Interim Report. January to June 2007.

LeadIng.

THE LINDE GROUP

Q2

Linde Financial Highlights

in € million		January to June 2007	2006	Change
Share				
Closing price	€	89.25	60.28	48.1 %
Year high	€	92.19	70.56	30.7 %
Year low	€	71.68	55.30	29.6 %
Market capitalisation		14,404	7,225	99.4 %
Earnings per share[1]	€	2.18	2.25	–3.1 %
Earnings per share	€	3.66	2.25	62.7 %
Number of shares outstanding (in 000s)		161,387	120,002	34.5 %
Sales[3]		5,888	3,058	92.5 %
Sales – comparable[2]		5,888	5,223	12.7 %
Operating profit[3]		1,158	592	95.6 %
Operating profit – comparable[2]		1,158	1,010	14.7 %
EBIT before amortisation of fair value adjustments and non-recurring items		727	373	94.9 %
Earning after taxes on income		614	273	124.9 %
Number of employees as at 30 June[3]		49,146	51,038	–3.7 %
Gases Division – comparable[2]				
Sales		4,553	4,212	8.1 %
Operating profit		1,125	1,017	10.6 %
Engineering Division – comparable[2]				
Sales		1,134	792	43.2 %
Operating profit		98	68	44.1 %

1 Adjusted for the effects of the purchase price allocation on the acquisition of BOC and for non-recurring items.
2 Prior year figures including BOC.
3 Continuing operations as of 30 June 2007 resp. 31 December 2006.

Interim Report January to June 2007

First six months of 2007 – The Linde Group consolidates its growth trend

→ Sales up 12.7 percent to € 5.888 billion

→ Operating profit[1] up 14.7 percent to € 1.158 billion

→ Forecast for 2007 confirmed: further increase in sales and earnings expected

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

Group Interim Management Report

General economic environment

In the second quarter of 2007, the dynamic growth in the global economy continued. All the major economic research institutes are proceeding on the assumption that the second half of this year and the next year will see vigorous expansion of the world economy.

However, the economic gap between the major industrialised countries is expected to remain. While the increase in gross domestic product in the US is predicted to accelerate again in 2008, following a temporary slow-down, the recovery in the eurozone will continue to last for a while, though it may lose a little momentum in the year to come.

The newly industrialised nations are continuing to see positive trends as well. Economic dynamism is particularly prevalent in China and India. In Latin America and in the other countries of eastern Asia, there will be robust growth in production, if at a slightly more measured pace than before.

Group

To ensure comparability of the Group's business performance, the prior year figures for sales and operating profit (EBITDA) have been adjusted to take account of the new Group structure. The prior year figures include the remaining core activities of BOC. The prior year figures do not include KION, the forklift truck division sold in 2006, the BOC Edwards components business or any of the other companies or other assets sold following the BOC deal.

On this basis, Group sales in the first six months of the year rose 12.7 percent to € 5.888 billion (2006: € 5.223 billion). There was a disproportionately high increase in operating profit of 14.7 percent to € 1.158 billion (2006: € 1.010 billion).

Earnings before taxes on income increased to € 896 million for the period to 30 June 2007 (2006, as reported: € 316 million). This figure was affected by two special items. On the one hand, it was reduced by additional depreciation of € 201 million on fair value adjustments resulting from the purchase price allocation of the BOC acquisition. On the other hand, the profit on the sale of parts of the business of € 574 million had a positive impact on the earnings trend.

Earnings after tax on income increased to € 614 million (2006, as reported: € 273 million). At the same time, earnings per share rose to € 3.66 (2006, as reported: € 2.25). After adjusting for the effect of the purchase price allocation and the capital gain from the divestiture of parts of the business, the figure for earnings per share was € 2.18. It should be noted here that the number of shares outstanding has increased by approximately 40 million shares compared with the prior year. The main reason for this was the increase in share capital in July 2006, in the course of the BOC acquisition. The effective tax rate has increased slightly, from 31.1 percent in the first quarter of 2007 to 32.9 percent. This is mainly due to the disposal of companies or parts of companies where the capital gain for tax purposes was higher than that under IFRS.

Gases Division

In a positive global market environment, the Gases Division increased its sales in the first six months of the year, by 8.1 percent to € 4.553 billion (2006: € 4.212 billion). On a comparable basis, i.e. excluding exchange rate movements, changes in the price of natural gas, and changes in the base of consolidation, the increase in sales was 7.9 percent. The proportionate share of sales from joint ventures attributable to the Gases Division, which was not included in Group sales, amounted to € 455 million (2006: € 390 million).

Operating profit rose by 10.6 percent to € 1.125 billion (2006: € 1.017 billion). The operating margin rose 60 basis points to 24.7 percent (2006: 24.1 percent). The effect of embedded finance leases on operating profit was minus € 69 million.

The rapid global growth in the Gases Division is based on stable regional development, and sales have increased in all markets and regions.

In the first six months of the year, the gases business in Europe saw an 8.1 percent increase in sales to € 2.310 billion (2006: € 2.137 billion). In addition to a good market environment in Germany and Scandinavia, the greatest impetus again came from the markets in Eastern Europe, which saw double-digit growth rates. We have reinforced our market leadership in this growth region by signing another long-term supply agreement with the leading Hungarian chemical company Borsodchem. With an investment of around € 100 million, the three existing production plants will be supplemented with new hydrogen and carbon monoxide capacities.

With the acquisition of a majority shareholding in the Algerian gases company ENGI (Entreprise Nationale de Gaz Industriels), Linde will be able to operate in that country as a leading supplier of a full range of industrial and medical gases. This acquisition represents a further step in strengthening our position in the Mediterranean.

We have also complied with the final conditions imposed by the competition authorities relating to the BOC acquisition in Europe, by disposing of Linde's operations in the UK and BOC's operations in Poland on schedule.

In North America, sales rose in the six months to 30 June by 2.8 percent to € 1.057 billion (2006: € 1.028 billion). As in the first quarter, sales trends in this region were affected by significant currency movements. After adjusting for exchange rate movements, changes in the price of natural gas and changes in the base of consolidation, the increase in sales was 7.3 percent, which demonstrates the continuing dynamic growth of the Gases Division in North America. In addition to a positive price environment in the bulk business, the main contributory factor to this growth was the hydrogen segment, with the start-up of new production plants for the chemical and oil industries. At the same time, we have continued to optimise our product portfolio in the US, completing the sale of parts of the US cylinder business to the industrial gases company Airgas Inc. in the second quarter. In future, we intend to focus to a greater extent on customer segments which are more involved in applications technology.

