

9M

Linde Interim Report January to September 2013



# LINDE FINANCIAL HIGHLIGHTS

[9M – JANUARY TO SEPTEMBER 2013]

LINDE FINANCIAL HIGHLIGHTS

<i>Linde Financial Highlights</i>		January to September 2013	January to September 2012 adjusted <sup>1</sup>	Change
<b>Share</b>				
Closing price	€	146.40	134.00	9.3 %
Year high	€	153.90	136.15	13.0 %
Year low	€	128.60	114.20	12.6 %
Market capitalisation (at closing price on 30 September)	€ million	27,174	24,806	9.5 %
Adjusted earnings per share <sup>2</sup>	€	5.90	5.79	1.9 %
Earnings per share – undiluted	€	5.38	5.09	5.7 %
Number of shares outstanding at the end of the reporting period	in 000s	185,613	185,116	0.3 %
<b>Group</b>				
Revenue	€ million	12,468	11,469	8.7 %
Operating profit <sup>3</sup>	€ million	2,996	2,680	11.8 %
Operating margin	in %	24.0	23.4	+ 60 bp <sup>5</sup>
EBIT	€ million	1,644	1,515	8.5 %
Profit for the period	€ million	1,078	971	11.0 %
Number of employees <sup>4</sup>		63,185	62,765	0.7 %
<b>Gases Division</b>				
Revenue	€ million	10,510	9,620	9.3 %
Operating profit	€ million	2,913	2,607	11.7 %
Operating margin	in %	27.7	27.1	+ 60 bp <sup>5</sup>
<b>Engineering Division</b>				
Revenue	€ million	2,068	1,740	18.9 %
Operating profit	€ million	225	214	5.1 %
Operating margin	in %	10.9	12.3	-140 bp <sup>5</sup>

<sup>1</sup> 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.

<sup>2</sup> Adjusted for the effects of the Boc purchase price allocation.

<sup>3</sup> EBIT adjusted for amortisation of intangible assets and depreciation of tangible assets.

<sup>4</sup> At 30 September 2013 / 31 December 2012.

<sup>5</sup> Basis points.

# LINDE INTERIM REPORT

[9M – JANUARY TO SEPTEMBER 2013]

## JANUARY TO SEPTEMBER 2013: LINDE GIVES A STEADY BUSINESS PERFORMANCE

- Group revenue up 8.7 percent to EUR 12.468 bn
- Group operating profit<sup>1</sup> increases by 11.8 percent to EUR 2.996 bn
- Group operating margin rises to 24.0 percent (2012: 23.4 percent)
- Group outlook for 2013 in view of unfavourable exchange rate effects:  
Increase in revenue; operating profit target now around EUR 4 bn

<sup>1</sup> Operating profit: EBIT adjusted for amortisation of intangible assets and depreciation of tangible assets.

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## General economic environment

Growth in the global economy in the first nine months of 2013 was moderate, repeating the trend seen over the course of 2012. Economic experts are expecting these modest growth rates to continue to apply in the last three months of 2013. The international forecasting institute The Economist Intelligence Unit Ltd. (EIU)<sup>1</sup> has again revised its estimates down when compared with its forecast at the end of the first half of 2013. Economists are now predicting an increase of only 2.1 percent in global gross domestic product (GDP) for the full year 2013 (H1 report: 2.2 percent). This means that growth in the global economy in 2013 is expected to be below the 2012 figure of 2.4 percent.

The forecast for global industrial production (IP) has also been revised down. Here, the EIU is now predicting an increase of only 1.6 percent for the year 2013 (compared with the 2012 figure of 1.4 percent). At the end of the first half of 2013, the forecast was for an increase in IP of 1.9 percent.

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

Structural growth in the emerging economies remains the most important driver of global economic trends over the coming years. In addition, the global megatrends, energy, the environment and health, should provide the greatest stimuli to growth in the long term.

Economists are expecting that there will continue to be considerable variations in economic trends in different regions of the world in the current year 2013, although in two of the three world regions lower growth rates are being assumed than was the case at the end of the first half of 2013.

The experts continue to expect that the fastest rates of growth for the full year 2013 will again be in the Asia/Pacific region. The EIU is forecasting an increase in GDP here of 5.5 percent (H1 report: 5.6 percent). China is once again expected to be out in front, with a forecast increase in GDP of 7.5 percent, the same figure as in the H1 report. Above-average growth is also again being forecast for India. The EIU estimates that economic output here will rise by 5.0 percent (H1 report: 5.8 percent). In Australia,

the Institute continues to expect growth of 2.6 percent. This increase will primarily come from the expansion of the service sector, whereas forecasts are continuing to indicate a weaker economic environment in manufacturing industry and in the mining industry.

The economy in the EMEA region (Europe, Middle East, Africa) is expected to grow at a significantly slower rate than that in the Asia/Pacific region, although the forecasts for some areas in the EMEA region have recently been revised slightly up. When considering the EMEA region as a whole, economists are anticipating a slight increase in GDP for the year 2013 of 0.6 percent (H1 report: 0.5 percent).

Prospects in the eurozone have also improved slightly. The decline in economic output is now expected to be 0.5 percent, compared with the 0.8 percent fall forecast by the EIU at the end of the first half of the year. Economists are now predicting growth in Germany of 0.5 percent for the full year 2013. In comparison, when the half-yearly report was published, an increase in GDP of only 0.1 percent was forecast here.

Economic trends in the regions of Eastern Europe, the Middle East and Africa have proved relatively robust, although the economic outlook for the full year 2013 has been revised down slightly in each of the three regions. Based on the most recent EIU estimates, growth in the current year is expected to be 1.8 percent in Eastern Europe (H1 report: 2.0 percent), 3.7 percent in the Middle East (H1 report: 4.0 percent) and 4.1 percent in Africa (H1 report: 4.2 percent).

