Interim Report 2013

Q1

Interim Report January – March 2013

Leading.

THE LINDE GROUP

LINDE FINANCIAL HIGHLIGHTS

[2013]

Linde Financial Highlights		January to March 2013	January to March 2012 adjusted[5]	Change
Share				
Closing price	€	145.05	134.55	7.8 %
Year high	€	146.90	134.55	9.2 %
Year low	€	128.60	116.95	10.0 %
Market capitalisation (at closing price on 31 March)	€ million	26,867	23,016	16.7 %
Adjusted earnings per share[1]	€	1.94	1.88	3.2 %
Earnings per share – undiluted	€	1.72	1.65	4.2 %
Number of shares outstanding	(in 000s)	185,225	171,061	8.3 %
Group				
Revenue	€ million	3,985	3,614	10.3 %
Operating profit[2]	€ million	953	846	12.6 %
Operating margin	in %	23.9	23.4	+50 bp[4]
EBIT	€ million	521	491	6.1 %
Profit for the period	€ million	340	309	10.0 %
Number of employees[3]		62,814	62,765	0.1 %
Gases Division				
Revenue	€ million	3,448	3,004	14.8 %
Operating profit	€ million	942	823	14.5 %
Operating margin	in %	27.3	27.4	–10 bp[4]
Engineering Division				
Revenue	€ million	552	601	–8.2 %
Operating profit	€ million	66	73	–9.6 %
Operating margin	in %	12.0	12.1	–10 bp[4]

[1] Adjusted for the effects of the BOC purchase price allocation.
[2] EBITDA including share of profit or loss from associates and joint ventures.
[3] At 31 March 2013 / 31 December 2012.
[4] Basis points.
[5] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

LINDE INTERIM REPORT

[Q1 – JANUARY TO MARCH 2013]

JANUARY TO MARCH 2013:
LINDE MAKES A SOLID START TO THE NEW FINANCIAL YEAR

- Group revenue up 10.3 percent to EUR 3.985 bn
- Group operating profit[1] increases by 12.6 percent to EUR 953 m
- Group operating margin rises to 23.9 percent (2012: 23.4 percent)
- Short-term and medium-term Group outlook confirmed:
  - 2013: Increase in revenue; operating profit of at least EUR 4 bn
  - 2016: Operating profit of at least EUR 5 bn; ROCE[2] of around 14 percent

[1] Operating profit: EBITDA including share of profit or loss from associates and joint ventures.
[2] Return on capital employed adjusted for the effects of the BOC purchase price allocation.

GROUP INTERIM MANAGEMENT REPORT

General economic environment

Growth in the global economy in the first quarter of 2013 was at a similarly modest rate to that seen in the course of 2012. Economic experts are expecting rates of growth to remain moderate for the rest of the current year. The international forecasting institute The Economist Intelligence Unit Ltd. (EIU)[1] is continuing to predict an increase in global gross domestic product (GDP) of 2.4 percent for the full year 2013 (2012: 2.3 percent). However, it has revised down its forecast of global industrial production (IP) for 2013. The experts are now predicting an increase here of only 2.2 percent (2012: 1.2 percent), rather than the 2.7 percent increase they were predicting at the end of 2012.

Major factors hindering economic development still include high levels of sovereign debt in major economies, currency fluctuations, high levels of unemployment in many industrialised countries and political unrest in parts of the Arab world.

Economists continue to assume that over the coming years structural growth potential in the emerging economies will remain the most important driver of global economic trends. In addition, the global megatrends, energy, the environment and health, should provide the greatest stimuli to investment in the long term.

The experts are expecting that there will continue to be considerable variations in economic trends in different regions of the world in the current year 2013. Once again, it is anticipated that the fastest rates of growth will be in the Asia/Pacific region. The EIU is forecasting an increase in GDP here of 6.2 percent, the same figure it predicted at the end of 2012. China is again expected to be out in front, with a forecast increase in GDP of 8.5 percent. Above-average growth is also expected to continue in India. It is anticipated that economic output here will be up 6.5 percent. In Australia, economists are forecasting growth of 3.0 percent.

Significantly weaker trends are being forecast for the economy in the EMEA region (Europe, Middle East, Africa). Here the EIU continues to predict only a slight increase in GDP of 0.7 percent. Whereas economic output for the entire eurozone is even expected to decline by 0.4 percent, the forecasts for Germany are more optimistic – here, the experts are predicting GDP growth of 0.7 percent. The economic prospects for Eastern Europe, the Middle East and Africa remain relatively robust. In Eastern Europe, it is anticipated that economic growth in the current year will be 2.4 percent, while in the Middle East it is expected to be 4.0 percent and in Africa 4.6 percent.

The growth forecast for the Americas region as a whole in 2013 remains at 2.3 percent. Economists are expecting an increase in GDP of 2.1 percent in the United States and economic growth of 3.6 percent in South America.

Change in accounting policies

From 1 January 2013, Linde has applied the new accounting standards IFRS 10 Consolidated Financial Statements and IFRS 11 Joint Arrangements. As a result, the method of consolidation for joint ventures has changed. Some of these are now fully consolidated and some are included in the consolidated financial statements on the basis of the share of equity held by Linde. As these standards have been applied with retrospective effect from the date of acquisition or formation of the joint venture and this has an impact on virtually all the items in the statement of financial position and statement of profit or loss, all the prior-year figures in the Group interim report have been adjusted. The application of the new accounting standards resulted in slightly higher figures for revenue and earnings. The impact on the overall financial position, net assets and results of operations of the Group is insignificant.

For further details about the first-time adoption of IFRS 10 and IFRS 11, see NOTE [1] "General accounting policies" on PAGES 18 TO 24 of the Notes to the Group interim financial statements.

Group

The technology company The Linde Group has made a solid start to the new financial year. In the first quarter of 2013, it again achieved increases in Group revenue and Group operating profit. Despite modest rates of growth in the general economy, especially in mature markets, the Group has continued to achieve profitable growth. The newly-acquired operations in the Healthcare product area made the most significant contribution here.

Group revenue in the first three months of 2013 rose by 10.3 percent to EUR 3.985 bn, compared with EUR 3.614 bn in the first three months of 2012. After adjusting for exchange rate effects, the increase in revenue was 11.8 percent. Contributing to this positive trend was US homecare company Lincare, acquired by Linde in August 2012. Revenue generated by Lincare was EUR 397 m. The Group's share of revenue from its interests in joint ventures (which is not disclosed in Group revenue) was EUR 36 m (2012: EUR 33 m).

Linde was able to continue to reinforce its profitability at a high level and to increase Group operating profit by 12.6 percent to EUR 953 m (2012: EUR 846 m). As a result, the Group operating margin rose to 23.9 percent (2012:

[1]

23.4 percent). One of the reasons for this was the proportionately smaller part played by the Engineering Division in the first quarter of 2013 than in the first quarter of 2012.

Stable, high levels of profitability are also due to the rigorous implementation of Linde's holistic concept for sustainable process optimisation and productivity gains (High Performance Organisation or HPO). Linde is continuing to apply these efficiency improvement measures.

EBIT rose by 6.1 percent to EUR 521 m (2012: EUR 491 m). It should be noted that amortisation and depreciation increased by EUR 77 m to EUR 432 m (2012: EUR 355 m). This increase was due mainly to the rise in the figure for current amortisation and depreciation as a result of investment. During the reporting period, Linde also recognised an expense of EUR 30 m for the amortisation of fair value adjustments. These were identified in the course of purchase price allocations relating to the acquisition of Lincare and the purchase of Air Products' Continental European homecare business.

The net financial expense in the three months ended 31 March 2013 was EUR 88 m (2012: EUR 96 m). The EUR 8 m decrease in the net financial expense was mainly due to the Group taking advantage of favourable refinancing opportunities and incurring lower interest charges as a result.

Linde therefore generated a profit before tax in the quarter ended 31 March 2013 of EUR 433 m (2012: EUR 395 m).

The income tax expense in the first three months of 2013 was EUR 93 m (2012: EUR 86 m). The release of tax provisions following the completion of a tax audit had a positive impact on the income tax rate, which fell from 21.8 percent for the first quarter of 2012 to 21.5 percent for the first quarter of 2013. Linde's profit for the period (after deducting the tax expense) was EUR 340 m in the three months to 31 March 2013, compared with EUR 309 m for the first three months of 2012.

After adjusting for non-controlling interests, profit for the period attributable to Linde AG shareholders was EUR 318 m (2012: EUR 282 m). This gives earnings per share of EUR 1.72 (2012: EUR 1.65). On an adjusted basis, i.e. after adjusting for the effects of the purchase price allocation from the BOC acquisition, earnings per share stood at EUR 1.94 (2012: EUR 1.88).

Gases Division

Linde is one of the leading companies in the international gases industry and is extremely well-positioned, especially in the emerging economies. On the basis of its global footprint and well-balanced spread across different sectors, Linde is able to compensate better for faltering demand in some markets or the weakness of certain currencies than companies which do not have such a broad international base.

Revenue in the Gases Division in the first three months of 2013 grew 14.8 percent to EUR 3.448 bn, compared with EUR 3.004 bn for the prior-year period. When considering this substantial increase, the newly-acquired Lincare business should be taken into account. During the reporting period, Lincare contributed revenue of EUR 397 m to the total revenue of the Gases Division. On a comparable basis, i.e. excluding exchange rate and natural gas price effects and the consolidation effect of Lincare, the increase in revenue was 3.7 percent. Within the Gases Division, Lincare is included in the Americas reportable segment and the Healthcare product area.

The Group's share of revenue from its interests in joint ventures (not included in the revenue of the Division) was EUR 33 m (2012: EUR 30 m).