Sales in South America rose in the first six months of the year by 14.1 percent to € 243 million (2006: € 213 million). On a comparable basis, this represents an increase in sales of 17.9 percent. This positive trend was underpinned in part by the coming on-stream of a new large-scale hydrogen plant for ENAP in Chile, and by various production start-ups in Brazil.

In Africa, which was adversely affected by exchange rates, the Gases Division achieved sales of € 252 million, which was identical to the prior year figure. After adjustment, however, the increase in sales was 17.3 percent. The gases business in Africa continued to benefit from the positive trends in the economy as a whole in this region.

The Asia/Pacific region saw the highest sales increase during the reporting period at 18.4 percent. In the six months to 30 June 2007, sales were € 740 million, compared with the figure for 2006 of € 625 million. Even on a comparable basis, the increase in sales was 9.5 percent. In addition to continuing dynamic growth in China, high growth rates were also achieved by Thailand and South Korea as a result of production start-ups. In Malaysia, Linde has acquired around 98 percent of the shares in Malaysian Oxygen Berhad (MOX), a company it therefore controls, and is now market leader in this attractive growth market.

The successful policy of growth adopted by the Gases Division is reflected in increases in sales in all four product segments. On a comparable basis, i. e. after adjusting for exchange rate movements, changes in the price of natural gas and changes in the base of consolidation, the on-site business again achieved the highest rate of growth at 9.3 percent.

Sales in the bulk business segment increased by 6.8 percent, while sales of cylinder gases rose 8.1 percent. The increase in the Healthcare segment was 8.8 percent.

Gases Division

in € million	2nd Quarter 2007	2006[1]	Change	January to June 2007	2006[1]	Change	Adjusted[2]
Sales consolidated	**2,304**	**2,059**	**11.9 %**	**4,553**	**4,212**	**8.1 %**	**7.9 %**
Europe	1,171	1,094	7.0 %	2,310	2,137	8.1 %	
America/Africa	726	678	7.1 %	1,522	1,470	3.5 %	
Asia/Pacific	417	307	35.8 %	740	625	18.4 %	
Operating profit	**569**	**495**	**14.9 %**	**1,125**	**1,017**	**10.6 %**	
Margin	**24.7 %**	**24.0 %**	**–**	**24.7 %**	**24.1 %**	**–**	

1 Prior year figures including BOC.
2 Adjusted for currency exchange rate effects, natural gas prices and changes in consolidation scope.

Engineering Division

The Engineering Division, which has dealt on schedule with the high level of order backlog, achieved a significant increase in sales of 43.2 percent in the first six months of the year to € 1.134 billion (2006: € 792 million). Operating profit rose 44.1 percent in the six months to 30 June 2007 to € 98 million (2006: € 68 million). This represents an operating profit margin of 8.6 percent.

In a market environment which continued to be positive, order intake of € 1.499 billion significantly exceeded the high level of the previous year (2006: € 1.229 billion) by 22.0 percent. Order backlog at 30 June 2007 was € 4.700 billion (at 31 December 2006: € 4.529 billion).

Once again, most of the order intake in the first six months of the year (around 46 percent) came from the Middle East, as a result of a major contract from Borouge for an ethylene plant in Abu Dhabi (United Arab Emirates).

In the first half of the year, 26 percent of order intake was from Europe, 12 percent from Asia and 10 percent from America.

Order intake in the first six months of 2007 related to the four product segments as follows. Most of the orders (around 50 percent) related to the petrochemical plant segment. A further 20 percent of orders came from the natural gas plant segment, while air separation plants made up around 14 percent of orders, and hydrogen and synthesis gas plants around 11 percent.

In all the product segments, we are expecting to be awarded new projects in the next few months, so the overall market environment for the Engineering Division continues to be seen as very favourable.

Engineering Division

in € million	2nd Quarter 2007	2006[1]	Change	January to June 2007	2006[1]	Change
Sales consolidated	**636**	**443**	**43.6 %**	**1.134**	**792**	**43.2 %**
Order intake	531	700	−24.1 %	1.499	1.229	22.0 %
Order backlog	−245	153	−260.1 %	4.700	3.780	24.3 %
Operating profit	**54**	**38**	**42.1 %**	**98**	**68**	**44.1 %**
Margin	**8.5 %**	**8.6 %**	**–**	**8.6 %**	**8.6 %**	**–**

1 Prior year figures including BOC.

Outlook

For the full 2007 financial year, we continue to expect an increase over the previous year in the sales and operating profit of The Linde Group, on a comparable basis.

In the medium term, we have set ourselves the goal of achieving an operating profit of more than € 3 billion by the 2010 financial year. The expected cost synergies of € 250 million per annum, which are planned to take full effect by 2009, will contribute towards this target.

Gases Division

Our successful business performance in the first six months of 2007 underlines that we are extremely well placed for the growth opportunities in the global industrial gases market. We continue to expect average annual growth of 7 percent in the whole market. Given our leading market position in the major growth segments, the medium-term objective for the Gases Division remains unchanged. Our aim is that sales will grow at a faster rate than the market and that earnings will increase at a faster rate than sales revenue.

Engineering Division

Given the high level of order backlog and assuming the fulfilment of these orders on schedule, we continue to expect significant increases in sales and operating profit. We expect that sales in the year 2007 will be at least € 2.4 billion, boosted by the increased work to be done on major contracts in the second half of the year and the increased billings that will result from this.

Employees

The number of employees in The Linde Group at the end of the second quarter was 49,365 (31 December 2006: 55,445). Of these, 38,767 were employed in the Gases Division and 5,326 in the Engineering Division. Most of the employees under the Other/Corporate heading relate to the Gist Division.

Employees

	30.06.2007	31.12.2006
Employees by division		
Gases Division	38,767	39,142
Engineering Division	5,326	5,166
Other/Corporate	5,053	6,730
Continuing operations	**49,146**	**51,038**
Discontinued operations	219	4,407
Group	**49,365**	**55,445**
Employees by region		
Germany	7,874	7,176
Other Europe	17,376	20,506
North America	7,329	8,518
South America	2,294	2,674
Asia/Pacific	10,537	8,496
Africa	3,736	3,668
Total (continuing operations)	**49,146**	**51,038**

Finance

The cash flow from operating activities was € 745 million in the reporting period, compared with € 569 million in the same period of the previous year. This represents an increase of 30.9 percent. However, this does not take account of the change in Group structure. The figures for 2006 include the KION Group, which has subsequently been sold, but do not include The BOC Group, which was subsequently acquired. During the reporting period, the cash flow from operating activities was adversely affected by payments in respect of the incidental costs relating to the sales transactions. There was an exceptional cash outflow as a result of tax payments which related to capital gain of € 176 million.