The growth forecast for the Americas region as a whole in 2013 is currently 1.7 percent, which is also below the figure forecast at the end of the first half of the year (2.1 percent). Economists are now expecting an increase in GDP in the United States of only 1.6 percent (H1 report: 2.0 percent), while economic output in South America is expected to rise by 2.8 percent (H1 report: 3.0 percent). The estimates for Brazil, the largest economy in the region, have also again been revised down. Here, the EIU is now anticipating that GDP in the full year 2013 will increase by only 2.0 percent (H1 report: 2.5 percent).

## 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

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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 22 TO 28](#) of the Notes to the Group interim financial statements.

## Group

In the third quarter of 2013, the technology company The Linde Group gave a relatively steady business performance, achieving significant growth in Group revenue and Group operating profit in the nine months ended 30 September 2013. Although the economy was anything but dynamic (especially in the mature markets) and economic output in some emerging economies has recently been lower than originally forecast, the Group has been able to continue to give a steady business performance. The operations in the Healthcare product area acquired in the course of the 2012 financial year and positive trends in the Engineering Division made a particular contribution here.

In the first nine months of the current financial year, Group revenue rose by 8.7 percent to EUR 12.468 bn, compared with EUR 11.469 bn in the first nine months of 2012. During the reporting period, exchange rate fluctuations increasingly had an adverse impact on revenue trends, especially in the third quarter. Exchange rate effects have arisen purely on the translation of various local currencies into the reporting currency (the euro) at the end of the reporting period. In particular, the Australian dollar and the us dollar, the British pound and currencies in the emerging economies fell sharply against the euro. After adjusting for these effects (corresponding to revenue of EUR 407 m), the increase in revenue was 12.7 percent. us homecare company Lincare, acquired by Linde in August 2012, contributed EUR 1.176 bn to Group revenue.

Linde was able to reinforce its profitability at a high level and increased its Group operating profit by 11.8 percent to EUR 2.996 bn (2012: EUR 2.680 bn). As a result, the Group operating margin rose to 24.0 percent (2012: 23.4 percent). One item contributing to the earnings trend was income of EUR 57 m resulting from a dividend payment made by a company in North America in which Linde holds an investment. On the other hand, adverse currency fluctuations also had an impact. The effect of these distortions was to reduce earnings by EUR 88 m. Without the distortions, Linde would have achieved a 15.6 percent increase in Group operating profit.

The rigorous implementation of Linde's holistic concept for sustainable process optimisation and productivity gains (High Performance Organisation or HPO) has also contributed towards maintaining the Group's high level of profitability. Linde is continuing to apply these efficiency improvement measures.

EBIT rose by 8.5 percent in the nine months to 30 September 2013 to EUR 1.644 bn (2012: EUR 1.515 bn). It should be noted that amortisation and depreciation increased by EUR 187 m to EUR 1.352 bn (2012: EUR 1.165 bn). This 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 90 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. In addition, an exceptional amortisation and depreciation charge of EUR 59 m has been recognised in the Americas reportable segment.

The net financial expense in the nine months ended 30 September 2013 was EUR 288 m (2012: EUR 251 m). There are two reasons for the increase in the net financial expense. First, the figure for the prior-year period included income from currency hedging relating to the Lincare transaction and, secondly, finance income from embedded finance leases in the first nine months of 2013 was lower than in the prior-year period.

Linde therefore generated a profit before tax in the first nine months of 2013 of EUR 1.356 bn (2012: EUR 1.264 bn).

The income tax expense was EUR 278 m (2012: EUR 293 m). The release of tax provisions following the completion of tax audits and an adjustment to the deferred tax liability as a result of tax rate reductions in the UK both had a positive impact on the income tax rate, which fell from 23.2 percent in the first nine months of 2012 to 20.5 percent in the first nine months of 2013. Linde's profit for the period (after deducting the tax expense) was EUR 1.078 bn (2012: EUR 971 m).

After adjusting for non-controlling interests, profit for the period attributable to Linde AG shareholders was EUR 997 m (2012: EUR 893 m). This gives earnings per share of EUR 5.38 (2012: EUR 5.09). 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 5.90 (2012: EUR 5.79).

## 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 than companies which do not have such a broad international base.

Revenue in the Gases Division in the first nine months of 2013 grew 9.3 percent to EUR 10.510 bn, compared with EUR 9.620 bn for the prior-year period. During the reporting period, the Lincare business contributed revenue of EUR 1.176 bn to the total revenue of the Gases Division. On a comparable basis (i.e. after adjusting for exchange

rate effects, changes in the price of natural gas and the impact on the consolidation of the Lincare acquisition), the increase in revenue was 3.3 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 97 m in the nine months to 30 September 2013 (2012: EUR 95 m).

In the third quarter of 2013 in particular, growth in the Gases Division was affected by unfavourable exchange rate movements. During this period, revenue remained at the same level as in the third quarter of 2012 (EUR 3.489 bn). If an adjustment is made for exchange rate effects, the rate of growth in the third quarter of 2013 would have been 7.5 percent.

Linde's Gases Division achieved an 11.7 percent increase in operating profit in the nine months to 30 September 2013 to EUR 2.913 bn (2012: EUR 2.607 bn). This gives an operating margin of 27.7 percent (2012: 27.1 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 saw slight revenue growth of 1.1 percent in the first nine months of 2013 to EUR 4.569 bn (2012: EUR 4.518 bn). On a comparable basis, the growth in revenue here was 4.1 percent. Operating profit improved by 2.7 percent to EUR 1.314 bn (2012: EUR 1.280 bn). The operating margin therefore rose to 28.8 percent (2012: 28.3 percent).