Linde's Gases Division achieved a 14.5 percent increase in operating profit to EUR 942 m (2012: EUR 823 m). This gives an operating margin of 27.3 percent (2012: 27.4 percent).

Business trends in the individual segments in the Gases Division varied in each case, depending on prevailing economic conditions.

EMEA

In the EMEA reportable segment (Europe, Middle East, Africa), the Group's largest sales market, Linde achieved revenue growth of 2.5 percent in the first quarter of 2013 to EUR 1.497 bn (2012: EUR 1.460 bn). On a comparable basis, the growth in revenue was 4.0 percent. In line with the revenue trend, operating profit improved by 2.6 percent, rising to EUR 430 m (2012: EUR 419 m). The high operating margin achieved in the first three months of 2013 of 28.7 percent was exactly the same as the figure for the prior-year period.

Business in the EMEA region was strengthened in particular as a result of the contribution made by the Continental European homecare operations acquired by Linde from Air Products in April 2012.

With the acquisition of French homecare-provider Calea France SAS and the purchase of the remaining shares in former joint venture OCAP, Linde has further strengthened its market position in the EMEA region. Dutch company OCAP is a specialist provider which supplies recycled carbon dioxide to greenhouses.

Business trends in the EMEA region were adversely affected by the prevailing unfavourable economic conditions in the eurozone. Demand in the liquefied gases and cylinder gas product area was accordingly modest, while the on-site business remained relatively stable. Here, for example, the start-up of a new air separation plant on the Stolberg site in Germany made a contribution. In the UK, Linde was also able to achieve above-average rates of growth in the on-site business.

In March 2013, Linde brought on stream the first large air separation plant in Kazakhstan. From this plant, the Group supplies gaseous oxygen and nitrogen to its customer ArcelorMittal, the world's biggest steel company. The new plant also produces liquefied products for the regional market in Kazakhstan.

Linde is to undertake another project for ArcelorMittal in the Ukraine. At the end of February 2013, the companies entered into a long-term on-site agreement for the supply of gaseous oxygen and nitrogen on the Kryviy Rih site. The contract involves the construction of an air separation plant and is worth around EUR 64 m.

The general market environment in Eastern Europe during the reporting period was characterised by a slowdown in economic activity. Volumes here declined as a result. The economy in the Middle East on the other hand remained robust.

Asia/Pacific

In the Asia/Pacific reportable segment, Linde achieved revenue growth of 3.3 percent in the first three months of 2013 to EUR 926 m (2012: EUR 896 m). On a comparable basis, the increase in revenue was 5.4 percent. In particular, growth in the first quarter was adversely affected by the weaker economic environment in the South Pacific region.

Operating profit was up 2.6 percent to EUR 240 m (2012: EUR 234 m). This resulted in an operating margin of 25.9 percent (2012: 26.1 percent).

Within the Asia/Pacific segment, Linde achieved its greatest business expansion in South & East Asia. In the cylinder gas and liquefied gases product areas, the Group saw volume increases in most of the countries in the region. The positive business trends were also boosted by the ramp-up of an air separation plant which Linde had constructed for its customer Tata Steel on the Jamshedpur site in India under a long-term on-site supply contract. The plant has a production capacity of 2,550 tonnes per day and is the largest of its kind in India.

In the Greater China region, the Group also generated revenue growth. Here Linde benefited in particular from new on-site projects. In the first quarter of 2013, for example, plants supplying high-purity electronic gases to Samsung Electronics in Suzhou Industrial Park in eastern China successfully started up. In addition, the hydrogen and synthesis gas plant built by Linde in Caojing for Bayer AG came on stream. Moreover, there were positive trends in the Greater China region in the cylinder gas business.

In the South Pacific region, on the other hand, the market was characterised by declining volumes, especially in the technical material and equipment business.

During the reporting period, Linde made further investments targeting the expansion of the gases business in the Asia/Pacific segment. The Group will, for example, be building a new CO_2 plant on the Map Tha Phut site in Thailand. The investment in this project is around EUR 12 m. The new plant, which will come on stream in 2014, will allow Linde to supply customers in the energy, chemical and food industries with liquefied CO_2.

In Singapore, the Group was awarded a new pipeline project in the first quarter of 2013. Under a long-term supply contract, Linde will supply nitrogen to Oiltanking Singapore Limited from Jurong Island. To do so, Linde is constructing a new pipeline infrastructure and investing in additional compressors.

The Group is also continuing to expand its production capacity in Australia. In January 2013, Linde announced that it was building a new air separation plant and a new nitrogen liquefaction plant on the Kwinana site south of Perth. This project is part of an extensive investment programme of around EUR 80 m, as a result of which Linde will ensure long-term security of supply for its customers in Western Australia.

Americas

In the Americas reportable segment, Linde generated revenue growth in the first quarter of 2013 of 56.8 percent to EUR 1.054 bn (2012: EUR 672 m). This significant increase was due above all to the positive contribution made by US homecare company Lincare. Linde completed its acquisition of this company in August 2012. Lincare operates solely in North America and contributed revenue of EUR 397 m in the first three months of the current year to the total revenue of the Americas reportable segment. On a comparable basis (i.e. after adjusting for exchange rate effects and changes in the price of natural gas and the effect on the scope of the consolidation of the Lincare acquisition), the increase in revenue in this segment was 2.2 percent.

Operating profit rose at a faster rate than revenue, by 60.0 percent to EUR 272 m (2012: EUR 170 m), mainly as a result of the newly-acquired Lincare business. The operating margin increased accordingly to 25.8 percent (2012: 25.3 percent).

In North America, there were positive trends in the liquefied gases product area, whereas growth in the on-site business was adversely affected by maintenance stoppages at production plants. There was a decline in cylinder gas business in Canada.

Growth in South America was boosted in particular by increases in revenue in Venezuela and Argentina. In Brazil, on the other hand, the liquefied gases and cylinder gas business was unable to generate quite the same volumes as in the previous year.

Product areas

As explained in the comments on the reportable segments, each product area contributed to a different extent to the business performance of the Gases Division. The fastest rate of growth achieved by Linde was in the Healthcare product area, following the acquisitions made by the Group in the course of 2012. The Group generated revenue in this product area in the first quarter of 2013 of EUR 764 m, more than double the figure achieved in the first quarter of 2012 of EUR 310 m. After adjusting for exchange rate effects and the effect on the scope of the consolidation of the Lincare acquisition, revenue growth in the Healthcare business was 10.7 percent.

In the cylinder gas product area, revenue generated was EUR 997 m. On a comparable basis, this was the same as the figure for the prior-year period of EUR 997 m. In the liquefied gases product area, Linde achieved a slight increase in revenue in the first quarter of 2013 on a comparable basis of 0.7 percent to EUR 812 m (2012: EUR 806 m).

In the on-site business (where Linde supplies gases on site to major customers), revenue rose on a comparable basis by 5.0 percent to EUR 875 m (2012: EUR 833 m).

1 GASES DIVISION: REVENUE AND OPERATING PROFIT BY REPORTABLE SEGMENT

	January to March					
	2013			2012 adjusted [1]		
in € million	Revenue	Operating profit	Operating margin in percent	Revenue	Operating profit	Operating margin in percent
EMEA	1,497	430	28.7	1,460	419	28.7
Asia/Pacific	926	240	25.9	896	234	26.1
Americas	1,054	272	25.8	672	170	25.3
Consolidation	−29	–	–	−24	–	–
TOTAL	**3,448**	**942**	**27.3**	**3,004**	**823**	**27.4**

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

Engineering Division

In Linde's Engineering Division, the first quarter of 2013 was characterised by a number of significant new orders, especially from the energy and chemical sectors. There was a substantial increase in order intake to EUR 1.379 bn in the first three months of 2013, 81.7 percent higher than the figure for the first three months of 2012 of EUR 759 m.

Revenue and earnings trends reflected the expected progress on individual plant construction projects. Revenue in the first quarter of 2013 was EUR 552 m (2012: EUR 601 m), while in the same period Linde was able to achieve an operating profit of EUR 66 m (2012: EUR 73 m). The operating margin once again reached a very high level (12.0 percent in the first quarter of 2013, 12.1 percent in the first quarter of 2012).

More than half of the newly-acquired projects related to the air separation plant product area. Linde was, for example, awarded a major contract by Reliance Industries Ltd. (RIL) to build six air separation plants for the production of gaseous oxygen at the Jamnagar refinery and petrochemical site in India. Under the terms of this contract, which is worth around EUR 450 m, Linde will also supply two synthesis gas purification units.

In addition, Linde will build six air separation plants for the production of oxygen on behalf of Shenhua Ningxia Coal Industry Group Co. Ltd. and Shenhua Logistics Group Co. Ltd. in Yinchuan in north-western China. The companies signed a contract with Linde to this effect worth just over EUR 200 m in the first quarter of 2013. The oxygen is required to extract liquid fuels from coal (Coal-to-Liquid or CTL). This project is currently one of the biggest CTL schemes in the world. The plants are expected to be completed in 2016.

A contract to build three air separation plants has been awarded to Linde during the reporting period by another customer in north-western China. The contract is worth just over EUR 100 m. These plants will also produce oxygen for the conversion of coal into liquid fuels.

Linde was able to achieve further successes in the first quarter of 2013 in the growing market for natural gas plants. Almost one-third of new orders came from this product area. The Norwegian company Gassco AS has commissioned Linde to build a natural gas terminal in Emden in northern Germany. The contract is worth around EUR 260 m. The new terminal is due for completion towards the end of 2016.