The cash flow from investing activities in the first six months of the year was € 2,780 million. This was mainly due to the successful completion of sales transactions following the BOC acquisition. During the reporting period, the sales processes for virtually all the companies and parts of companies available for sale were brought to a successful conclusion. As a result, there was a net cash inflow of € 3,542 million.

Investment during the reporting period was € 873 million, compared with € 347 million in the prior year. Of the investment made in the current year, € 378 million relates to payments for financial assets and consolidated companies. The principal transactions of this type were the acquisition of the majority holding in Malaysian Oxygen Berhad and Hong Kong Oxygen & Acetylene Company Limited.

The higher cash inflow from operating activities and the cash inflow from sales had the effect of increasing net cash inflow (free cash flow) during the reporting period by € 3,236 million to € 3,525 million, compared with the prior year figure of € 289 million.

Total assets have decreased since the balance sheet date, 31 December 2006, by 5.2 percent (€ 1,442 million). The main reason for this is the disposal of companies and groups of assets. On the equity and liabilities side of the balance sheet, the principal reason for the decline in total equity and liabilities was the successful repayment of debt. Net financial debt (financial debt less cash and cash equivalents and securities) was € 6,977 million, as against € 9,933 million at 31 December 2006. At the end of 2007, this figure will increase again as a result of acquisitions and investments. Equity has risen € 835 million to € 9,060 million. The increase was due mainly to the earning after taxes on income of € 614 million. This had a positive impact on the equity ratio, which was 34.1 percent, compared with 29.4 percent at the balance sheet date, 31 December 2006. This resulted in an improvement in gearing (the ratio of net financial debt to equity) to 77.0 percent, compared with 121 percent at 31 December 2006.

Risk report

Linde is exposed to a number of risks in conducting operations, as a result of its international orientation and its wide product range. 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. Those responsible for risk assessment are guided by standards which are defined centrally, all the risks identified are analysed by applying independent processes, and appropriate countermeasures and security precautions are adopted.

Based on these well-practised processes, we can confirm that we are not aware of any circumstances which would lead us to a different assessment of the risks than the one set out in the 2006 Annual Report. No new risk factors have emerged which might have a significant or lasting impact on the financial position or the business development of The Linde Group.

Group income statement

in € million	2nd Quarter 2007	2006[1]	January to June 2007	2006[1]
Sales	3,028	1,566	5,888	3,058
Cost of sales	2,046	1,021	3,953	1,963
Gross profit on sales	**982**	**545**	**1,935**	**1,095**
Marketing and selling expenses	447	224	891	449
Research and development costs	21	16	49	38
Administration expenses	281	126	564	266
Other operating income	54	22	109	57
Other operating expenses	24	9	45	22
Income from associates and joint ventures	12	−4	31	−4
Non-recurring items	64	–	574	–
Financial income	128	16	233	44
Financial expenses	218	58	437	101
Earnings before taxes on income	**249**	**146**	**896**	**316**
Taxes on income	94	53	295	121
Earnings after taxes for continuing operations	**155**	**93**	**601**	**195**
Earnings after taxes for discontinued operations	**1**	**45**	**13**	**78**
Earnings after taxes on income	**156**	**138**	**614**	**273**
Attributable to minority interests	12	2	25	3
Attributable to Linde AG shareholders	**144**	**136**	**589**	**270**
Continuing operations				
Earnings per share in €	0.89	0.76	3.58	1.60
Earnings per share in € – fully diluted –	0.87	0.73	3.46	1.53
Group				
Earnings per share in €	0.91	1.13	3.66	2.25
Earnings per share in € – fully diluted –	0.89	1.08	3.54	2.13

1 Adjusted.

Group balance sheet

in € million	30.06.2007	31.12.2006
Assets		
Goodwill	7,742	7,522
Other intangible assets	3,666	3,679
Tangible assets	7,357	7,281
Investments in associates and joint ventures	571	1,087
Other financial assets	426	367
Leased assets	78	83
Receivables from financial services	844	913
Trade receivables	2	–
Other receivables and other assets	323	285
Deferred tax assets	189	240
Non-current assets	**21,198**	**21,457**
Inventories	1,157	991
Receivables from financial services	101	88
Trade receivables	1,700	1,587
Other receivables and other assets	769	753
Securities	41	42
Cash and cash equivalents	1,501	621
Prepaid expenses and deferred charges	40	22
Non-current assets held for sale and disposal groups	47	2,435
Current assets	**5,356**	**6,539**
Total assets	**26,554**	**27,996**

Group balance sheet

in € million	30.06.2007	31.12.2006
Equity and liabilities		
Capital subscribed	413	411
Capital reserve	4,683	4,648
Retained earnings	3,572	3,226
Cumulative changes in equity not recognised through the income statement	31	–285
Total equity excluding minority interests	**8,699**	**8,000**
Minority interests	361	225
Total equity	**9,060**	**8,225**
Provisions for pensions and similar obligations	878	1,284
Other non-current provisions	301	412
Deferred tax liabilities	2,418	2,315
Financial debt	7,441	9,504
Liabilities from financial services	32	37
Trade payables	4	3
Other non-current liabilities	106	118
Deferred income	1	–
Non-current liabilities	**11,181**	**13,673**
Other current provisions	1,848	1,727
Financial debt	1,078	1,092
Liabilities from financial services	12	12
Trade payables	2,185	1,949
Other current liabilities	1,110	824
Deferred income	49	59
Liabilities related to non-current assets held for sale	31	435
Current liabilities	**6,313**	**6,098**
Total equity and liabilities	**26,554**	**27,996**