In virtually all parts of the EMEA region, the on-site business saw positive trends. In Germany, the UK and Eastern Europe, for example, Linde achieved above-average growth rates in this product area during the reporting period, paving the way for further expansion in its on-site business. Back in May 2013, the Group signed a long-term on-site agreement with ssi Steel UK to supply the company with gaseous oxygen, nitrogen and argon on its Teesside site in England. The agreement also covers the expansion of three existing air separation plants and the modernisation of the current pipeline network. Over the next two years, Linde will be investing GBP 25 m in this project.

In Eastern Europe, the start-up of the air separation plant in Temirtau, Kazakhstan, made a significant contribution to the strengthening of the on-site business. This large air separation plant, the first of its kind in the country, was brought on stream by Linde in March 2013 and is now working at full capacity. Further momentum was generated in the region in the second quarter of 2013 with the start of production at an air separation plant in Kaluga, Russia. From this plant, Linde supplies steel-producer ZAO KNPBMZ with industrial gases and also serves the liquefied gases market in the Moscow region and neighbouring areas.

In addition, Linde entered into a long-term contract in June 2013 for the supply of gases to the company SIBUR on its site in Dzerzhinsk, Russia. The agreement also encompasses the construction and operation of two air separation plants. Investment in the project is around EUR 70 m. SIBUR is the largest petrochemical group in Russia and Eastern Europe.

In a joint venture with JSC KuibyshevAzot, Linde is to provide long-term supplies of ammonia to the chemical company in Togliatti in Russia. Both partners signed an agreement to this effect in May 2013, which involves the construction of a large ammonia plant and an investment of around EUR 275 m. Linde and JSC KuibyshevAzot each hold 50 percent of the shares in the newly-formed company, Linde Nitrogen Togliatti.

During the reporting period, the general market environment in Eastern Europe (with the exception of Russia) was characterised by a downturn in economic activity. This had an adverse impact on volume trends in the liquefied gases and cylinder gas business.

The economy in the Middle East on the other hand remained relatively robust. In the third quarter of 2013, Linde started supplying customers in Qatar from its new helium source (Helium II). This helium source, the largest in the world, is operated by Ras Gas in Ras Laffan Industrial Park. Linde had previously secured long-term rights to 30 percent of the output.

The current global helium market is affected by the short supply of helium resources. The rare gas is required, for example, in the production of MRI scanners and the manufacture of semiconductors and LCD screens. With Helium II, Linde now has the widest portfolio of sources within the industry. The Group has invested more than EUR 35 m in new helium tanks to supply the rare gas to its customers.

Business in the EMEA region expanded partly as a result of the contribution made by the Continental European homecare operations acquired by Linde from Air Products in April 2012. Other factors helping to reinforce Linde's market position in Europe were its acquisition of French homecare-provider Calea France SAS and its purchase of the remaining shares in former joint venture OCAP. Dutch company OCAP is a specialist provider which supplies recycled carbon dioxide to greenhouses. Both transactions were completed in the first quarter of 2013.

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 areas, which had been modest in the first half of 2013, did however revive in the third quarter.

### *Asia/Pacific*

In the Asia/Pacific reportable segment, Linde generated revenue in the first nine months of 2013 of EUR 2.843 bn, a figure which was not quite as high as the figure of EUR 2.884 bn achieved in the first nine months of 2012. This was mainly as a result of unfavourable exchange rate effects. On a comparable basis, revenue rose by 3.8 percent. Business performance was adversely affected in particular by the weaker economic environment in the manufacturing industry and in the mining industry in the South Pacific region. Operating profit in the Asia/Pacific segment remained virtually unchanged at EUR 747 m for the nine months to 30 September 2013 (2012: EUR 743 m). The operating margin therefore rose to 26.3 percent (2012: 25.8 percent).

Within the segment, the most positive trends were to be seen in the business in the South & East Asia region, where the rate of growth was into double digits. Linde achieved above-average increases in revenue, for example, in South Korea and Singapore.

In the region, Linde saw volume increases in virtually all product areas, especially in the on-site business. The Group benefited in particular here from the ramp-up of an air separation plant to supply Tata Steel in Jamshedpur, India. The plant is the largest of its kind in India. The start of operations at an air separation plant in Sri Lanka also boosted the region's good performance. The plant produces oxygen, nitrogen and argon and is the biggest plant of its type in the country.

As a result of the start-up and ramp-up of new plants and against a background of higher volumes in the cylinder gas product area, Linde also generated revenue growth in the Greater China region during the reporting period. The market for electronic gases, on the other hand, was characterised by slightly declining volumes.

Operations began in the third quarter at the air separation plant built by Linde for the on-site supply of gases to Chinese steel-producer Fujian Fuxin Special Steel on the Zhangzhou site.

Production started in the second quarter of 2013 at an air separation plant built by Linde on the site at Guangzhou. This plant supplies liquefied gases and cylinder gas to customers in the region.

Revenue also rose during the reporting period in the Greater China region as a result of Linde assuming responsibility in the 2012 financial year for the supply of gases to the chemical company Dahua Group on the Songmu Island site in Dalian. Linde operates two air separation plants here under an on-site contract. Linde is also going to build a new air separation plant in Dalian with a production capacity of 38,000 normal cubic metres of oxygen per hour.

Revenue growth in the Greater China region slowed as a result of the reversal of a contract to purchase air separation plants which had been transferred to Linde in 2012 by a steel company.

In contrast to the situation in the South & East Asia and Greater China regions, the market in the South Pacific region was characterised by significant declines in volumes.

Except in the service sector, the economy here remained weak. Moreover, the mild winter in this region had an adverse impact on the LPG (Liquefied Petroleum Gas) business.