A further order from China was received by Linde in the first quarter of 2013 to supply a mid-scale natural gas liquefaction (LNG) plant. The contract was awarded by Sichuan Tongkai Energy and Technology Development Company, which is continuing to expand its business with environmentally friendly technologies on the Bazhong site in Sichuan. This is now the fourth LNG project in China won by Linde's Engineering Division.

The increased exploitation of shale gas reserves in North America has resulted in a further project in this promising market being awarded to Linde during the reporting period. The Group has been commissioned to build a USD 150 m natural gas liquids extraction facility.

More than 60 percent of new orders came from the Asia/Pacific region, while almost a quarter came from Europe. Most of the other orders received by Linde were from North America.

Given the very positive trend in orders, the order backlog in the Engineering Division increased significantly in the first quarter of 2013 to EUR 4.578 bn (31 December 2012: EUR 3.700 bn).

2 ENGINEERING DIVISION

	January to March	
in € million	2013	2012
Revenue	552	601
Order intake	1,379	759
Order backlog at 31.03./31.12.	4,578	3,700
Operating profit	66	73
Operating margin	12.0%	12.1%

3 ENGINEERING DIVISION: ORDER INTAKE BY REGION

	January to March			
in € million	2013	in percent	2012	in percent
Asia/Pacific	866	62.8	241	31.8
Europe	323	23.4	114	15.0
North America	144	10.4	102	13.4
Middle East	29	2.1	271	35.7
Africa	10	0.8	6	0.8
South America	7	0.5	25	3.3
TOTAL	**1,379**	**100.0**	**759**	**100.0**

4 ENGINEERING DIVISION: ORDER INTAKE BY PLANT TYPE

	January to March			
in € million	2013	in percent	2012	in percent
Natural gas plants	404	29.3	157	20.7
Air separation plants	795	57.7	191	25.2
Olefin plants	13	0.9	20	2.6
Hydrogen and synthesis gas plants	120	8.7	333	43.9
Other	47	3.4	58	7.6
TOTAL	**1,379**	**100.0**	**759**	**100.0**

Finance

Cash flow from operating activities for the first quarter of 2013 was EUR 522 m, a significant rise of 16.8 percent when compared with the figure for the prior-year period of EUR 447 m. This was a slightly higher increase than the 12.6 percent improvement in operating profit (from EUR 846 m in the first quarter of 2012 to EUR 953 m in the first quarter of 2013). The positive trend in working capital also contributed to the increase in cash flow from operating activities. Income taxes paid, which rose by EUR 60 m (from EUR 79 m in the first quarter of 2012 to EUR 139 m in the first quarter of 2013), mainly as a result of the positive earnings trend, had the opposite effect on cash flow from operating activities.

Payments were made for investments in tangible assets, intangible assets and financial assets of EUR 505 m (2012: EUR 358 m), while investments in consolidated companies were EUR 61 m (2012: EUR 0 m). The disposal of securities during the first quarter of 2013 gave rise to proceeds of EUR 280 m. The net cash outflow from investment activities in the first quarter of 2013 was EUR 259 m, EUR 72 m lower than the prior-year figure of EUR 331 m. Linde used the cash inflow from the sale of securities to redeem debt. The net cash outflow from financing activities was therefore EUR 442 m (2012: net cash outflow of EUR 65 m).

Total assets rose by EUR 231 m to EUR 34.528 bn at 31 March 2013 (31 December 2012: EUR 34.297 bn). Most of the total assets (around 81 percent, EUR 27.904 bn) are non-current assets. Within the figure for non-current assets, the major items are goodwill of EUR 10.998 bn (2012: EUR 10.826 bn) and tangible assets of EUR 11.543 bn (2012: EUR 11.173 bn). The increases in these items since 31 December 2012 were due to positive exchange rate effects and additions as a result of investments. Additions as a result of acquisitions led to an increase in tangible assets of EUR 130 m and an increase in goodwill of EUR 65 m. The principal transactions here were the acquisition of Calea and the purchase of the remaining 51 percent of the shares in the joint venture OCAP.

Current assets fell by EUR 233 m to EUR 6.624 bn (31 December 2012: EUR 6.857 bn), mainly as a result of the sale of securities.

Equity rose by EUR 537 m from EUR 13.658 bn at 31 December 2012 to EUR 14.195 bn at 31 March 2013. Contributory factors here were positive exchange rate effects of EUR 182 m (2012: negative exchange rate effects of EUR 131 m) and the good figure for profit after tax in the first three months of 2013 of EUR 340 m (2012: EUR 309 m). The equity ratio at 31 March 2013 was 41.1 percent (31 December 2012: 39.8 percent).

Provisions for pensions and similar obligations decreased by EUR 24 m to EUR 1.089 bn (31 December 2012: EUR 1.113 bn), partly as a result of the change in actuarial assumptions.

Net financial debt comprises gross financial debt less short-term securities and cash and cash equivalents. At 31 March 2013, net financial debt was EUR 8.609 bn. This is an increase of EUR 136 m when compared to the figure at 31 December 2012.

Gross financial debt fell by EUR 312 m to EUR 10.269 bn in the first three months of 2013 (31 December 2012: EUR 10.581 bn).

The dynamic indebtedness factor (net financial debt to operating profit for the last twelve months) was 2.3 at 31 March 2013, the same figure as at 31 December 2012. The Group's gearing (the ratio of net debt to equity) fell to 60.6 percent (31 December 2012: 62.0 percent).

The Linde Group is financed on a long-term basis, as can be seen from the maturity profile of the financial debt. Of the gross financial debt of EUR 10.269 bn (31 December 2012: EUR 10.581 bn), EUR 1.438 bn (31 December 2012: EUR 1.346 bn) is disclosed as current and EUR 8.831 bn (31 December 2012: EUR 9.235 bn) as non-current financial debt.

Gross financial debt repayable within one year is matched by short-term securities of EUR 545 m, cash and cash equivalents of EUR 1.115 bn and a EUR 2.5 bn syndicated credit facility available until 2015 which is not currently drawn down. At 31 March 2013, available liquidity was therefore EUR 2.722 bn.

Employees

The number of employees in The Linde Group worldwide at 31 March 2013 was 62,814 (31 December 2012: 62,765). Of this number, 51,551 were employed in the Gases Division and 6,579 in the Engineering Division. The majority of the 4,684 staff in the Other Activities segment are employed by Gist, Linde's logistics service provider.

5 GROUP – EMPLOYEES BY REPORTABLE SEGMENT

	31.03.2013	*31.12.2012 adjusted* [1]
Gases Division	51,551	51,405
EMEA	21,769	21,636
Asia/Pacific	11,873	11,809
Americas	17,909	17,960
Engineering Division	6,579	6,564
Other Activities	4,684	4,796
GROUP	**62,814**	**62,765**

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

Outlook

Group

Economists are expecting general economic growth to be only slightly higher in 2013 than in 2012. The international forecasting institute The Economist Intelligence Unit Ltd. (EIU) is predicting growth in global gross domestic product (GDP) for 2013 of 2.4 percent (2012: 2.3 percent). The experts are forecasting an increase in global industrial production (IP) of 2.2 percent (2012: 1.2 percent). At the end of 2012, IP was forecast to rise by 2.7 percent.

In the economists' view, high levels of sovereign debt in major economies continue to have the greatest impact on macroeconomic development. The global economy could also be adversely affected by high levels of unemployment in many industrialised countries, a potential tailing-off of the economy in China or the ongoing uncertainty surrounding the political situation in some countries in the Arab world and in North Korea.

Based on current economic predictions and prevailing exchange rates, Linde confirms its forecast for the current year. The Group continues to assume that it will achieve a higher level of Group revenue in the 2013 financial year than in 2012 and that it will generate Group operating profit in the current year of at least EUR 4 bn.

Linde anticipates that it will continue to benefit in the coming years from megatrends such as energy, the environment and health, and dynamic growth in the emerging economies, and confirms its medium-term targets. In the 2016 financial year, the Group is still seeking to generate Group operating profit of at least EUR 5 bn. Return on capital employed (ROCE), the Group's key performance indicator, should be around 14 percent in the same year (based on the definition used to date: i.e. adjusted for the amortisation of fair value adjustments identified in the course of the BOC purchase price allocation). Without the adjustment, this corresponds to a reported ROCE figure of 13 percent. The medium-term targets are also based on current economic forecasts, according to which the global economy will continue to grow in the coming years. The outlook is also based on the assumption that there will not be any significant shifts in exchange rates during the same period.

Linde will also continue to improve its business processes in future and remains committed to the systematic implementation of its holistic concept for sustainable productivity gains (High Performance Organisation or HPO). The Group will continue to apply the measures it has designed to make constant improvements in efficiency and still plans to achieve further reductions in gross costs of between EUR 750 m and EUR 900 m in the years 2013 to 2016.

Outlook – Gases Division

Recent economic forecasts continue to indicate that the global gases market will grow at a somewhat faster rate in 2013 than in 2012. Linde remains committed to its original target in the gases business of outperforming the market and continuing to increase productivity.

In its on-site business, Linde has a healthy project pipeline, which will continue to make a substantial contribution to revenue and earnings trends for the remaining part of the 2013 financial year.

The Group expects its liquefied gases and cylinder gas product areas to perform in line with macroeconomic trends.

In the Healthcare product area, Linde is expecting to achieve significant increases in revenue and earnings as a result of the acquisitions it has concluded, especially Lincare.

Against this background, Linde continues to expect that revenue generated by the Gases Division in the 2013 financial year will be higher than that achieved in 2012 and that operating profit will increase in the current year.