Group cash flow statement

in € million	January to June 2007	2006
Earnings after taxes on income	**614**	**273**
Adjustments to earnings after taxes on income to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	626	287
Depreciation of leased assets	4	95
Write-down of financial assets	2	–
Profit/loss on disposal of non-current assets	–3	–6
Non-recurring items	–574	–
Net interest	248	59
Other non-cash items	5	3
Changes in assets and liabilities, adjusted for the effect of changes in Group structure		
Change in inventories	–171	–193
Change in trade receivables	–83	–22
Change in provisions	90	12
Change in trade payables	244	228
Change in other assets and liabilities	–257	–167
Cash flow from operating activities	**745**	**569**
Thereof discontinued operations	–30	82
Payment for tangible and intangible assets and plants held under leases in accordance with IFRIC 4	–495	–344
Payments for investments in financial assets and consolidated companies	–378	–3
Proceeds on disposal of tangible and intangible assets and the amortisation of receivables from financial services in accordance with IFRIC 4	111	52
Proceeds on disposal of consolidated companies	674	10
Proceeds on disposal of non-current assets held for sale and disposal groups	2,373	–
Proceeds on disposal of financial assets	495	7
Proceeds on sale of securities	–	–2
Cash flow from investing activities	**2,780**	**–280**
Thereof discontinued operations	–12	–74

Group cash flow statement

in € million	January to June 2007	2006
Dividend payments to Linde shareholders and other shareholders	−258	−168
Increase in share capital and other changes in equity	12	8
Interest received	56	13
Interest paid	−296	−69
Cash inflows from funds	3,156	–
Cash outflows for the repayment of loans	−5,319	−247
Change in liabilities from financial services	−6	−2
Cash flow from financing activities	**−2,655**	**−465**
Net cash inflow/outflow	**870**	**−176**
Opening balance of cash and cash equivalents	**621**	**906**
Effects of currency translation and changes in Group structure	10	−11
Transfer to escrow account	–	−82
Closing balance of cash and cash equivalents	**1,501**	**637**

Statement of recognised income and expense in Group financial statements

in € million	1 January to 30 June 2007	1 January to 30 June 2006
Gain/loss in remeasurement of securities	–1	1
Gain/loss in remeasurement at fair value of derivative financial instruments	19	14
Currency translation effects	45	–106
Actuarial gain/loss from pensions and change in effect of the limitation on a defined benefit asset (asset ceiling under IAS 19.58)	252	55
Other gains and losses recognised in equity	–	–
Gains and losses recognised directly in equity	**315**	**–36**
Earnings after taxes on income	**614**	**273**
Total gains and losses recognised	**929**	**237**
Of which due to		
Linde AG shareholders	904	234
Other shareholders	25	3
Effects of changes in accounting policies		
Linde AG shareholders	–	–
Other shareholders	–	–

To improve the comparability of the figures in the segment report, the prior year figures have been adjusted. The prior year figures include the sales and earnings of the BOC companies adjusted for the companies and other assets sold following the BOC deal.

Segment information

in € million	2nd Quarter 2007	2006[1]	Change	2006[2]
Gases Division				
Sales to third parties	2,301	2,059	11.8 %	1,189
Sales to other segments	3	–	–	1
Segment sales	**2,304**	**2,059**	**11.9 %**	**1,190**
Operating profit[3]	**569**	**495**	**14.9 %**	**296**
Depreciation (excl. purchase price allocation)	199	–	–	101
EBIT (before depreciation due to purchase price allocation)	**370**	**–**	**–**	**195**
Depreciation due to purchase price allocation	94	–	–	–
EBIT	**276**	**–**	**–**	**195**
Engineering Division				
Sales to third parties	586	416	40.9 %	377
Sales to other segments	50	27	85.2 %	28
Segment sales	**636**	**443**	**43.6 %**	**405**
Operating profit[3]	**54**	**38**	**42.1 %**	**30**
Depreciation (excl. purchase price allocation)	6	–	–	4
EBIT (before depreciation due to purchase price allocation)	**48**	**–**	**–**	**26**
Depreciation due to purchase price allocation	2	–	–	–
EBIT	**46**	**–**	**–**	**26**
Corporate Division/Consolidation				
Sales to third parties	141	134	5.2 %	–
Sales to other segments	–53	–27	–96.3 %	–29
Segment sales	**88**	**107**	**–17.8 %**	**–29**
Operating profit[3]	**–34**	**–40**	**15.0 %**	**–28**
Depreciation (excl. purchase price allocation)	9	–	–	5
EBIT (before depreciation due to purchase price allocation)	**–43**	**–**	**–**	**–33**
Depreciation due to purchase price allocation	4	–	–	–
Non-recurring items	64	–	–	–
EBIT	**17**	**–**	**–**	**–33**
Group				
Segment sales	**3,028**	**2,609**	**16.1 %**	**1,566**
Operating profit[3]	**589**	**493**	**19.5 %**	**298**
Depreciation (excl. purchase price allocation)	214	–	–	110
EBIT (before depreciation due to purchase price allocation)	**375**	**–**	**–**	**188**
Depreciation due to purchase price allocation	100	–	–	–
Non-recurring items	64	–	–	–
EBIT	**339**	**–**	**–**	**188**

1 Prior year figures including BOC.
2 Continuing operations of The Linde Group, i. e. excl. KION and not yet including BOC.
3 Operating profit is defined as EBITDA before non-recurring items including the proportional net income from associates and joint ventures.

	January to June 2007	2006[1]	Change	2006[2]
	4,549	4,211	8.0 %	2,387
	4	1	–	1
	4,553	4,212	8.1 %	2,388
	1,125	1,017	10.6 %	592
	402	–	–	203
	723	–	–	389
	189	–	–	–
	534	–	–	389
	1,042	746	39.7 %	675
	92	46	–	46
	1,134	792	43.2 %	721
	98	68	44.1 %	55
	11	–	–	8
	87	–	–	47
	4	–	–	–
	83	–	–	47
	297	266	11.7 %	–
	–96	–47	–	–51
	201	219	–8.2 %	–51
	–65	–75	13.3 %	–55
	18	–	–	8
	–83	–	–	–63
	8	–	–	–
	574	–	–	–
	483	–	–	–63
	5,888	5,223	12.7 %	3,058
	1,158	1,010	14.7 %	592
	431	–	–	219
	727	–	–	373
	201	–	–	–
	574	–	–	–
	1,100	–	–	373

Additional comments

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the six months ended 30 June 2007, have been drawn up in accordance with those International Financial Reporting Standards (IFRS) as adopted in the European Union which apply to interim reporting.

A review of the financial statements included in the condensed Group interim financial statements has been performed by KPMG Deutsche Treuhandgesellschaft or by other appointed auditors.

In the condensed Group interim financial statements, we have used the same accounting policies as those used to prepare the Group financial statements for the year ended 31 December 2006, with the exception of the following changes, and have also applied IAS 34 "Interim Financial Reporting".