### *Americas*

In the Americas reportable segment, Linde generated revenue growth in the first nine months of 2013 of 38.8 percent to EUR 3.190 bn (2012: EUR 2.299 bn). This considerable increase was due above all to the 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 1.176 bn in the first nine 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 of the Lincare acquisition on the consolidation), the increase in revenue in this segment was 2.1 percent.

Operating profit rose by 45.9 percent to EUR 852 m (2012: EUR 584 m), mainly as a result of the Lincare business. The operating margin was 26.7 percent (2012: 25.4 percent). One item contributing to the earnings trend in the Americas segment was income of EUR 57 m which Linde received during the reporting period in the form of a dividend payment from a company in which it holds an investment.

In North America, there were positive trends in the electronic gases business, particularly in relation to technical material and equipment. Linde also achieved growth in the liquefied gases and cylinder gas market, while the on-site business was characterised by declining volumes.

In Delta, Ohio, the Group brought on stream a nitrogen liquefaction plant in the second quarter of 2013, thereby expanding its capacity in the Midwest of the United States as planned.

In June 2013, Linde announced that it was going to continue to develop the supply of gases at its major petrochemical site La Porte in Texas. Linde will build a large air separation plant there as well as installing a new gasification train for its existing synthesis gas complex. It will also supply related equipment and infrastructure elements. Linde will be investing a total of more than USD 200 m in this project. The new plants are due to come on stream in 2015.

The new air separation plant will be the largest plant of this type operated by Linde in the United States. Together with the new gasification unit, it will also comprise the largest complex in the world for the production and subsequent processing of synthesis gas to be based on natural gas. In the Houston area, Linde will therefore have a fully-integrated site for the production of air gases and syngas products. This expansion project will enable Linde to provide an even better service in future to its customers in the petrochemical industry in La Porte. This industry sector is once again a growth market, especially against the background of the increasing exploitation of shale gas reserves in the United States.

During the reporting period, Linde and Sapphire Energy decided to expand their partnership to commercialise a



new industrial-scale conversion technology needed to upgrade algae biomass into crude oil. The two companies will build upon their already successful strategic partnership to refine the hydrothermal treatment process, which uses high temperatures to exploit the whole of the algae cell. The agreement spans a minimum of five years through the development of Sapphire's first commercial-scale algae-to-energy production facility.

Linde was also able to continue to strengthen its business in South America during the reporting period, above all generating increased revenue in Venezuela and Argentina. Above-average growth was achieved here in the liquefied gases and cylinder gas product areas as well as in the Healthcare business.

Linde's business performance in Brazil, South America's largest market, was much more modest than that seen in Venezuela and Argentina. An exceptional amortisation and depreciation charge of EUR 59 m was recognised there during the reporting period. This charge was deemed necessary following a reassessment of local market conditions.

### 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 nine months of 2013 of EUR 2.263 bn, almost double the figure achieved in the first nine months of 2012 of EUR 1.265 bn. After adjusting for exchange rate effects and the effect of the Lincare acquisition on the consolidation, revenue growth in the Healthcare business was 5.5 percent.

In the on-site business (where Linde supplies gases on site to major customers), revenue rose on a comparable basis by 5.1 percent to EUR 2.668 bn (2012: EUR 2.539 bn). Growth in this product area was adversely affected by the reversal of a contract to purchase air separation plants which had been transferred to Linde in 2012 by a steel company in the Greater China region. If an adjustment is made for this, the increase in revenue would have been 5.9 percent.

In the cylinder gas product area, Linde achieved an increase in revenue on a comparable basis in the nine months to 30 September 2013 of 1.3 percent to EUR 3.076 bn (2012: EUR 3.037 bn). In the liquefied gases product area, revenue generated was EUR 2.503 bn. On a comparable basis, this was 2.0 percent above the figure for the first nine months of 2012 of EUR 2.453 bn.

## 1 GASES DIVISION: REVENUE AND OPERATING PROFIT BY REPORTABLE SEGMENT

in € million	January to September 2013			January to September 2012 adjusted <sup>1</sup>		
	Revenue	Operating profit	Operating margin in percent	Revenue	Operating profit	Operating margin in percent
EMEA	4,569	1,314	28.8	4,518	1,280	28.3
Asia/Pacific	2,843	747	26.3	2,884	743	25.8
Americas	3,190	852	26.7	2,299	584	25.4
Consolidation	-92	-	-	-81	-	-
<b>GASES DIVISION</b>	<b>10,510</b>	<b>2,913</b>	<b>27.7</b>	<b>9,620</b>	<b>2,607</b>	<b>27.1</b>

<sup>1</sup> 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 GASES DIVISION: REVENUE AND OPERATING PROFIT BY REPORTABLE SEGMENT

in € million	3rd Quarter 2013			3rd Quarter 2012 adjusted <sup>1</sup>		
	Revenue	Operating profit	Operating margin in percent	Revenue	Operating profit	Operating margin in percent
EMEA	1,523	438	28.8	1,544	436	28.2
Asia/Pacific	946	250	26.4	1,029	259	25.2
Americas	1,053	310	29.4	947	233	24.6
Consolidation	-33	-	-	-31	-	-
<b>GASES DIVISION</b>	<b>3,489</b>	<b>998</b>	<b>28.6</b>	<b>3,489</b>	<b>928</b>	<b>26.6</b>

<sup>1</sup> 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 nine months of 2013 saw the continuation of a dynamic trend in orders when compared with the prior-year period. In the third quarter of 2013, Linde was also awarded new projects, especially in the energy and chemical sectors. As a result, there was a significant increase in order intake in the nine months to 30 September 2013 of 74.7 percent to EUR 3.661 bn (2012: EUR 2.095 bn).