Outlook – Engineering Division

A relatively stable market environment is expected in the international large-scale plant construction business in the remaining part of 2013. The order backlog in Linde's Engineering Division reached a record level of almost EUR 4.6 bn at 31 March 2013, creating a good basis for a solid business performance over the next two years. The Group continues to expect to generate the same level of revenue in its plant construction business in the 2013 financial year as in 2012. Linde is still anticipating that it will achieve an operating margin in the 2013 financial year of around 10 percent.

Linde is well-positioned in the international market for olefin plants, natural gas plants, air separation plants and hydrogen and synthesis gas plants and will derive lasting benefit in particular from investment in two structural growth areas: energy and the environment.

Risk report

Uncertainty about future global economic trends continues. In addition to the risk of a drop in revenue volumes if there is another economic slowdown, Linde is also exposed to the risk of the loss of new business and an increase in the risk of bad debts in its operating business due to the increase in the inability of customers to make payments (counterparty risk). The high level of volatility in the financial markets continues to make it difficult to arrive at an accurate assessment of the future net assets, financial position and results of operations of The Linde Group.

The risk situation for Linde as described on *PAGES 80 TO 92 OF THE 2012 FINANCIAL REPORT* has not changed significantly in the three months to 31 March 2013. The total amount which relates to individual risks within the risk fields will not adversely affect the viability of The Linde Group as a going concern. If there is a change in external circumstances, risks which are currently unknown or deemed to be immaterial might have a negative impact on business operations.

Events after the balance sheet date

On 10 April 2013, Linde AG issued a ten-year EUR 650 m bond and a five-year USD 500 m bond. The euro-denominated bond, with a coupon of 2 percent, was priced at 45 basis points over the euro mid-swap rate. The USD bond bears a coupon of 1.5 percent and was priced at 67 basis points over the USD mid-swap rate.

Both transactions were placed under the EUR 10 bn Debt Issuance Programme. The proceeds of the issues are being used to repay the remaining portion of the syndicated loan arranged by Linde in order to finance its acquisition of US homecare company Lincare.

6 GROUP STATEMENT OF PROFIT OR LOSS

	January to March	
in € million	2013	2012 adjusted [1]
Revenue	3,985	3,614
Cost of sales	2,491	2,288
GROSS PROFIT	1,494	1,326
Marketing and selling expenses	620	526
Research and development costs	24	23
Administration expenses	353	312
Other operating income	67	68
Other operating expenses	51	45
Share of profit or loss from associates and joint ventures (at equity)	8	3
Financial income	22	22
Financial expenses	110	118
PROFIT BEFORE TAX	433	395
Taxes on income	93	86
PROFIT FOR THE PERIOD	340	309
attributable to Linde AG shareholders	318	282
attributable to non-controlling interests	22	27
Earnings per share in € – undiluted	1.72	1.65
Earnings per share in € – diluted	1.71	1.64

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

7 GROUP STATEMENT OF COMPREHENSIVE INCOME

	January to March	
in € million	2013	2012 adjusted [1]
PROFIT FOR THE PERIOD	340	309
OTHER COMPREHENSIVE INCOME (NET OF TAX)	190	−146
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	134	−87
Unrealised gains/losses on available-for-sale financial assets	–	−3
Unrealised gains/losses on derivative financial instruments	−56	47
Currency translation differences	190	−131
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	56	−59
Remeasurement of defined benefit plans	58	−83
Change in effect of the limit on a net defined benefit asset (asset ceiling under IAS 19R.64)	−2	24
TOTAL COMPREHENSIVE INCOME	530	163
attributable to Linde AG shareholders	498	146
attributable to non-controlling interests	32	17

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

8 GROUP STATEMENT OF FINANCIAL POSITION

in € million	31.03.2013	31.12.2012 adjusted [1]
Assets		
Goodwill	10,998	10,826
Other intangible assets	3,586	3,643
Tangible assets	11,543	11,173
Investments in associates and joint ventures (at equity)	216	208
Other financial assets	112	121
Receivables from finance leases	376	381
Other receivables and other assets	605	605
Income tax receivables	4	4
Deferred tax assets	464	479
NON-CURRENT ASSETS	27,904	27,440
Inventories	1,132	1,112
Receivables from finance leases	59	59
Trade receivables	2,832	2,653
Other receivables and other assets	764	736
Income tax receivables	177	182
Securities	545	824
Cash and cash equivalents	1,115	1,284
Non-current assets classified as held for sale and disposal groups	–	7
CURRENT ASSETS	6,624	6,857
TOTAL ASSETS	**34,528**	**34,297**

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

9 GROUP STATEMENT OF FINANCIAL POSITION

in € million	31.03.2013	31.12.2012 adjusted [1]
Equity and liabilities		
Capital subscribed	474	474
Capital reserve	6,703	6,698
Revenue reserves	6,082	5,706
Cumulative changes in equity not recognised through the statement of profit or loss	156	33
TOTAL EQUITY ATTRIBUTABLE TO LINDE AG SHAREHOLDERS	13,415	12,911
Non-controlling interests	780	747
TOTAL EQUITY	14,195	13,658
Provisions for pensions and similar obligations	1,089	1,113
Other non-current provisions	479	496
Deferred tax liabilities	2,243	2,207
Financial debt	8,831	9,235
Liabilities from finance leases	69	56
Trade payables	4	6
Other non-current liabilities	545	497
Liabilities from income taxes	82	85
NON-CURRENT LIABILITIES	13,342	13,695
Other current provisions	1,532	1,571
Financial debt	1,438	1,346
Liabilities from finance leases	25	24
Trade payables	2,684	2,806
Other current liabilities	1,151	1,026
Liabilities from income taxes	161	171
CURRENT LIABILITIES	6,991	6,944
TOTAL EQUITY AND LIABILITIES	34,528	34,297

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

10 GROUP STATEMENT OF CASH FLOWS

	January to March	
in € million	2013	2012 adjusted [1]
PROFIT BEFORE TAX	433	395
Adjustments to profit before tax to calculate cash flow from operating activities		
Amortisation of intangible assets/depreciation of tangible assets	432	355
Impairments on financial assets	1	–
Profit/loss on disposal of non-current assets	–3	–6
Net interest	94	92
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	7	9
Share of profit or loss from associates and joint ventures (at equity)	–8	–3
Distributions/dividends received from associates and joint ventures	1	–
Income taxes paid	–139	–79
Changes in assets and liabilities		
Change in inventories	–8	–65
Change in trade receivables	–141	–79
Change in provisions	–57	65
Change in trade payables	–110	–136
Change in other assets and liabilities	20	–101
CASH FLOW FROM OPERATING ACTIVITIES	522	447
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4/IAS 17	–493	–356 [2]
Payments for investments in consolidated companies	–61	–
Payments for investments in financial assets	–12	–2
Payments for investments in securities	–1	–4
Proceeds on disposal of securities	280	3
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from finance leases in accordance with IFRIC 4/IAS 17	28	27
Proceeds on disposal of financial assets	–	1
CASH FLOW FROM INVESTING ACTIVITIES	–259	–331

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.
[2] Adjusted for capitalised borrowing costs.

11 GROUP STATEMENT OF CASH FLOWS

	January to March	
in € million	2013	2012 adjusted [1]
Dividend payments to Linde AG shareholders and non-controlling interests	–	−3
Cash outflows for purchase of non-controlling interests	–	−29
Interest received	29	26
Interest paid	−108	−92 [2]
Proceeds of loans and capital market debt	268	219
Cash outflows for the repayment of loans and capital market debt	−626	−185
Change in liabilities from finance leases	−5	−1
CASH FLOW FROM FINANCING ACTIVITIES	−442	−65
NET CASH INFLOW/OUTFLOW	−179	51
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,284	1,061
Effects of currency translation	10	1
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,115	1,113

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.
[2] Adjusted for capitalised borrowing costs.

12 STATEMENT OF CHANGES IN GROUP EQUITY

in € million	Capital subscribed	Capital reserve
AT 1 JAN. 2012	**438**	**5,264**
Adjustment due to retrospective application of newly-adopted or revised IFRSs[1]	–	–
AT 1 JAN. 2012 ADJUSTED	**438**	**5,264**
Profit for the period	–	–
Other comprehensive income (net of tax)	–	–
TOTAL COMPREHENSIVE INCOME	**–**	**–**
Dividend payments	–	–
Changes as a result of share option schemes	–	6
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY	–	6
Addition of non-controlling interests	–	–
Acquisition of non-controlling interests	–	–
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES	–	–
AT 31 MARCH 2012 ADJUSTED	**438**	**5,270**
AT 1 JAN. 2013	**474**	**6,698**
Adjustment due to retrospective application of newly-adopted or revised IFRSs[1]	–	–
AT 1 JAN. 2013 ADJUSTED	**474**	**6,698**
Profit for the period	–	–
Other comprehensive income (net of tax)	–	–
TOTAL COMPREHENSIVE INCOME	**–**	**–**
Changes as a result of share option schemes	–	5
Repurchase of own shares	–	–
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY	–	5
Addition of non-controlling interests	–	–
Acquisition of non-controlling interests	–	–
CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES	–	–
AT 31 MARCH 2013	**474**	**6,703**

[1] The following new or revised IFRSs were applied retrospectively as at 1 January 2013: IFRS 10, IFRS 11 and IAS 19 (revised 2011). See also Note 1 in the Notes to the Group interim report.

