changes in accounting regulations	–	2	–	–	–	–	2	–	2
Other changes	–	–	–	–	–	–	–	–	–
As at March 31, 2005	305	2,682	1,351	−159	–	–	4,179	39	4,218

For information on the adjustments, see the explanatory comments on the share option scheme.

Group cash flow statement in € million

	January to March		Year 2004
	2005	2004	
Net income	85	20	266
Amortization and depreciation of fixed assets	192	221	902
Changes in assets and liabilities, adjusted for the effects of changes in Group structure	–99	11	309
Change in leased assets	–38	–49	–176
Other items	0	–2	–52
Cash flow from operating activities	**140**	**201**	**1,249**
Discontinued operation	**–**	**33**	**–6**
Payments for tangible and intangible assets	–146	–142	–734
Payments for financial assets and investments in consolidated companies	–29	–5	–133
Proceeds on disposal of fixed assets and consolidated companies	5	19	207
Net cash from changes in securities held as current assets	0	1	–84
Cash flow from investing activities	**–170**	**–127**	**–744**
Discontinued operation	**–**	**–4**	**–13**
Dividend payments and changes in minority interests	0	0	–137
Repayment of financial liabilities	–84	–109	–362*
Cash flow from financing activities	**–84**	**–109**	**–499**
Discontinued operation	**–**	**–34**	**86**
Net cash inflow/outflow	**–114**	**–35**	**6**
Opening balance of cash and cash equivalents	564	557	557
Changes in cash and cash equivalents due to effects of currency translation and changes in Group structure	5	5	1
Closing balance of cash and cash equivalents	**455**	**527**	**564**

* includes issue of employee shares

Activities in € million

	January to March			Year 2004
	2005	2004	Change	
Gas and Engineering				
Incoming orders	1,485	1,348	10.2 %	5,394
Sales	1,339	1,228	9.0 %	5,406
EBITDA	276	258	7.0 %	1,103
EBITA	170	152	11.8 %	681
EBT	149	108	38.0 %	471
Linde Gas				
Incoming orders	1,042	971	7.3 %	4,007
Sales	1,038	963	7.8 %	4,003
EBITDA	268	250	7.2 %	1,054
EBITA	164	149	10.1 %	638
EBT	143	103	38.8 %	423
Linde Engineering				
Incoming orders	465	414	12.3 %	1,525
Sales	357	290	23.1 %	1,581
EBITDA	20	9	–	82
EBITA	16	5	–	68
EBT	17	6	–	74
Material Handling				
Incoming orders	854	810	5.4 %	3,442
Sales	771	744	3.6 %	3,372
EBITDA	105	99	6.1 %	485
EBITA	25	23	8.7 %	189
EBT	17	14	21.4 %	132
Refrigeration (Discontinued operation)				
Incoming orders	–	192	–	733
Sales	–	132	–	578
EBITDA	–	–24	–	24
EBITA	–	–29	–	9
EBT	–	–30	–	4
Group				
Incoming orders	2,353	2,358	–0.2 %	9,637
Sales	2,124	2,111	0.6 %	9,421
EBITDA	357	308	15.9 %	1,532
EBITA	165	117	41.0 %	777
EBT	135	49	–	510

Additional comments:

1. General accounting and valuation policies

The unaudited interim report of Linde AG at March 31, 2005 has been drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), London, where these became operative on or before March 31, 2005. The term IFRS also includes International Accounting Standards (IAS) where these are still effective. All mandatory interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), for the fiscal year 2005 were also applied.

We have used the same accounting and valuation policies to draw up the interim report as those used to prepare the Group financial statements for the year ended December 31, 2004, with the exception of the following changes.

We have applied IFRS 2 “Share-based Payment” with effect from January 1, 2005. Further details about this are given in the section on the share option scheme.

IFRS 3 “Business Combinations” and related versions of IAS 36 “Impairment of Assets” and IAS 38 “Intangible Assets” (both revised in 2004) already applied in the 2004 Group financial statements to companies acquired after March 31, 2004. For companies acquired before March 31, 2004, the application of the above standards is mandatory from January 1, 2005. As a result, there will be no more amortization of goodwill from 2005 onwards. Goodwill will now be assessed for impairment annually. In the first three months of fiscal 2004, amortization of goodwill was €30 million.

2. Changes in Group structure

The Group financial statements comprise Linde AG and all significant companies in which Linde AG has a direct or indirect majority holding or the majority of the voting rights and in which it has the power to govern the financial and operating policies, based on the concept of control.

The Linde Group comprises the following companies:

	As at Dec. 31, 2004	Additions	Disposals	As at March 31, 2005
Consolidated subsidiaries	272	11	8	275
of which within Germany	30	3	1	32
of which outside Germany	242	8	7	243
Subsidiaries reported at acquisition cost	61	6	8	59
of which within Germany	16	2	3	15
of which outside Germany	45	4	5	44
Companies accounted for using the equity method	20	2	1	21
of which within Germany	4	1	–	5
of which outside Germany	16	1	1	16

3. Foreign currency translation

The financial statements of companies outside the European Currency Union are translated in accordance with the functional currency concept. We apply the closing rate method to all our companies.