Revenue and earnings reflected the progress made on individual plant construction projects. There was a rise in revenue in the first nine months of 2013 of 18.9 percent to EUR 2.068 bn (2012: EUR 1.740 bn), while operating profit increased by 5.1 percent to EUR 225 m (2012: EUR 214 m). At 10.9 percent, the operating margin did not reach the exceptionally high figure achieved in the prior-year period of 12.3 percent, but did again reach a level well above the industry average.

In the third quarter of 2013, Linde won a contract in Saudi Arabia to build the world's largest plant for the purification and liquefaction of carbon dioxide (CO<sub>2</sub>) in the Jubail Industrial Park. The contract was awarded by Jubail United Petrochemical Company, a subsidiary of Saudi Basic Industries Corporation. The plant will have a capacity of 1,500 tonnes of CO<sub>2</sub> per day and will source the CO<sub>2</sub> from two nearby ethylene-glycol plants. Via a pipeline network, the CO<sub>2</sub> will then be used in the production of methanol and urea. Methanol is a basic product in the chemical industry, while urea is used for example in the manufacture of fertilisers. Carbon dioxide recycling via this project will save around 500,000 tonnes of carbon emissions per year.

In the second quarter of 2013, Linde was awarded two significant contracts in Russia. In a joint venture with chemical company JSC KuibyshevAzot, Linde will build and operate a large ammonia plant on the Togliatti site in the Samara region. Investment in this project will total around EUR 275 m. The ultra-modern and highly energy-efficient on-site plant will have a production capacity of 1,340 tonnes of ammonia per day. Completion of the plant is expected in 2016.

Under a long-term on-site agreement, Linde will supply gases to the petrochemical company SIBUR in Dzerzhinsk in the Nizhny Novgorod region. To do so, it will build and operate two new air separation plants. At the same time, Linde is modernising the four existing air separation plants on the site. Investment in this project is around EUR 70 m. The new plants will have a total production capacity of around 30,000 normal cubic metres of gaseous oxygen per hour.

These two orders will enable Linde to strengthen its position as a leading gases and engineering company in the growth market of Russia.

In the promising region of Asia, the Group was also able to achieve major successes during the reporting period in its plant construction business. In the first half of 2013, Linde won a major contract from Reliance Industries Ltd. (RIL) to build six air separation plants for the production of

gaseous oxygen at the refinery and petrochemical site of Jamnagar in India. The order, worth around EUR 450 m, is also for the supply of two synthesis gas purification units. RIL requires large quantities of oxygen for its proposed plants in Jamnagar for the gasification of petroleum coke and coal. In the course of 2013, the scope of this major project was further expanded to include, for example, Linde providing RIL with four sulphur recovery plants and a pressure swing adsorption plant to produce pure hydrogen on the Jamnagar site. As a result, the total value of the order for Linde is now over EUR 700 m.

Linde will also build six smaller air separation plants for the production of oxygen for 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 around 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.

Almost 40 percent of the order intake in the first nine months of 2013 came from the Asia/Pacific region, while around a third of new orders came from North America and about a quarter from Europe.

In the growing market for natural gas plants, the Group not only won orders in North America as a result of the increased exploitation of shale gas reserves, but was also awarded the contract for a major project in Europe. The Norwegian company Gassco AS has commissioned Linde to build a natural gas terminal in Emden in northern Germany. The order is worth around EUR 260 m. A contract to this effect was signed in the first quarter of 2013. The new terminal is due for completion towards the end of 2016.

The order intake in the first nine months of 2013 was spread relatively evenly over the various types of plant. Just under a third of new orders related to the air separation plant product area and a quarter to hydrogen and synthesis gas plants, while natural gas plants and olefin plants each accounted for almost 20 percent of new orders.

The order backlog in the Engineering Division has remained at a very high level. At 30 September 2013, it stood at EUR 5.135 bn (31 December 2012: EUR 3.700 bn).

### € 3 ENGINEERING DIVISION

<i>in € million</i>	<i>3rd Quarter</i>		<i>January to September</i>	
	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
Revenue	820	511	2,068	1,740
Order intake	853	663	3,661	2,095
Order backlog at 30.09./31.12.	-	-	5,135	3,700
Operating profit	77	63	225	214
Operating margin	9.4%	12.3%	10.9%	12.3%

### € 4 ENGINEERING DIVISION – ORDER INTAKE BY REGION

<i>in € million</i>	<i>January to September</i>			
	<i>2013</i>	<i>in percent</i>	<i>2012</i>	<i>in percent</i>
Asia/Pacific	1,391	38.0	669	31.9
Europe	870	23.8	467	22.3
North America	1,146	31.3	532	25.4
Middle East	138	3.8	336	16.0
Africa	85	2.3	26	1.3
South America	31	0.8	65	3.1
<b>ENGINEERING DIVISION</b>	<b>3,661</b>	<b>100.0</b>	<b>2,095</b>	<b>100.0</b>

### € 5 ENGINEERING DIVISION – ORDER INTAKE BY PLANT TYPE

<i>in € million</i>	<i>January to September</i>			
	<i>2013</i>	<i>in percent</i>	<i>2012</i>	<i>in percent</i>
Natural gas plants	674	18.4	511	24.4
Air separation plants	1,144	31.2	618	29.5
Olefin plants	687	18.8	296	14.1
Hydrogen and synthesis gas plants	928	25.3	434	20.7
Other	228	6.3	236	11.3
<b>ENGINEERING DIVISION</b>	<b>3,661</b>	<b>100.0</b>	<b>2,095</b>	<b>100.0</b>