	Revenue reserves		*Cumulative changes in equity not recognised through the statement of profit or loss*					
	Remeasurement of defined benefit plans	*Retained earnings*	*Currency translation differences*	*Available-for-sale financial assets*	*Derivative financial instruments*	*Total equity attributable to Linde AG shareholders*	*Non-controlling interests*	*Total equity*
	−351	6,103	275	4	−129	11,604	540	12,144
	12	−186	1	–	–	−173	161	−12
	−339	5,917	276	4	−129	11,431	701	12,132
	–	282	–	–	–	282	27	309
	−59	–	−121	−3	47	−136	−10	−146
	−59	282	−121	−3	47	146	17	163
	–	–	–	–	–	–	−3	−3
	–	–	–	–	–	6	–	6
	–	–	–	–	–	6	−3	3
	–	–	–	–	–	–	−19	−19
	–	−9	–	–	–	−9	–	−9
	–	−9	–	–	–	−9	−19	−28
	−398	6,190	155	1	−82	11,574	696	12,270
	−531	6,420	80	–	−47	13,094	564	13,658
	16	−199	–	–	–	−183	183	–
	−515	6,221	80	–	−47	12,911	747	13,658
	–	318	–	–	–	318	22	340
	57	–	179	–	−56	180	10	190
	57	318	179	–	−56	498	32	530
	–	–	–	–	–	5	–	5
	–	–	–	–	–	–	−1	−1
	–	–	–	–	–	5	−1	4
	–	–	–	–	–	–	2	2
	–	1	–	–	–	1	–	1
	–	1	–	–	–	1	2	3
	−458	6,540	259	–	−103	13,415	780	14,195

13 SEGMENT INFORMATION

	Reportable segments	
	Total Gases Division	
	January to March	
in € million, NOTE [9]	2013	2012 adjusted [1]
Revenue from third parties	3,446	3,003
Revenue from other segments	2	1
TOTAL REVENUE FROM THE REPORTABLE SEGMENTS	3,448	3,004
OPERATING PROFIT	942	823
of which share of profit or loss from associates/joint ventures (at equity)	9	3
Amortisation of intangible assets and depreciation of tangible assets	421	343
of which amortisation of fair value adjustments identified in the course of the BOC purchase price allocation	53	61
of which impairments	1	1
EBIT (EARNINGS BEFORE INTEREST AND TAX)	521	480
Capital expenditure (excluding financial assets)	460	303

in € million
Revenue from third parties
Revenue from other segments
TOTAL REVENUE FROM THE REPORTABLE SEGMENTS
OPERATING PROFIT
of which share of profit or loss from associates/joint ventures (at equity)
Amortisation of intangible assets and depreciation of tangible assets
of which amortisation of fair value adjustments identified in the course of the BOC purchase price allocation
of which impairments
EBIT (EARNINGS BEFORE INTEREST AND TAX)
Capital expenditure (excluding financial assets)

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

	Reportable segments								
	Engineering Division		*Other Activities*		*Reconciliation*		*Total Group*	
	January to March		*January to March*		*January to March*		*January to March*	
	2013	*2012 adjusted* [1]	*2013*	*2012 adjusted* [1]	*2013*	*2012 adjusted* [1]	*2013*	*2012 adjusted* [1]
	402	469	137	142	–	–	3,985	3,614
	150	132	–	–	-152	-133	–	–
	552	**601**	**137**	**142**	**-152**	**-133**	**3,985**	**3,614**
	66	**73**	**9**	**10**	**-64**	**-60**	**953**	**846**
	–	–	–	–	-1	–	8	3
	9	9	8	8	-6	-5	432	355
	2	2	3	3	–	–	58	66
	–	–	–	–	–	–	1	1
	57	**64**	**1**	**2**	**-58**	**-55**	**521**	**491**
	4	7	4	4	-15	35	453	349

	Reportable segments								
	Gases Division							
	EMEA		*Asia/Pacific*		*Americas*		*Total Gases Division*	
	January to March		*January to March*		*January to March*		*January to March*	
	2013	*2012 adjusted* [1]	*2013*	*2012 adjusted* [1]	*2013*	*2012 adjusted* [1]	*2013*	*2012 adjusted* [1]
	1,494	1,458	922	893	1,030	652	3,446	3,003
	3	2	4	3	24	20	2	1
	1,497	**1,460**	**926**	**896**	**1,054**	**672**	**3,448**	**3,004**
	430	**419**	**240**	**234**	**272**	**170**	**942**	**823**
	6	–	3	3	–	–	9	3
	159	145	124	113	138	85	421	343
	13	15	29	30	11	16	53	61
	1	1	–	–	–	–	1	1
	271	**274**	**116**	**121**	**134**	**85**	**521**	**480**
	169	138	191	112	100	53	460	303

ADDITIONAL COMMENTS

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the three months ended 31 March 2013 have been drawn up in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) applicable to interim financial reporting, as adopted by the European Union pursuant to EU Regulation 1606/2002 of the European Parliament and the Council concerning the use of International Accounting Standards.

The reporting currency is the euro. All amounts are shown in millions of euro (EUR m), unless stated otherwise.

A review of the condensed Group interim financial statements has been performed by KPMG AG Wirtschaftsprüfungsgesellschaft.

The same accounting policies have been used in the condensed Group interim financial statements as those used to prepare the Group financial statements for the year ended 31 December 2012. IAS 34 Interim Financial Reporting has also been applied. Since 1 January 2013, the following standards have become effective under the rules of the IASB:

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosures of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (revised 2011)
- IAS 28 Investments in Associates and Joint Ventures
- Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (Amendments to IFRS 10, IFRS 11, and IFRS 12)
- Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
- Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
- Amendment to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Improvements to IFRSs 2009-2011

IFRS 10, 11 and 12

IFRS 10, IFRS 11 and IFRS 12 will become effective in the European Union from the 2014 financial year. However, early adoption is permitted. The Linde Group has early adopted IFRS 10, IFRS 11 and IFRS 12 from 1 January 2013 in accordance with the rules on application set out by the IASB. The new standards are to be applied retrospectively.

In IFRS 10, the term “control” is redefined. If one entity controls another entity, the parent company shall include the subsidiary in full in its consolidated financial statements. Under the new definition, control is established if the potential parent entity has power over the potential subsidiary (investee) as a result of voting rights or other rights and actual circumstances, is exposed or has rights to positive or negative variable returns from its involvement with the investee, and above all has the ability to use its power over the investee to affect significantly the amount of its returns.

IFRS 11 sets out new rules for accounting for joint arrangements. Under these new rules, a distinction is made between joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (the joint operators) have rights to the assets and obligations for the liabilities relating to the arrangement. The rights to the assets and the obligations for the liabilities are recognised in the consolidated financial statements. In a joint venture, on the other hand, the parties that have joint control of the arrangement (the joint venturers) have a right to the net assets of the arrangement. This right is accounted for in the consolidated financial statements using the equity method. The option of proportionate consolidation in the consolidated financial statements, hitherto permitted by IAS 31, is no longer available.

IFRS 12 sets out the disclosure requirements for interests in other entities. This standard requires a much wider range of disclosures than previously required by the rules set out in IAS 27, IAS 28 and IAS 31.

As a result of applying IFRS 10, The Linde Group has adjusted its accounting policies to reflect the revised definition of “control”.

Eight companies in Mexico and China, the principal object of which is the construction and operation of gas production plants and which have until now been included as joint ventures, have been fully consolidated for the first time as a result of the advantage held by Linde in terms of know-how. In these cases, the key issue is that the co-shareholders are also the main customers for the gases produced. Given its advantage in terms of know-how, The Linde Group has assumed responsibility for the operation of the companies’ plants. These companies are therefore dependent on Linde technology. This is reflected in the licensing agreements in force and the integration of production into the processes of The Linde Group and/or the interrelationships between the various decision-makers. The operation of the plants is the principal driver of variable returns from the companies and therefore Linde exercises control (as defined by IFRS 10) over these companies.

In addition, two other companies in the United States and in India, which have until now been included as joint ventures, have been fully consolidated for the first time, because Linde exerts increased management authority in those companies. Here, Linde is able to exercise, on the basis of individual contracts, the most extensive decision-making powers over major portions of the operating activities of the entities. On this basis, The Linde Group has the opportunity to determine those activities of the entities which significantly affect the variable returns of the companies and therefore to exercise control (as defined by IFRS 10) over the companies.

As a result of the application of IFRS 11, The Linde Group has revised its accounting policies in respect of the obligation to include certain joint arrangements on a line-by-line basis. Linde accounts on a line-by-line basis in accordance with the rules set out in IFRS 11 for four joint arrangements in the United Arab Emirates and in China where the sole object is to supply one or several shareholders. In the absence of any special rights attaching to individual assets and liabilities, the assets and liabilities are accounted for on the basis of the share of equity held by The Linde Group.

IFRS 13

IFRS 13 sets out in a single IFRS a unified framework for measuring fair value in financial statements prepared in accordance with International Financial Reporting Standards. It will apply in future to all other standards that require or permit fair value measurement. Exemptions to IFRS 13 are allowed only in the case of IAS 17 and IFRS 2, with some rules in these two standards continuing to apply.

Fair value is defined according to IFRS 13 as the exit price: i.e. the price that would be received to sell an asset or paid to transfer a liability. A three-level hierarchy for fair value measurements is being introduced, a system which is familiar from the measurement at fair value of financial assets. The three levels identified in the hierarchy are based on the extent to which observable market prices are available in order to determine fair value. The fair values determined under the new rules may differ from those determined under the old rules.

IFRS 13 becomes effective from the 2013 financial year. This standard is applied prospectively. The Linde Group has concluded bilateral credit support annexes (CSAs) with most of the banks with which financial instruments recognised at fair value are traded, thus minimising the default risk arising from these instruments. The application of IFRS 13 will not therefore have a significant impact on the consolidated financial statements of The Linde Group.