The following significant exchange rates have been used:

Exchange rate €1 =	ISO code	Mid-rate on balance sheet date		Average rate	
		March 31, 2005	March 31, 2004	March 2005	March 2004
Czech Republic	CZK	29.880000	32.830000	29.998710	32.843438
Great Britain	GBP	0.688400	0.666300	0.693640	0.680009
Sweden	SEK	9.143500	9.256500	9.073960	9.183023
Switzerland	CHF	1.548500	1.559800	1.548594	1.568800
USA	USD	1.296200	1.222800	1.311924	1.249930

4. Share option scheme

It was resolved at the shareholders' meeting of Linde AG held on May 14, 2002 to introduce a share option scheme for management (Linde Management Incentive Program 2002), under which up to 6 million subscription rights can be issued.

The options confer the right to subscribe to shares in Linde AG at the exercise price. The exercise price for acquiring new shares in Linde AG is 120 percent of the base price.

The option conditions provide for a qualifying period for the share options of two years from their date of issue. At the end of this period, the options can be exercised during the entire option term, i.e. during the five years from the end of the qualifying period, excluding any blocked periods. In order to meet the option entitlements of the option holders, Linde AG may elect to provide own shares which it has repurchased in the market, or to issue new shares out of the share capital conditionally authorized for this purpose or, instead of providing new shares, to make a payment in cash per option which represents the difference between the exercise price and the XETRA closing price of Linde shares on the exercise date.

In accounting for options, it is assumed that the option entitlements will be fulfilled by the issue of shares.

According to IFRS 2 "Share-based Payment", the total value of share options granted to management will be determined at the issue date using an option pricing model. The total value of the share options calculated at the issue date will then be allocated as a personnel expense over the period in which the company receives service in return from the employee. This period will generally be the same as the agreed qualifying period. The other side of the entry will be made directly in equity. IFRS 2 was applied for the first time in fiscal 2005. The figures for the corresponding prior year period have been restated in accordance with IFRS 2.55.

The calculation of the expense is based on the fair value of the options issued, using the Black-Scholes option pricing model.

Movements in options included in the Linde Management Incentive Program were as follows:

Options

	Originally issued	Dec. 31, 2004	Exercised in 2005	Expired in 2005	March 31, 2005
1st tranche (2002)	1,000,000	965,300	–	–	965,300
2nd tranche (2003)	1,017,600	995,700	–	1,500	994,200
3rd tranche (2004)	1,004,500	1,001,500	–	1,500	1,000,000
Total	3,022,100	2,962,500	–	3,000	2,959,500

Recognizing the expense in the income statement has the following effect on earnings:

Personnel costs

	Value of the options €	Dec. 31, 2002 € million	Dec. 31, 2003 € million	March 31, 2004 € million	Dec. 31, 2004 € million	March 31, 2005 € million
1st tranche (2002)	9.84	2	5	1	2	–
2nd tranche (2003)	7.16	–	2	1	4	1
3rd tranche (2004)	7.92	–	–	–	2	1
Total		2	7	2	8	2

5. Reconciliation of prior year figures

As a result of the restatement of prior year figures, the following amendments were made to the Group income statement:

Group income statement in € million

	January to March 2004	Year 2004
Operating profit (EBIT) before restatement	86	644
Adjustment to financial result from long-term contracts	3	–
Change in accounting regulations (IFRS 2)	–2	–8
Operating profit (EBIT), restated	87	636
Adjustment to financial result from long-term contracts	–3	–
Financial result, restated	–38	–126
Earnings before taxes on income (EBT), restated	49	510

The adjustments were made in Administration expenses and Other operating income as well as in the Financial result.

6. Earnings per share

in € million / Shares in thousands	January to March		Year 2004
	2005	2004	
Net income	85	20	266
Plus: Increase in profit due to dilutive effect of convertible bond	3	–	8
Profit after adjusting for dilutive effects	88	20	274
Weighted average number of shares outstanding	119,327	119,262	119,273
Effect of dilutive subscription rights	293	96	182
Effect of dilutive convertible bond	9,738	–	6,429
Weighted average number of shares outstanding – fully diluted	129,358	119,358	125,918
Earnings per share in €	**0.71**	**0.17**	**2.23**
Earnings per share in € – fully diluted	**0.68**	**0.17**	**2.18**

7. Significant events

There were no significant events after March 31, 2005.

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This report and the annual financial statements are available in both German and English and can also be downloaded from our website at *www.linde.com.*

Further copies of the report and additional information about the Linde Group can be obtained from us free of charge.

Scheduled Dates

Shareholders' Meeting 2005
June 8, 2005, 10.00 am
International Congress Center, Munich

Interim Report
January – June 2005
August 4, 2005

Fall Press Conference
November 7, 2005
Corporate Center, Wiesbaden

Interim Report
January – September 2005
November 7, 2005

Shareholders' Meeting 2006
May 4, 2006, 10.00 am
International Congress Center, Munich

Linde Management Investor Events 2005

Frankfurt Roadshow
May 12, 2005

London Roadshow
May 17 – 18, 2005

Italy Roadshow
May 20, 2005

Deutsche Bank German Corporate Conference
June 1, 2005
Frankfurt

London Roadshow
August 31, 2005

Switzerland Roadshow
September 9, 2005

US Roadshow
September 14 – 16, 2005

Berenberg Bank Investment Conference
September 19, 2005
Hamburg

Hypovereinsbank German Investment Conference
September 28, 2005
Munich

WestLB German Conference
November 16, 2005
Frankfurt

Merrill Lynch Chemical Conference
December 2, 2005
London

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