### € 6 ENGINEERING DIVISION – ORDER INTAKE BY REGION

<i>in € million</i>	<i>3rd Quarter</i>			
	<i>2013</i>	<i>in percent</i>	<i>2012</i>	<i>in percent</i>
Asia/Pacific	206	24.2	261	39.3
Europe	218	25.6	131	19.8
North America	281	32.9	229	34.5
Middle East	95	11.1	21	3.2
Africa	49	5.7	16	2.4
South America	4	0.5	5	0.8
<b>ENGINEERING DIVISION</b>	<b>853</b>	<b>100.0</b>	<b>663</b>	<b>100.0</b>

### € 7 ENGINEERING DIVISION – ORDER INTAKE BY PLANT TYPE

<i>in € million</i>	<i>3rd Quarter</i>			
	<i>2013</i>	<i>in percent</i>	<i>2012</i>	<i>in percent</i>
Natural gas plants	41	4.8	216	32.6
Air separation plants	124	14.5	221	33.3
Olefin plants	95	11.1	44	6.6
Hydrogen and synthesis gas plants	480	56.3	77	11.6
Other	113	13.3	105	15.9
<b>ENGINEERING DIVISION</b>	<b>853</b>	<b>100.0</b>	<b>663</b>	<b>100.0</b>

## Finance

Cash flow from operating activities in the nine months to 30 September 2013 was EUR 2.158 bn, a significant rise of 35.7 percent when compared with the figure for the prior-year period of EUR 1.590 bn. The rate of increase in cash flow was higher than the rate of increase in operating profit, which rose by 11.8 percent to EUR 2.996 bn (2012: EUR 2.680 bn). Factors contributing to this higher percentage increase included the improvement in working capital and the higher level of advance payments received from customers in the Engineering Division. Income taxes paid, on the other hand, which rose by EUR 51 m (from EUR 359 m in the first nine months of 2012 to EUR 410 m in the first nine months of 2013), mainly as a result of the positive earnings trend, had the opposite effect on cash flow from operating activities.

In the first nine months of 2013, Linde spent EUR 1.557 bn on investments in tangible assets, intangible assets and financial assets (2012: EUR 1.258 bn), a continuation of its investment strategy geared towards the long term. Payments made for investments were 23.8 percent higher than in the prior-year period. Most of the investment was made in the Gases Division and much of that was deployed in the on-site product area.

Payments made for investments in consolidated companies totalled EUR 139 m, a significantly lower figure than that for the first nine months of 2012 of EUR 2.982 bn. The high figure in 2012 includes the purchase prices for the acquisition of us homecare company Lincare and Air Products' Continental European homecare business. Significant acquisitions during the reporting period were the purchase of the French homecare-provider Calea France SAS and the purchase of the remaining shares in the former joint venture oCAP. The sale of securities resulted in proceeds on disposal in the first nine months of 2013 of EUR 676 m (2012: EUR 853 m). The net cash outflow from investing activities in the nine months to 30 September 2013 was EUR 1.069 bn, EUR 2.222 bn lower than the prior-year figure for net cash outflow from investing activities of EUR 3.291 bn.

The net cash outflow from financing activities was EUR 1.248 bn (2012: net cash inflow of EUR 1.814 bn). The main reason for the net cash inflow in 2012 was the proceeds of EUR 1.391 bn arising from the capital increase in July 2012. When looking at the figure for the reporting period, the main item to be considered is dividend payments of EUR 550 m (2012: EUR 471 m). The cash inflows from the disposal of non-controlling interests of EUR 53 m related mainly to the sale of shares in the subsidiary Linde India Limited to minority shareholders, which was necessary to comply with changes in the rules in Indian law governing capital markets.

Total assets fell by EUR 1.260 bn to EUR 33.037 bn at 30 September 2013, mainly as a result of exchange rate effects (31 December 2012: EUR 34.297 bn). Most of the total assets (more than 80 percent or EUR 26.638 bn) are non-current assets. Within the figure for non-current assets,

the major items are goodwill of EUR 10.570 bn (31 December 2012: EUR 10.826 bn) and tangible assets of EUR 11.215 bn (31 December 2012: EUR 11.173 bn).

Goodwill fell during the reporting period by EUR 256 m. Additions as a result of acquisitions (EUR 121 m) were set against exchange rate effects. Tangible assets rose by EUR 42 m when compared with the prior-year figure. Additions as a result of acquisitions and investments of EUR 1.596 bn should be taken into account here. Factors which had the effect of reducing the overall figure for tangible assets in the reporting period were depreciation totalling EUR 1.059 bn and exchange rate movements.

Included in current assets are securities, which fell by EUR 503 m to EUR 321 m mainly as a result of sales (31 December 2012: EUR 824 m).

At 30 September 2013, equity was EUR 13.558 bn, EUR 100 m below the figure at 31 December 2012 of EUR 13.658 bn. The decrease in equity was mainly due to negative exchange rate effects of EUR 926 m (2012: EUR positive exchange rate effects of EUR 184 m) and the dividend payment of EUR 550 m (2012: EUR 471 m). The profit for the period had a positive impact on the equity figure. In the first nine months of 2013, post-tax profit was EUR 1.078 bn, compared with EUR 971 m in the first nine months of 2012. The equity ratio at 30 September 2013 of 41.0 percent was higher than the figure at 31 December 2012 of 39.8 percent.

Provisions for pensions and similar obligations decreased slightly, by EUR 105 m to EUR 1.008 bn (31 December 2012: EUR 1.113 bn), principally 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 30 September 2013, net financial debt was EUR 8.601 bn. This is an increase of EUR 128 m when compared to the figure at 31 December 2012.