At 31 December 2006, the classification of financing costs in relation to pension provisions was adjusted according to IAS 19. As a result of the acquisition of BOC and the disposal of the KION Group, a major part of the pension obligations will be financed by externally managed assets from the 2006 financial year, which is intended to reduce the financing costs of these obligations. To date, the interest costs in the pension provisions and the expected return on plan assets have been recognised in functional costs. In the 2006 financial year, the financing costs were included in the financial result for the first time, as they arise from the way in which pension obligations are financed. The new method of disclosure ensures that the information about the impact of the pension obligations and their movements on the results of operations is more useful for decision-making. Because of this change in accounting policy, the disclosure in the prior year period has been adjusted ("adjusted").

The application of the following Standards is mandatory from 1 January 2007: IFRS 7 "Financial Instruments: Disclosures", Amendment to IAS 1 "Presentation of Financial Statements: Capital Disclosures", and Revised Guidance on Implementing IFRS 4 "Insurance Contracts". These Standards have no impact on the net assets, financial position and results of operations of The Linde Group, but will result in changes in the information which is required to be disclosed in the Group financial statements for the year ended 31 December 2007, or to more information being given.

In addition to the Standards mentioned 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 six months to 30 June 2007, as they are either not yet mandatory or have not been adopted by the European Commission.

- → IFRS 8 "Operating Segments"
- → IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"
- → IFRIC 12 "Service Concession Arrangements"
- → IFRIC 13 "Customer Loyalty Programmes"
- → IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

[2] Changes in Group structure

The short Group interim 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:

Changes in the base of consolidation

	As at 31.12.2006	Additions	Disposals	As at 30.06.2007
Consolidated subsidiaries	589	45	43	591
of which within Germany	34	1	–	35
of which outside Germany	555	44	43	556
Subsidiaries reported at acquisition cost	31	6	8	29
of which within Germany	3	2	2	3
of which outside Germany	28	4	6	26
Companies accounted for using the equity method	196	1	138	59
of which within Germany	–	–	–	–
of which outside Germany	196	1	138	59

The main disposals during the reporting period were the investments in Linde Gas Australia, the BOC Edwards components business, and Linde Gas UK Limited, as well as the joint ventures Japan Air Gases and Indura, all of which were included under the heading "Non-current assets held for sale and disposal groups" at 31 December 2006. A total profit on disposal of € 574 million arose on the deconsolidation of these investments.

BOC Lienhwa Industrial Gases, Taiwan, which has, until now, been reported as a joint venture, has been consolidated as a subsidiary for the first time in the reporting period. On 1 April 2007, Linde obtained control of this company, based on a separate agreement. No additional purchase price was paid. As a result of the change of base of consolidation from a joint venture to accounting for it as a subsidiary, a provisional difference of € 104 million arose in accordance with IFRS 3. This amount will be allocated to intangible and tangible assets, liabilities and contingent liabilities pending the purchase price allocation, which has yet to take place.

Provisional difference arising from changes in the base of consolidation

in € million	BOC Lienhwa
Book value of investment according to IAS 28	179
Purchase costs of additional shares	–
Purchase cost according to IFRS 3	179
Proportional share of net assets at book value	75
Provisional difference between the cost and net assets acquired before purchased price allocation according to IFRS 3	104

[3] 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 following major rates of exchange have been used:

Currencies

Exchange rate € 1 =	ISO code	Mid-rate on balance sheet date		Annual average rate January to June	
		30.06.2007	30.06.2006	2007	2006
Argentina	ARS	4.188600	3.943800	4.107315	3.774345
Australia	AUD	1.593500	1.722900	1.645113	1.656543
Brazil	BRL	2.612100	2.769900	2.719453	2.693573
China	CNY	10.314400	10.221600	10.259560	9.885979
Great Britain	GBP	0.674300	0.692100	0.674809	0.687259
Canada	CAD	1.442500	1.428800	1.509446	1.400741
Malaysia	MYR	4.676900	4.699300	4.603599	4.535466
Mexico	MXN	14.636700	14.496300	14.556494	13.419315
Norway	NOK	7.975300	7.964700	8.137503	7.925844
Poland	PLN	3.770900	4.062400	3.843114	3.889985
Sweden	SEK	9.246700	9.207800	9.222053	9.325224
Switzerland	CHF	1.653700	1.563600	1.631938	1.561428
South Africa	ZAR	9.543500	9.169700	9.519175	8.074153
South Korea	KRW	1,251.490000	1,213.350000	1,241.459600	1,184.976870
Czech Republic	CZK	28.776000	28.481000	28.147869	28.487581
Turkey	TRY	1.778000	2.023800	1.827406	1.721334
Hungary	HUF	246.740000	283.240000	250.296229	260.702626
USA	USD	1.354400	1.278900	1.328440	1.230714

[4] Acquisitions and sales

The BOC Group plc, Windlesham, Great Britain

On 6 March 2006, Linde AG submitted a recommended cash offer for The BOC Group plc, Windlesham, Great Britain (BOC) for GBP 16 per share in cash. Following the satisfaction of competition authority preconditions in the United States and in the European Union, the acquisition was also approved by the BOC shareholders and by the English courts.

The Scheme of Arrangement came into effect on 5 September 2006, thus completing the acquisition of BOC by Linde.

The BOC subsidiaries acquired have been included in the condensed Group interim financial statements for the six months ended 30 June 2007, in accordance with IFRS 3 at the fair values of the assets, liabilities and contingent liabilities on the acquisition date, less appropriate amortisation or depreciation. Due to the size and complexity of the acquisition, the results of the purchase price allocation remain provisional.

The following table shows the calculation of the provisional figure for goodwill at 30 June 2007, based on the purchase price of € 12.4 billion:

in € million	
Provisional difference between the cost and net assets acquired before purchase price allocation as at 31 December 2006	**9,366**
Change as a result of adjustment to cost	15
Provisional difference between the cost and net assets acquired before purchase price allocation as at 31 March 2007	**9,381**
Customer relationships	2,881
Brand name	411
Technologies	217
Other intangible assets	38
Technical equipment	528
Land and buildings	327
Other tangible assets	480
Investments in associates	776
Non-current assets held for sale and disposal groups	1,071
Other assets and other liabilities	–279
Other changes to the opening balance	–120
Deferred taxes	–1,690
Provisional goodwill as at 30 June 2007	**4,741**

There were changes to the goodwill figure arising from adjustments to the fair value of “Non-current assets held for sale and disposal groups”, as a result of actual sale prices becoming available for the joint ventures Japan Air Gases and Indura, the Asian joint ventures sold (Singapore Oxygen/Singapore, Eastern Industrial Gases/Thailand, Vietnam Industrial Gases/Vietnam, and Brunei Oxygen/Brunei) and for the BOC Edwards components business. There were also adjustments to the value of individual assets and liabilities as well as to deferred tax.