IAS 19

The main changes in IAS 19 (revised 2011) relate to the abolition of recognition and measurement options in respect of defined benefit pension plans. The changes here which are relevant for The Linde Group are the abolition of the expected return on plan assets and the introduction of a rate of return for the plan assets which is the same as the discount rate applied to the corresponding defined benefit obligation. This leads to a net measurement of the net obligation or net asset and to a net interest expense in respect of defined benefit plans. Other changes in IAS 19 (revised 2011) which are relevant to The Linde Group are the recognition in profit or loss of unvested past service cost when it arises and the requirement to make additional disclosures in the Notes to the Group financial statements.

IAS 19 (revised 2011) is effective from the 2013 financial year. The changes are applied retrospectively and have led to a slight decrease in the interest income on plan assets recognised in the financial result. The impact of the revisions to the standard on the current accounting period is immaterial in Group terms.

IAS 1

The amendments to IAS 1 concern items of other comprehensive income which may subsequently be reclassified if certain conditions apply, which should be disclosed separately from those items which will never be reclassified. The presentation in the statement of other comprehensive income has been adjusted accordingly.

The retrospective application of IFRS 10, IFRS 11, IFRS 12 and IAS 19 (revised 2011) resulted in the following adjustments being made to the figures for the prior-year periods disclosed:

14 GROUP STATEMENT OF PROFIT OR LOSS

in € million	31.03.2012 as reported	Adjustment January to March 2012	31.03.2012 adjusted
Revenue	3,505	109	3,614
Cost of sales	2,225	63	2,288
GROSS PROFIT	**1,280**	**46**	**1,326**
Marketing and selling expenses	522	4	526
Research and development costs	24	-1	23
Administration expenses	308	4	312
Other operating income	60	8	68
Other operating expenses	32	13	45
Share of profit or loss from associates and joint ventures (at equity)	22	-19	3
Financial income	74	-52	22
Financial expenses	166	-48	188
PROFIT BEFORE TAX	**384**	**11**	**395**
Taxes on income	76	10	86
PROFIT FOR THE PERIOD	**308**	**1**	**309**
attributable to Linde AG shareholders	287	-5	282
attributable to non-controlling interests	21	6	27
Earnings per share in € – undiluted	1.68	-0.03	1.65
Earnings per share in € – diluted	1.67	-0.03	1.64

15 GROUP STATEMENT OF COMPREHENSIVE INCOME

in € million	31.03.2012 as reported	Adjustment January to March 2012	31.03.2012 adjusted
PROFIT FOR THE PERIOD	**308**	**1**	**309**
OTHER COMPREHENSIVE INCOME (NET OF TAX)	**-149**	**3**	**-146**
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	**-88**	**1**	**-87**
Unrealised gains/losses on available-for-sale financial assets	-3	–	-3
Unrealised gains/losses on derivative financial instruments	47	–	47
Currency translation differences	-132	1	-131
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS	**-61**	**2**	**-59**
Remeasurement of defined benefit plans	-85	2	-83
Change in effect of the limit on a net defined benefit asset (asset ceiling under IAS 19R.64)	24	–	24
TOTAL COMPREHENSIVE INCOME	**159**	**4**	**163**
attributable to Linde AG shareholders	143	3	146
attributable to non-controlling interests	16	1	17

16 GROUP STATEMENT OF FINANCIAL POSITION

in € million	31.12.2012 as reported	Adjustment 31.12.2012	31.12.2012 adjusted
ASSETS			
Goodwill	10,620	206	10,826
Other intangible assets	3,580	63	3,643
Tangible assets	10,188	985	11,173
Investments in associates and joint ventures (at equity)	816	–608	208
Other financial assets	282	–161	121
Receivables from finance leases	244	137	381
Other receivables and other assets	592	13	605
Income tax receivables	4	–	4
Deferred tax assets	469	10	479
NON-CURRENT ASSETS	**26,795**	**645**	**27,440**
Inventories	1,098	14	1,112
Receivables from finance leases	47	12	59
Trade receivables	2,599	54	2,653
Other receivables and other assets	709	27	736
Income tax receivables	181	1	182
Securities	823	1	824
Cash and cash equivalents	1,218	66	1,284
Non-current assets classified as held for sale and disposal groups	7	–	7
CURRENT ASSETS	**6,682**	**175**	**6,857**
TOTAL ASSETS	**33,477**	**820**	**34,297**

17 GROUP STATEMENT OF FINANCIAL POSITION

in € million	31.12.2012 as reported	Adjustment 31.12.2012	31.12.2012 adjusted
EQUITY AND LIABILITIES			
Capital subscribed	474	–	474
Capital reserve	6,698	–	6,698
Revenue reserves	5,889	−183	5,706
Cumulative changes in equity not recognised through the statement of profit or loss	33	–	33
TOTAL EQUITY ATTRIBUTABLE TO LINDE AG SHAREHOLDERS	**13,094**	**−183**	**12,911**
Non-controlling interests	564	183	747
TOTAL EQUITY	**13,658**	**–**	**13,658**
Provisions for pensions and similar obligations	1,105	8	1,113
Other non-current provisions	471	25	496
Deferred tax liabilities	2,186	21	2,207
Financial debt	8,862	373	9,235
Liabilities from finance leases	56	–	56
Trade payables	6	–	6
Other non-current liabilities	237	260	497
Liabilities from income taxes	85	–	85
NON-CURRENT LIABILITIES	**13,008**	**687**	**13,695**
Other current provisions	1,565	6	1,571
Financial debt	1,262	84	1,346
Liabilities from finance leases	24	–	24
Trade payables	2,790	16	2,806
Other current liabilities	1,003	23	1,026
Liabilities from income taxes	167	4	171
CURRENT LIABILITIES	**6,811**	**133**	**6,944**
TOTAL EQUITY AND LIABILITIES	**33,477**	**820**	**34,297**

18 GROUP STATEMENT OF CASH FLOWS

in € million	31.03.2012 as reported	Adjustment January to March 2012	31.03.2012 adjusted
Cash flow from operating activities	385	62	447
Cash flow from investing activities	–281	–50	–331
Cash flow from financing activities	–54	–11	–65
NET CHANGE IN CASH AND CASH EQUIVALENTS	**50**	**1**	**51**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	**1,000**	**61**	**1,061**
Effects of currency translation on cash and cash equivalents	3	–2	1
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	**1,053**	**60**	**1,113**

IFRS 9

IFRS 9 Financial Instruments has not been applied in the condensed interim consolidated financial statements for the period ended 31 March 2013. According to the rules relating to the application of standards set out by the IASB, IFRS 9 will become effective from the 2015 financial year. The standard has, however, not yet been adopted by the European Union.

The rules for the recognition and measurement of financial instruments set out in IAS 39 will be replaced by those set out in IFRS 9. In future, financial assets will be divided into only two classifications: those measured at amortised cost and those measured at fair value. The group of assets measured at amortised cost will comprise those financial assets for which the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and in respect of which the objective of the entity’s business model is to hold the financial asset to collect the contractual cash flows. All other financial assets are included in a group which is measured at fair value. IFRS 9 contains an option, as before, to designate a financial asset in the first category as measured at fair value through profit or loss if certain conditions apply (fair value option).

For financial assets measured at fair value, gains and losses on remeasurement are recognised in profit or loss, except in the case of those equity instruments for which the entity has elected to report gains and losses in other comprehensive income. However, dividend income relating to these financial assets is recognised in profit or loss.

The rules which apply to financial liabilities are mostly the same as those set out in IAS 39. The most significant difference concerns the recognition of gains and losses on financial liabilities designated as at fair value through profit or loss. In future, such gains and losses will be split into the amount of the change in fair value of the liability that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and the remaining amount of change in the fair value of the liability, which shall be presented in the statement of profit or loss.

Towards the end of 2012, the IASB published an Exposure Draft entitled “Classification and Measurement: Limited Amendments to IFRS 9”, which proposes the introduction of a third classification of financial assets. According to the Exposure Draft, this third group should comprise financial instruments which are recognised at fair value but in respect of which the gains and losses are recognised in other comprehensive income. The IASB is currently evaluating the comments it has received on this Exposure Draft.

IFRS 9 may result in changes in the classification and measurement of financial assets in the consolidated financial statements of The Linde Group.

[2] Changes in Group structure

The condensed Group interim financial statements comprise Linde AG and all the companies over which Linde AG exercises control as defined by IFRS 10 or joint control together with other parties as defined by IFRS 11. Companies over which Linde AG exercises joint control are either included in the consolidated interim financial statements on the basis of the share of equity held by The Linde Group (line-by-line method) or using the equity method, depending on the category to which they belong.

Associated companies over which Linde AG can exercise significant influence as defined by IAS 28 are also accounted for using the equity method.

Non-consolidated subsidiaries, when taken together, are insignificant in Group terms, as regards total assets, revenue and profit or loss for the year. As a result, they are immaterial to the net assets, results of operations and financial position of the Group. They are therefore not included in the interim consolidated financial statements.