Gross financial debt, on the other hand, decreased by EUR 572 m to EUR 10.009 bn (31 December 2012: EUR 10.581 bn). During the reporting period, Linde was able to repay in full the usd acquisition loan it had raised for the purchase of Lincare in July 2012. To do so, the Group successfully placed two new bonds in the second quarter of 2013: a ten-year EUR 650 m bond with a coupon of 2.00 percent and a five-year usd 500 m bond with a coupon of 1.50 percent. Both bonds were issued under the EUR 10 bn Debt Issuance Programme. Moreover, in the third quarter, Linde redeemed a EUR 400 m subordinated bond early as a result of exercising a call option.

The dynamic indebtedness factor (net financial debt to operating profit for the last twelve months) improved from 2.3 at 31 December 2012 to 2.1 at 30 September 2013. The Group's gearing (the ratio of net debt to equity) rose to 63.4 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 10.009 bn (31 December 2012: EUR 10.581 bn), EUR 1.190 bn (31 December 2012: EUR 1.346 bn) is disclosed as current and EUR 8.819 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 321 m and cash and cash equivalents of EUR 1.087 bn.

In July 2013, Linde agreed a new five-year EUR 2.5 bn syndicated credit facility, with two options to extend the facility, in each case by one year. The credit line replaces the EUR 2.5 bn facility from 2010 which had not been drawn down.

At 30 September 2013, available liquidity was therefore EUR 2.718 bn (31 December 2012: EUR 3.262 bn).

## Employees

The number of employees in The Linde Group worldwide at 30 September 2013 was 63,185 (31 December 2012: 62,765). Of this number, 51,394 were employed in the Gases Division and 6,902 in the Engineering Division. The majority of the 4,889 staff in the Other Activities segment are employed by Gist, Linde's logistics service-provider.

### 8 GROUP – EMPLOYEES BY REPORTABLE SEGMENT

	30.09.2013	31.12.2012 <i>adjusted</i> <sup>1</sup>
Gases Division	51,394	51,405
EMEA	21,538	21,636
Asia/Pacific	12,010	11,809
Americas	17,846	17,960
Engineering Division	6,902	6,564
Other Activities	4,889	4,796
<b>GROUP</b>	<b>63,185</b>	<b>62,765</b>

<sup>1</sup> 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 have slightly revised down their forecast for general economic growth when compared with the figures they predicted at the end of the first half of 2013. The international forecasting institute The Economist Intelligence Unit Ltd. (EIU) is now expecting global gross domestic product (GDP) to increase by only 2.1 percent over the course of 2013 (H1 report: 2.2 percent; Financial Report 2012: 2.4 percent). This means that growth in the global economy in 2013 is expected to be below the 2012 figure of 2.4 percent.

The forecast for global industrial production (IP) has also been revised down. Here, the EIU is now expecting an increase of only 1.6 percent for the year 2013 (compared with the 2012 figure of 1.4 percent). At the end of the first half of 2013, the forecast was for growth in IP of 1.9 percent, while the forecast at the end of 2012 was even higher, an increase of 2.7 percent.

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 currency fluctuations, high unemployment in many industrialised countries or the ongoing uncertainty surrounding the political situation in some countries in the Arab world.

Since the end of the first half of 2013, certain currencies have continued to fall sharply against the euro: in particular, the Australian dollar and us dollar, the British pound and currencies in the emerging economies. This has had a significant adverse impact on Linde's revenue and earnings trends.

Against this background, Linde is now seeking to generate a Group operating profit in the 2013 financial year of around EUR 4 bn. Until now, the Group's target had been a figure for Group operating profit of at least EUR 4 bn. Linde continues to expect that it will achieve a higher level of Group revenue in the 2013 financial year than in 2012.

Linde anticipates that it will continue to benefit in the coming years from megatrends such as energy, the environment and health and from dynamic growth in the emerging economies. For the 2016 financial year, the Group has set itself the target of achieving Group operating profit of at least EUR 5 bn and a return on capital employed (ROCE) of around 14 percent (adjusted ROCE<sup>1</sup>) or around 13 percent (reported ROCE).

These medium-term targets are based on current economic forecasts, according to which the global economy will continue to grow at a faster rate in the coming years than in the current year 2013. They are also founded on the assumption that there will not be any significant shifts in exchange rates compared with those prevailing at the year-end when the medium-term outlook was formulated. As described in the Group interim management report, exchange rates have changed significantly during the current reporting period in a direction which was unfavourable to Linde. If exchange rates over the coming years remain at

similar levels to those which have applied recently, this would reduce Group operating profit by around EUR 250 m in 2016 and might also have an adverse impact on return on capital employed.

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 indicate that the rate of growth in the global gases market in 2013 will be similar to the rate seen 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 contribute to increases in revenue and earnings over 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 that of 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.

At just over EUR 5.1 bn, the order backlog in Linde's Engineering Division at 30 September 2013 remains at a very high level, 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 anticipates that it will achieve an operating margin in the 2013 financial year of at least 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.

<sup>1</sup> For the definition of ROCE, see page 42 of the Financial Report 2012.

## Risk report

Uncertainty about future global economic trends continues. Risks relevant to the Group include not only the risk of a drop in revenue volumes if there is another economic slowdown, but also the risk of the loss of new business and an increase in the risk of bad debts in its operating business due to an 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 nine months to 30 September 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.