Malaysian Oxygen Berhad, Malaysia

Under the agreement concluded with Air Liquide on 27 April 2007, for the reorganisation of the joint ventures in Asia, Linde acquired a total of 22.5 percent of the shares in Malaysian Oxygen Berhad (MOX). Subsequently in July 2007, Linde made a public offer to acquire the remaining 55 percent of the shares at a price of 17 MYR per share. On the expiry of the term for acceptance on 14 July 2007, The Linde Group had a shareholding in MOX of around 98 percent. On 1 June 2007, Linde obtained control, on exceeding the 50 percent threshold of shares held, and from that date the company was included in the Group financial statements. Due to the short period of time between the acquisition and the date of this interim report, it has not been possible to complete the purchase price allocation required by IFRS 3. The full amount of the difference between the purchase price and net assets acquired (€ 324 million) has provisionally been disclosed as goodwill.

Hong Kong Oxygen, Hong Kong

In the course of the reorganisation of the joint ventures in Asia, The Linde Group also acquired on 27 April 2007 from Air Liquide 50 percent of the shares in Hong Kong Oxygen and Acetylene Co. Ltd, Hong Kong. The cost of acquiring the 50 percent share in the company was € 62 million. The difference between the purchase price and the net assets acquired was € 97 million. Due to the short period of time between the acquisition and the date of this interim report, it has not been possible to complete the purchase price allocation required by IFRS 3. The difference between the purchase price and the net assets of the company relates mainly to the remeasurement of joint ventures with customers in China, the recognition of customer relationships at fair value for the first time, and the remeasurement of tangible assets. The full amount of the difference is currently disclosed as goodwill.

Asia Union Electronic Chemical, Taiwan

The newly classified subsidiary BOC Lienhwa Industrial Gases, Taiwan, has entered into a separate contractual agreement with its business partner to acquire the outstanding 50 percent of the shares in Asia Union Electronic Chemical, Taiwan. Due to the short period of time between the acquisition and the date of this interim report, it has not been possible to complete the purchase price allocation required by IFRS 3. The difference between the cost of the acquisition and the book value of the net assets acquired (€ 3 million) is currently disclosed as goodwill.

Provisional difference from other acquisitions

in € million	Malaysian Oxygen Berhad	Hong Kong Oxygen	Asia Union Electronic Chemical
Book value of investment according to IAS 28	100	50	10
Purchase cost for additional shares	331	61	11
Purchase cost according to IFRS 3	**431**	**111**	**21**
Proportionate share of net assets at book value	107	14	18
Provisional difference before purchase price allocation according to IFRS 3	**324**	**97**	**3**

[5] Non-recurring items

In the first quarter of 2007, Linde sold the industrial and medical gases business in Mexico, which was managed by the subsidiary AGA S.A. de CV, the Australian gases operations of the subsidiary Linde Gas Australia and the US bulk business. In addition, the subsidiary INO Therapeutics LLC was deconsolidated in the first quarter. Part of the sales consideration was paid in cash and part in the form of a 17 percent share in Ikaria Holdings. In the second quarter, Linde's investment in its subsidiary Linde Gas UK, and the packaged gas business in the US, were also sold. A total profit on deconsolidation of € 574 million arose on these disposals, which was disclosed as a non-recurring item. Set against this is a one-off tax expense for the divested businesses of approximately € 200 million.

During the reporting period, the share in the joint venture Japan Air Gases was sold to comply with the conditions imposed by the competition authorities on the acquisition of BOC. Linde also sold its share in the joint venture Indura in Chile, and in the second quarter of 2007 its shares in the Asian joint ventures, Singapore Oxygen (Singapore), Eastern Industrial Gases (Thailand), Vietnam Industrial Gases (Vietnam), and Brunei Oxygen (Brunei). At the same time, all the assets and liabilities relating to the BOC Edwards components business were eliminated from the consolidation and the sale of the Polish gases operations of BOC (BOC Gazy Sp.z.o.o.) was completed in the second quarter. Due to the fact that a purchase price allocation had been carried out and that these investments were already stated at fair value less cost to sell, no profits on disposal arose on these transactions.

As regards the sale of Linde Gas UK and the BOC Edwards components business, contingent assets exist which are subject to certain conditions. As it is not currently possible to make a reliable estimate as to whether these conditions will apply, the contingent assets have not been recognised in the balance sheet. The contingent assets towards the purchaser of the BOC Edwards components business amount to € 65 million.

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

Following the approval of the EU and US competition authorities granted on 6 June 2006 and 18 July 2006, Linde was able to proceed with the acquisition of BOC, subject to certain conditions. At 30 June 2007, the remaining assets and liabilities relating to BOC Edwards Pharmaceutical Systems associated with the sale of the BOC Edwards components business were disclosed as assets held for sale. The business achieved sales in the reporting period of € 19 million.

Taking into account those subsidiaries and investments already sold, the following non-current assets and disposal groups were disclosed as held for sale at 30 June 2007.

Non-current assets held for sale and liabilities directly related to non-current assets held for sale

in € million	BOCE Pharmaceutical Systems
Intangible assets	–
Other non-current assets	8
Inventories	23
Cash and cash equivalents	1
Other current assets	15
Total non-current assets held for sale and disposal groups	**47**
Provisions for pensions and similar obligations	–
Other non-current provisions	4
Non-current liabilities	–
Current liabilities	27
Total liabilities directly related to non-current assets held for sale	**31**

BOC Edwards (components business)

At the date of acquisition of BOC, Linde disclosed the components business of BOC Edwards in “Non-current assets held for sale and disposal groups”. The BOC Edwards components business was sold under a contract of sale dated 12 March 2007, subject to the receipt of approval from the competition authorities. The electronic gases business of BOC Edwards is remaining in The Linde Group.

From the date of acquisition of BOC on 5 September 2006, the income statement was divided into continuing gas and engineering operations and discontinued operations, i.e. the BOC Edwards components business.