The types of companies included in the condensed Group interim financial statements of The Linde Group and changes in the structure of the Group are disclosed below:

19 CHANGES IN THE BASE OF CONSOLIDATION

	As at 31.12.2012 adjusted [1]	Additions	Disposals	As at 31.03.2013
CONSOLIDATED SUBSIDIARIES	**542**	**15**	**7**	**550**
of which within Germany	20	–	–	20
of which outside Germany	522	15	7	530
OTHER INVESTMENTS	**4**	**–**	**–**	**4**
of which within Germany	–	–	–	–
of which outside Germany	4	–	–	4
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	**39**	**–**	**5**	**34**
of which within Germany	–	–	–	–
of which outside Germany	39	–	5	34
NON-CONSOLIDATED SUBSIDIARIES	**62**	**2**	**1**	**63**
of which within Germany	2	–	–	2
of which outside Germany	60	2	1	61

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

[3] Acquisitions

An acquisition is deemed to be significant if its total assets after the purchase price allocation (inclusive of goodwill) exceed EUR 50 m. The following significant acquisitions took place during the reporting period:

OCAP

On the acquisition date (7 March 2013), The Linde Group increased its holding in the companies OCAP CO2 V.o.f., B.V. NPM, Bio Facility B.V., Bio Supply C.V. and Bio Supply B.V. (referred to collectively as OCAP) to 100 percent of the shares by buying out its joint venture partner. On 1 March 2013, these companies were fully included for the first time in the consolidated financial statements of The Linde Group with economic effect from the date of acquisition.

The purchase price for the shares acquired was EUR 6 m, which was settled in cash. The impact on earnings of the remeasurement of the original shareholdings in the companies at fair value was EUR 6 m. This has been included in the statement of profit or loss under the heading “Share of profit or loss from associates and joint ventures (at equity)”.

As a result of the acquisition, The Linde Group obtains full operational control in respect of servicing and supplying CO_2 customers in Holland.

The goodwill remaining after the purchase price allocation of EUR 1 m comprises mainly going concern synergies arising from the business acquired. The goodwill is not tax-deductible.

The receivables acquired have a fair value of EUR 3 m and are all trade receivables. The fair value is virtually the same as the gross value of the receivables.

Calea France SAS

On 8 January 2013, The Linde Group acquired 100 percent of the shares in Calea France SAS. From that date, the business was included in full in the consolidated financial statements of The Linde Group. The business acquired generated revenue in the 2012 financial year of around EUR 28 m with about 190 employees. The aim of the acquisition was to continue the expansion of the Group's homecare business in Europe.

After adjusting for certain cash and debt items, the purchase price was EUR 60 m, of which EUR 58 m was paid in cash. In addition, there are current commitments for purchase price payments resulting from the netting of certain cash and debt items. These obligations were recognised at a fair value of EUR 2 m at the acquisition date and this amount was taken into account for the purpose of deriving the acquisition cost.

The goodwill remaining after the purchase price allocation of EUR 46 m comprises mainly expected synergies with the existing homecare business in Europe and going concern synergies arising from the business acquired. The goodwill is not tax-deductible.

The receivables acquired have a fair value of EUR 6 m and are all trade receivables. The gross value of the receivables is EUR 8 m. The difference between the gross value of the receivables and their fair value is a provision for bad debts.

Other acquisitions

In the first quarter of 2013, The Linde Group made further acquisitions to expand its industrial gases business and in the Healthcare product area in the Asia/Pacific and Americas reportable segments. The total purchase price for these acquisitions was EUR 24 m, of which EUR 15 m was settled in cash. The total purchase price includes contingent purchase price adjustments and deferred purchase price payments. Liabilities arising from contingent purchase price payments amounted to EUR 1 m. These amounts are payable within three years and are dependent on a positive performance in the business acquired.

In the course of other corporate acquisitions, Linde has acquired non-current assets such as customer relationships, cylinders, tanks and vehicles as well as inventories and other current assets. Total goodwill arising was EUR 19 m. Receivables of EUR 3 m were acquired, all of which are trade receivables. The fair value of the receivables is virtually the same as their gross value.

20 IMPACT OF ACQUISITIONS ON NET ASSETS OF THE LINDE GROUP

Opening balance at acquisition date	*Fair value*		
in € million	*OCAP*	*Calea*	*Other*
Non-current assets	122	21	5
Inventories	–	1	–
Other current assets	4	8	3
Cash and cash equivalents	14	4	–
Equity (attributable to Linde AG)	9	14	5
Non-controlling interests	–	–	–
Liabilities	130	20	3

The impact of the transactions on the revenue of The Linde Group was as follows:

21 IMPACT OF ACQUISITIONS ON REVENUE OF THE LINDE GROUP

in € million	*Revenue since acquisition date*	*Revenue from 1 January to 31 March 2013* [1]
OCAP	2	6
Calea	7	7
Other	2	4

[1] In determining these amounts, the same fair value adjustments as at the acquisition date were assumed.

The impact of the acquisitions on the profit for the period of The Linde Group in the first quarter of 2013 is immaterial in terms of the Group.

[4] Foreign currency translation

The financial statements of companies outside the European Monetary Union are translated in accordance with the functional currency concept. For all companies, items in the balance sheet are translated using the spot rate and items in the statement of profit or loss using the average rate. The principal exchange rates used are as follows:

22 PRINCIPAL EXCHANGE RATES

		Mid-rate on balance sheet date		Average rate January to March	
Exchange rate €1 =	ISO code	31.03.2013	31.12.2012	2013	2012
Argentina	ARS	6.54950	6.48740	6.61577	5.68781
Australia	AUD	1.22580	1.26957	1.26964	1.24249
Brazil	BRL	2.57565	2.70330	2.63551	2.31467
Canada	CAD	7.94783	8.22182	8.21106	8.27266
China	CNY	0.84389	0.81194	0.85073	0.83462
Czech Republic	CZK	1.30074	1.30936	1.32963	1.31434
Hungary	HUF	3.96042	4.03549	4.06481	4.01610
Malaysia	MYR	7.48637	7.34583	7.43211	7.59855
Norway	NOK	4.18860	4.08320	4.15405	4.23929
Poland	PLN	8.33972	8.57786	8.49264	8.84802
South Africa	ZAR	1.21876	1.20834	1.22804	1.20812
South Korea	KRW	11.83088	11.16087	11.81077	10.18508
Sweden	SEK	1,423.14330	1,403.63253	1,432.21808	1,483.29681
Switzerland	CHF	25.75011	25.08853	25.54850	25.11132
Turkey	TRY	2.32177	2.35386	2.35630	2.35635
UK	GBP	303.76250	291.37212	296.48181	297.26295
USA	USD	1.27900	1.31965	1.31939	1.31105

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

Land and buildings in the EMEA operating segment disclosed at 31 December 2012 in Non-current assets held for sale were reclassified in tangible assets in the first quarter of 2013, as the contract of sale was cancelled.

[6] Pension obligations

The actuarial valuation of the pension obligations is based on the projected unit credit method set out in IAS 19 Employee Benefits (revised 2011). 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 provision is determined using actuarial reports. Actuarial gains and losses are recognised immediately in equity.

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

At 31 March 2013, there were changes in the assumptions on which the pension obligations were based and in the measurement at fair value of the plan assets, which led to an increase in equity of EUR 56 m (after deferred tax) when compared with the figure at 31 December 2012.

[7] Net financial debt

23 NET FINANCIAL DEBT

in € million	Current		Non-current		Total	
	31.03.2013	31.12.2012 adjusted [1]	31.03.2013	31.12.2012 adjusted [1]	31.03.2013	31.12.2012 adjusted [1]
Financial debt	1,438	1,346	8,831	9,235	10,269	10,581
Less: Securities	545	824	–	–	545	824
Less: Cash and cash equivalents	1,115	1,284	–	–	1,115	1,284
NET FINANCIAL DEBT	–222	–779	8,831	9,235	8,609	8,473

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

Within the figure for financial debt, the EUR 400 m subordinated bond issued in July 2003 was reclassified in current financial debt, as Linde has decided to exercise its right to redeem the bond on 3 July 2013.

Of the financial debt at 31 March 2013, EUR 2.933 bn is in a fair value hedging relationship (31 December 2012: EUR 3.274 bn). If there had been no adjustment to the carrying amount as a result of fair value hedging relationships which had been agreed and were outstanding at the end of the reporting period, the financial debt of EUR 10.269 bn (31 December 2012: EUR 10.581 bn) would have been EUR 167 m (31 December 2012: EUR 197 m) lower.

The Linde Group concludes Credit Support Annexes (CSAs) with banks to minimise counterparty risk. Under these agreements, the positive and negative fair values of derivatives held by Linde AG and Linde Finance B.V. are collateralised with cash on a regular basis. These transactions are governed by master netting agreements, whereby related rights and obligations to exchange financial collateral do not qualify for offsetting. An amount of EUR 118 m (31 December 2012: EUR 121 m) in respect of these agreements has been disclosed in bank loans and overdrafts as part of financial debt and an amount of EUR 58 m (31 December 2012: EUR 24 m) has been disclosed in cash equivalents.

24 FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING OR ENFORCEABLE MASTER NETTING ARRANGEMENTS

in € million	Gross/net amounts of financial assets/liabilities presented in the statement of financial position	Financial instruments that qualify for netting	Net amount before collateral	Cash collateral received [1]	Cash collateral pledged [1]	Net amount
31.03.2013						
Derivatives with positive fair values	295	–142	153	–98	7	62
Derivatives with negative fair values	–289	142	–147	–20	51	–116
TOTAL	**6**	**–**	**6**	**–118**	**58**	**–54**
31.12.2012						
Derivatives with positive fair values	301	–130	171	–109	5	67
Derivatives with negative fair values	–195	130	–65	–12	19	–58
TOTAL	**106**	**–**	**106**	**–121**	**24**	**9**

[1] The terms governing CSAs may result in the net fair value position per counterparty being over-secured.