The effect of the classification of the BOC Edwards components business as a discontinued operation until the date of its deconsolidation can be seen from the following table:

Discontinued operations

	January to June		January to June	
	2007	2006	2007	2006
in € million	BOCE components	BOCE components	KION Group	KION Group
Sales	347	–	–	1,933
Cost of sales	250	–	–	1,445
Gross profit on sales	**97**	**–**	**–**	**488**
Other income and expenses	−83	–	–	−371
Non-recurring items	5	–	–	–
Financial income	–	–	–	14
Financial expense	2	–	–	24
Taxes on income	4	–	–	29
Earnings after taxes on income	**13**	**–**	**–**	**78**
Attributable to minority interests	–	–	–	–
Cash flow from operating activities	−30	–	–	82
Cash flow from investing activities	−12	–	–	−74

[7] Equity

Statement of changes in Group equity

in € million	Capital subscribed	Capital reserve	Retained earnings
At 31 December 2005 – as reported	307	2,704	1,622
Adjustments			
Change in accounting policy IFRIC 4	–	–	58
At 1 January 2006 – restated	307	2,704	1,680
Dividend payments	–	–	–168
Change in currency translation differences	–	–	–
Financial instruments	–	–	–
Earnings after taxes on income – restated –	–	–	270
Changes as a result of share option scheme	–	14	–
Other changes	–	–	–
At 30 June 2006	307	2,718	1,782
At 31 December 2006/1 January 2007	411	4,648	3,226
Dividend payments	–	–	–241
Change in currency translation effects	–	–	–
Financial instruments	–	–	–
Amount arising from the issue of convertible bond	1	18	–
Earnings after taxes on income	–	–	589
Changes as a result of share option scheme	1	17	–
Other changes	–	–	–2
At 30 June 2007	413	4,683	3,572

	Cumulative changes in equity not recognised through the income statement						
	Currency translation differences	Remeasurement of securities at fair values	Derivative financial instruments	Actuarial gains/losses	Total equity excluding minority interests	Minority interests	Total equity
	−48	–	−9	−212	4,364	49	4,413
	2	–	–	–	60	–	60
	−46	–	−9	−212	4,424	49	4,473
	–	–	–	–	−168	−2	−170
	−107	–	–	–	−107	1	−106
	–	1	14	–	15	–	15
	–	–	–	–	270	3	273
	–	–	–	–	14	–	14
	–	–	–	55	55	–	55
	−153	1	5	−157	4,503	51	4,554
	−228	1	5	−63	8,000	225	8,225
	–	–	–	–	−241	−17	−258
	46	–	–	–	46	−1	45
	–	−1	19	–	18	–	18
	–	–	–	–	19	–	19
	–	–	–	–	589	25	614
	–	–	–	–	18	–	18
	–	–	–	252	250	129	379
	−182	–	24	189	8,699	361	9,060

[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 also expected future increases in salaries and pensions. The calculation of the provisions is determined using actuarial reports based on biometric assumptions. 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 parameters (discount rate, expected return on plan assets, growth in future benefits, growth in pensions), and taking into account any exceptional effects in the current quarter.

At 30 June 2007, a change was recognised in the parameters on which the pension obligations are based which amounted to € 252 million (after deferred tax), which led to an increase in equity.

[9] Financial debt

Convertible bond

In May 2004, a convertible bond with a nominal amount of € 550 million was issued. It has a maturity period of five years and an interest rate of 1.25 percent. As a result of the positive trends in the Linde AG share price, a total amount of € 19 million of the convertible bond was converted into equity in the second quarter of 2007. This is equivalent to a total of 339,926 shares.

Capital market bonds

In April 2007, Linde Finance B.V., guaranteed by Linde AG (Baa1 stable/BBB stable), issued bonds with a volume of around € 2.4 billion in three tranches in EUR and GBP. The transaction comprised a five-year fixed-rate bond of EUR 1 billion, a ten-year fixed-rate bond of EUR 1 billion, and a 16-year sterling tranche of GBP 300 million. The funds generated were used to refinance a EUR 637 million bond repayable in June, as well as to make a partial repayment of the syndicated credit.

[10] Adjustment to prior year figures

The following table shows the adjustments to prior year figures ("adjusted") as a result of the change in the accounting for, and disclosure of, the financing costs relating to pension obligations, and as a result of the amendment made to the figure for goodwill arising on the acquisition of BOC.

Group income statement

in € million	January to June 2006
Earnings after taxes on income – as reported –	273
Reclassification of financing costs relating to pension provisions in accordance with IAS 19	
Change in cost of sales	–5
Change in marketing and selling expenses	–4
Change in research and development costs	–1
Change in administration expenses	–2
Change in other operating income	–
Change in other operating expenses	–
Change in interest income	17
Change in interest expenses	29
Earnings after taxes on income – adjusted –	273

[11] Earnings per share

	January to June 2007			January to June 2006[1]		
in € million	Continuing operations	Discontinued operations	Group	Continuing operations	Discontinued operations	Group[1]
Earnings after taxes on income attributable to Linde AG shareholders	576	13	589	192	78	270
Plus: increase in profit due to dilutive effect of convertible bond	6	–	6	7	–	7
Profit after adjusting for dilutive effects	582	13	595	199	78	277
shares in thousands						
Weighted average number of shares outstanding	160,879	160,879	160,879	119,879	119,879	119,879
Dilution as a result of the Linde Management Incentive Programme	824	824	824	442	442	442
Effect of dilutive convertible bond	6,395	6,395	6,395	9,738	9,738	9,738
Weighted average number of shares outstanding – fully diluted –	168,098	168,098	168,098	130,059	130,059	130,059
Earnings per share in €	**3.58**	**0.08**	**3.66**	**1.60**	**0.65**	**2.25**
Earnings per share in € – fully diluted –	**3.46**	**0.08**	**3.54**	**1.53**	**0.60**	**2.13**

[1] Adjusted.

[12] Reconciliation of key financial figures

To provide better comparability, the key financial figures relating to The Linde Group have been adjusted below for the effects of the purchase price allocation relating to the acquisition of BOC, in accordance with IFRS 3 and for non-recurring items.