[8] Earnings per share

25 EARNINGS PER SHARE

in € million	January to March 2013	January to March 2012 adjusted [1]
Profit for the period attributable to Linde AG shareholders	318	282
Shares in thousands		
Weighted average number of shares outstanding	185,189	171,061
Dilution as a result of share option schemes	937	1,311
Weighted average number of shares outstanding – diluted	186,126	172,372
EARNINGS PER SHARE IN € – UNDILUTED	**1.72**	**1.65**
EARNINGS PER SHARE IN € – DILUTED	**1.71**	**1.64**

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

Included in the figure for diluted earnings per share is the issue of shares relating to employee share option schemes, to the extent that these have not already been exercised. Options exercised are also included in the calculation of the weighted average number of shares outstanding (diluted), on a weighted basis until the date they are exercised.

[9] Segment reporting

The same principles apply to segment reporting in the interim report as those described in the Group financial statements for the year ended 31 December 2012. 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 reportable segments within the Gases Division, consolidation adjustments of EUR 29 m (2012: EUR 24 m) were deducted from revenue. Therefore, it is not possible to arrive at the figure for the Gases Division as a whole by merely adding together the reportable segments in the Gases Division.

The reconciliation of segment revenue to Group revenue and of the operating profit of the reportable segments to Group profit before tax is shown in the table below:

26 RECONCILIATION OF SEGMENT REVENUE AND OF THE SEGMENT RESULT

in € million	January to March 2013	2012 adjusted [1]
Revenue		
Total revenue from the reportable segments	4,137	3,747
Consolidation	–152	–133
GROUP REVENUE	**3,985**	**3,614**
Operating profit		
Operating profit from the reportable segments	1,017	906
Operating profit from Corporate activities	–56	–47
Amortisation and depreciation	432	355
of which fair value adjustments identified in the course of the BOC purchase price allocation	58	66
of which impairments	1	1
Financial income	22	22
Financial expenses	110	118
Consolidation	–8	–13
PROFIT BEFORE TAX	**433**	**395**

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

[10] Related party transactions

Linde AG is related in the course of its normal business activities to non-consolidated subsidiaries, joint ventures and associates. These companies are disclosed in the list of shareholdings on PAGES 190 TO 207 OF THE 2012 FINANCIAL REPORT. It should be noted that, as a result of the retrospective application of IFRS 10 and IFRS 11, some companies which were measured at 31 December 2012 using the equity method have been fully consolidated since 1 January 2013 or included in the consolidated interim financial statements of The Linde Group on the basis of the share of equity in the company held by the Group.

Revenue from related companies and services provided by related companies were immaterial during the reporting period. Receivables from and liabilities to related companies as a result of related party transactions are disclosed in the table below. The receivables are mainly financial receivables.

27 RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES

	31.03.2013			31.12.2012 adjusted [1]		
in € million	Non-consolidated subsidiaries	Associates or joint ventures	Total	Non-consolidated subsidiaries	Associates or joint ventures	Total
Receivables from related parties	7	32	39	6	43	49
Liabilities to related parties	–	30	30	1	14	15

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

Related parties of The Linde Group which are not companies comprise mainly the members of the Group's Executive Board and Supervisory Board. During the reporting period, there were no significant transactions between The Linde Group and members of the Executive Board and Supervisory Board.

Some members of Linde's Executive and Supervisory Boards hold similar positions in other companies. Linde has normal business relationships with virtually all these companies. The sale and purchase of goods and services to and from these companies take place under the usual market conditions.

[11] Contingent liabilities and other financial commitments

In the normal course of business, The Linde Group or any of its Group companies are involved in current or foreseeable legal or arbitration proceedings. During the reporting period, there have been no significant changes to the situation compared with the information provided on PAGE 187 OF THE 2012 FINANCIAL REPORT. There were other financial commitments arising from investments in tangible assets (commitments arising from orders) at 31 March 2013 of EUR 562 m (31 December 2012: EUR 414 m).

[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 in accordance with IFRS 3 on the acquisition of BOC and on acquisitions directly related to the BOC transaction.

28 ADJUSTED FINANCIAL FIGURES

	January to March					
	2013			2012 adjusted [1]		
in € million	As reported	Non-GAAP adjustments	Adjusted key financial figures	As reported	Non-GAAP adjustments	Adjusted key financial figures
Revenue	3,985	–	3,985	3,614	–	3,614
Cost of sales	–2,491	12	–2,479	–2,288	15	–2,273
GROSS PROFIT	1,494	12	1,506	1,326	15	1,341
Research and development costs, marketing, selling and administration expenses	–997	46	–951	–861	51	–810
Other operating income and expenses	16	–	16	23	–	23
Share of profit or loss from associates and joint ventures (at equity)	8	–	8	3	–	3
EBIT	521	58	579	491	66	557
Financial result	–88	–	–88	–96	–	–96
Taxes on income	–93	–17	–110	–86	–27	–113
PROFIT FOR THE PERIOD	340	41	381	309	39	348
attributable to Linde AG shareholders	318	41	359	282	39	321
attributable to non-controlling interests	22	–	22	27	–	27
EARNINGS PER SHARE IN € – UNDILUTED	**1.72**	–	**1.94**	**1.65**	–	**1.88**
EARNINGS PER SHARE IN € – DILUTED	**1.71**	–	**1.93**	**1.64**	–	**1.86**

[1] Adjusted for the effects of the first-time retrospective application of new or revised IFRSs. See also Note 1 in the Notes to the Group interim report.

[13] Discretionary decisions and estimates

The preparation of the Group 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 statement of financial position and statement of profit or loss. 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 stage of completion of long-term construction contracts,
- the assessment of lease transactions,
- the measurement of assets acquired and liabilities assumed in the course of business combinations.

Any change in the key factors which are applied in impairment reviews of goodwill, other intangible assets, tangible assets or inventories 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 under other provisions.

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. For major projects, the calculation and analysis of the stage of completion of the project take into account in particular contract costs incurred by subcontractors. External experts are sometimes used to assist with the calculation of these costs.

Discretionary decisions are required to be made, for example, in assessing whether all the substantial risks and rewards incidental to the ownership of an asset have in fact been transferred to the lessee. To establish whether an embedded finance lease exists in respect of Linde's on-site plants, assumptions need to be made about the allocation of the consideration received from the customer. If the measurement was made on a different basis, this could lead to a different classification of the plants.

Business combinations require estimates to be made when determining fair values for assets, liabilities and contingent liabilities acquired, as well as for contingent components of the purchase price. The nature of the estimates depends on the measurement methods applied. When discounted cash flow methods are used, primarily to measure intangible assets (but also to calculate contingent consideration), discretionary aspects include the length and breadth of the cash flow and the determination of an appropriate discount rate. If cost-based methods are used, the main discretionary element is the assessment of the comparability of the reference objects with the objects to be measured. When making discretionary decisions about purchase price allocations in the case of significant business combinations, Linde takes advice from experts in the field, who assist in arriving at the decisions and provide reports backing their opinions.

[14] Events after the balance sheet date

On 10 April 2013, Linde AG issued a ten-year EUR 650 m bond and a five-year USD 500 m bond. The euro-denominated bond, with a coupon of 2 percent, was priced at 45 basis points over the euro mid-swap rate. The US dollar bond bears a coupon of 1.5 percent and was priced at 67 basis points over the USD mid-swap rate.

Both transactions were placed under the EUR 10 bn Debt Issuance Programme. The proceeds of the issues are being used to repay the remaining portion of the syndicated loan arranged by Linde in order to finance its acquisition of US homecare company Lincare.

No other significant events have occurred for The Linde Group between the end of the reporting period on 31 March 2013 and the publication deadline for these condensed Group interim financial statements on 6 May 2013.

MUNICH, 3 MAY 2013

PROFESSOR DR WOLFGANG REITZLE
[CHIEF EXECUTIVE OFFICER
OF LINDE AG]

PROFESSOR DR ALDO BELLONI
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

THOMAS BLADES
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

GEORG DENOKE
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

SANJIV LAMBA
[MEMBER OF THE EXECUTIVE BOARD
OF LINDE AG]

REVIEW REPORT

To Linde Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements - comprising the Group statement of profit or loss, the Group statement of comprehensive income, the Group statement of financial position, the Group statement of cash flows, the statement of changes in Group equity and selected explanatory notes - together with the Group interim management report of Linde Aktiengesellschaft, Munich, for the period from 1 January to 31 March 2013 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 EU, 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 the condensed interim consolidated financial statements and on the Group interim management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the Group interim management report in accordance with the 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 (ISRE 2410). Those standards require that we plan and perform 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 Group interim 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 presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the Group interim management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

MUNICH, 3 MAY 2013

KPMG AG
[WIRTSCHAFTSPRÜFUNGS-
GESELLSCHAFT]

PROFESSOR DR NONNENMACHER
[GERMAN PUBLIC AUDITOR]

SCHENK
[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 interim consolidated financial statements give a true and fair view of the net assets, financial position and profit or loss of the Group, and the Group interim 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 MAY 2013

PROFESSOR DR WOLFGANG REITZLE
[CHIEF EXECUTIVE OFFICER
OF LINDE AG]

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[MEMBER OF THE EXECUTIVE BOARD
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[MEMBER OF THE EXECUTIVE BOARD
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FINANCIAL CALENDAR

[1]
INTERIM REPORT
JANUARY TO MARCH 2013
6 May 2013

[2]
ANNUAL GENERAL MEETING 2013
29 May 2013, 10 a.m.
International Congress Centre
Munich

[3]
DIVIDEND PAYMENT
31 May 2013

[4]
INTERIM REPORT
JANUARY TO JUNE 2013
30 July 2013

[5]
AUTUMN PRESS CONFERENCE
29 October 2013
Carl von Linde Haus, Munich

[6]
INTERIM REPORT
JANUARY TO SEPTEMBER 2013
29 October 2013

[7]
ANNUAL GENERAL MEETING 2014
20 May 2014, 10 a.m.
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Munich

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