Adjusted income statement

	30.06.2007			30.06.2006
in € million	as reported	"Non GAAP" adjustments	Key financial figures	Key financial figures
Sales	5,888	–	5,888	3,058
Cost of sales	3,953	−137	3,816	1,963
Gross profit on sales	**1,935**	**137**	**2,072**	**1,095**
Research and development costs, marketing, selling, and administration expenses	1,504	−64	1,440	753
Other operating income and expenses	64	–	64	35
Income from associates	31	–	31	−4
Non-recurring items	574	−574	–	–
Financial result	−204	–	−204	−57
Taxes on income	295	−135	160	121
Earnings after taxes on income continuing operations	**601**	**−238**	**363**	**195**
Earnings after taxes for discontinued operations	13	–	13	78
Earning after taxes on income	**614**	**−238**	**376**	**273**
Attributable to minority interests	25	–	25	3
Attributable to Linde AG shareholders	**589**	**−238**	**351**	**270**
Earnings per share in €	**3.66**	**–**	**2.18**	**2.25**
Earnings per share in € – fully diluted –	**3.54**	**–**	**2.12**	**2.13**

[13] Subsequent events after the reporting period

Acquisition of the Turkish industrial gases company BOS

Under an agreement dated 5 April 2007, and with effect from 17 July 2007, the Turkish industrial gases company Birlesic Oksijen Sanayi A.S. (BOS) was acquired at a price of around € 92 million. BOS, a company with around 180 employees, operates in the industrial and specialty gases business and achieved sales of € 30 million in the 2006 financial year.

Acquisition of the Algerian gases company ENGI

Under an agreement dated 18 June 2007, Linde acquired the majority of shares in the state-owned Algerian industrial and medical gases company ENGI (Entreprise Nationale de Gaz Industriels). The company will be consolidated from 1 July, which is the date on which operational control of the company passed to Linde. ENGI, which has around 700 employees, achieved sales of around € 30 million in the financial year.

Changes in the Executive Board of Linde AG

On 18 July 2007, it was announced that Trevor Burt, who was responsible for the Asia/Pacific region and for the cylinder gases and electronic gases product areas, will leave the company on 31 December 2007 of his own accord. With the resignation of Trevor Burt, the number of members of the Executive Board of Linde AG will be reduced from five to four. Therefore, the responsibilities on the Executive Board will be reallocated as from 1 August 2007.

Professor Dr Wolfgang Reitzle, the Chairman of the Executive Board, in addition to his current duties, will take on innovation management throughout the Group, currently a responsibility assumed by Dr Aldo Belloni.

In addition to his current responsibility for the Engineering Division and the regions of Continental/Northern Europe, Great Britain & Ireland, and Eastern Europe/Middle East, Dr Aldo Belloni will also be responsible in future for the regions previously managed by Trevor Burt of China and South-east Asia (including the joint ventures in Asia) and for the electronic gases product area. Dr Belloni will also take on the global product area known as tonnage, i.e. the high volume business, currently managed by Kent Masters.

Kent Masters, who is responsible for the regions North America, South America and Africa, as well as for the liquefied gases product area, will assume Trevor Burt's responsibilities for the South Pacific region and the cylinder gases product area. He will also assume responsibility for the healthcare global product area, currently managed by Dr Aldo Belloni.

The responsibilities of Georg Denoke, the CFO of Linde AG, will remain unchanged.

Passage of Corporate Tax Reform Bill 2008

On 6 July 2007, the Bundesrat, the upper house of the German Parliament, approved the German Corporation Tax Reform Bill 2008. As a result of the new overall tax rate in Germany, there will be a slight decrease in the tax burden of The Linde Group. However, due to the fact that Group earnings in Germany now constitute a smaller proportion of total Group earnings, the effect of this change will be relatively small. The introduction of the interest limit will have an adverse impact on Linde AG, so we are planning some restructuring measures in 2007 to counter this.

Based on the rules set out in IFRS, the future corporation tax rate of 15 percent should be applied in determining the calculation of deferred tax in Germany from the third quarter of 2007. This will not have a significant impact on the net assets, financial position or results of operations of The Linde Group.

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 June 2007 and the publication deadline for these short Group interim financial statements.

Review report

To Linde AG, Munich

We have reviewed the condensed interim consolidated financial statements, comprising the balance sheet, income statement, cash flow statement, statement of recognised income and expense and selected explanatory notes, and the interim Group management report of Linde AG, Munich for the six-month period ended June 30, 2007, which form part of the half-year financial report according to Section 37 (w) Securities Trading Act (Gesetz über den Wertpapierhandel/Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and of the interim Group management report, which has been prepared in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a review 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 the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements (ISRE) 2410. 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 EU, and that the interim Group management report has not been prepared, in material aspects, in accordance with the regulations of the German Securities Trading Act 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 auditor's 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 reporting as adopted by the EU, and that the interim Group management report has not been prepared, in all material respects, in accordance with the regulations of the German Securities Trading Act applicable to interim group management reports.

Düsseldorf, 30 July 2007

KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Professor Dr Rolf Nonnenmacher
Wirtschaftsprüfer
(German Public Auditor)

Michael Gewehr
Wirtschaftsprüfer
(German Public Auditor)

Representation from the legal representatives of the Group

To the best of our knowledge, we affirm that the Group interim financial statements, prepared in accordance with those accounting standards which apply to interim reporting, give a true and fair view of the net assets, financial position and results of operations of the Group, that the Group management report presents the business performance of the Group, including the operating results and position of the Group, in such a way as to provide a true and fair view of the Group, and that a description has been given of the main opportunities and risks associated with the future development of the Group in the remaining part of the financial year.

Munich, 30 July 2007

Professor Dr Wolfgang Reitzle
Chief Executive Officer
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

Trevor Burt
Member of the Executive Board
of Linde AG

Georg Denoke
Member of the Executive Board
of Linde AG

Imprint

Published by
Linde AG
Leopoldstrasse 252
80807 Munich
Germany

Design
Peter Schmidt Group, Hamburg

Text
Linde AG

Production and typesetting
Brand Implementation GmbH, Hamburg

Printed by
Offsetdruck Raff, Riederich

Financial Calendar

Autumn press conference
30 October 2007
Munich

Interim Report
January–September 2007
30 October 2007

Shareholders´ Meeting 2008
3 June 2008, 10.00 a.m.
International Congress Centre Munich

Contact Information

Linde AG
Leopoldstrasse 252
80807 Munich
Germany
Phone +49.89.35757-01
Fax +49.89.35757-1075
www.linde.com

Communications
Phone +49.89.35757-1321
Fax +49.89.35757-1398
E-Mail info@linde.com

Investor Relations
Phone +49.89.35757-1321
Fax +49.89.35757-1398
E-Mail investorrelations@linde.com

This report is available in both German and English and can be downloaded from our website at www.linde.com.

Additional copies of the report and further information about Linde can be obtained from us free of charge.

Published by

Linde AG
Leopoldstrasse 252
80807 Munich
Germany
Phone +49.89.35757-01
Fax +49.89.35757-1075
www.linde.com