## 9 GROUP STATEMENT OF PROFIT OR LOSS

<i>in € million</i>	<i>3rd Quarter</i>		<i>January to September</i>	
	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
Revenue	4,261	4,044	12,468	11,469
Cost of sales	2,801	2,591	7,939	7,275
<b>GROSS PROFIT</b>	<b>1,460</b>	<b>1,453</b>	<b>4,529</b>	<b>4,194</b>
Marketing and selling expenses	629	612	1,885	1,692
Research and development costs	21	24	69	73
Administration expenses	356	344	1,061	994
Other operating income	145	74	255	197
Other operating expenses	55	38	140	126
Share of profit or loss from associates and joint ventures (at equity)	3	2	15	9
<b>EBIT</b>	<b>547</b>	<b>511</b>	<b>1,644</b>	<b>1,515</b>
Financial income	14	42	54	97
Financial expenses	116	124	342	348
<b>PROFIT BEFORE TAX</b>	<b>445</b>	<b>429</b>	<b>1,356</b>	<b>1,264</b>
Taxes on income	82	100	278	293
<b>PROFIT FOR THE PERIOD</b>	<b>363</b>	<b>329</b>	<b>1,078</b>	<b>971</b>
attributable to Linde AG shareholders	337	307	997	893
attributable to non-controlling interests	26	22	81	78
Earnings per share in € - undiluted	1.82	1.67	5.38	5.09
Earnings per share in € - diluted	1.81	1.66	5.35	5.05

<sup>1</sup> 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 COMPREHENSIVE INCOME

<i>in € million</i>	<i>3rd Quarter</i>		<i>January to September</i>	
	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
PROFIT FOR THE PERIOD	363	329	1,078	971
OTHER COMPREHENSIVE INCOME (NET OF TAX)	-290	-325	-694	-272
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-261	-132	-731	142
Unrealised gains/losses on available-for-sale financial assets	-1	-	-1	-4
Unrealised gains/losses on derivative financial instruments	95	85	196	-38
Currency translation differences	-355	-217	-926	184
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-29	-193	37	-414
Remeasurement of defined benefit plans	-29	-193	37	-441
Change in effect of the limit on a net defined benefit asset (asset ceiling under IAS 19R.64)	-	-	-	27
TOTAL COMPREHENSIVE INCOME	73	4	384	699
attributable to Linde AG shareholders	76	-1	353	627
attributable to non-controlling interests	-3	5	31	72

<sup>1</sup> 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.

## 11 GROUP STATEMENT OF FINANCIAL POSITION

<i>in € million</i>	30.09.2013	31.12.2012 <i>adjusted</i> <sup>1</sup>
<b>Assets</b>		
Goodwill	10,570	10,826
Other intangible assets	3,201	3,643
Tangible assets	11,215	11,173
Investments in associates and joint ventures (at equity)	213	208
Other financial assets	103	121
Receivables from finance leases	300	381
Trade receivables	9	-
Other receivables and other assets	623	605
Income tax receivables	4	4
Deferred tax assets	400	479
<b>NON-CURRENT ASSETS</b>	<b>26,638</b>	<b>27,440</b>
Inventories	1,148	1,112
Receivables from finance leases	51	59
Trade receivables	2,782	2,653
Other receivables and other assets	824	736
Income tax receivables	186	182
Securities	321	824
Cash and cash equivalents	1,087	1,284
Non-current assets classified as held for sale and disposal groups	-	7
<b>CURRENT ASSETS</b>	<b>6,399</b>	<b>6,857</b>
<b>TOTAL ASSETS</b>	<b>33,037</b>	<b>34,297</b>

<sup>1</sup> 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.

## 12 GROUP STATEMENT OF FINANCIAL POSITION

<i>in € million</i>	30.09.2013	31.12.2012 <i>adjusted</i> <sup>1</sup>
<b>Equity and liabilities</b>		
Capital subscribed	475	474
Capital reserve	6,708	6,698
Revenue reserves	6,255	5,706
Cumulative changes in equity not recognised through the statement of profit or loss	-649	33
<b>TOTAL EQUITY ATTRIBUTABLE TO LINDE AG SHAREHOLDERS</b>	<b>12,789</b>	<b>12,911</b>
Non-controlling interests	769	747
<b>TOTAL EQUITY</b>	<b>13,558</b>	<b>13,658</b>
Provisions for pensions and similar obligations	1,008	1,113
Other non-current provisions	463	496
Deferred tax liabilities	2,066	2,207
Financial debt	8,819	9,235
Liabilities from finance leases	60	56
Trade payables	2	6
Other non-current liabilities	431	497
Liabilities from income taxes	76	85
<b>NON-CURRENT LIABILITIES</b>	<b>12,925</b>	<b>13,695</b>
Other current provisions	1,298	1,571
Financial debt	1,190	1,346
Liabilities from finance leases	22	24
Trade payables	2,822	2,806
Other current liabilities	1,051	1,026
Liabilities from income taxes	171	171
<b>CURRENT LIABILITIES</b>	<b>6,554</b>	<b>6,944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,037</b>	<b>34,297</b>

<sup>1</sup> 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.

## E 13 GROUP STATEMENT OF CASH FLOWS

<i>in € million</i>	<i>January to September</i>	
	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
<b>PROFIT BEFORE TAX</b>	<b>1,356</b>	<b>1,264</b>
<i>Adjustments to profit before tax to calculate cash flow from operating activities</i>		
Amortisation of intangible assets/depreciation of tangible assets	1,352	1,165
Impairments on financial assets	1	-
Profit/loss on disposal of non-current assets	-25	-13
Net interest	278	284
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	19	27
Share of profit or loss from associates and joint ventures (at equity)	-15	-9
Distributions/dividends received from associates and joint ventures	8	9
Income taxes paid	-410	-359
<i>Changes in assets and liabilities</i>		
Change in inventories	-89	-128
Change in trade receivables	-244	-211
Change in provisions	-205	-73
Change in trade payables	165	-149
Change in other assets and liabilities	-33	-217
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2,158</b>	<b>1,590</b>
Payments for tangible and intangible assets and plants held under leases in accordance with IFRIC 4/IAS 17	-1,525	-1,236 <sup>2</sup>
Payments for investments in consolidated companies	-139	-2,982
Payments for investments in financial assets	-32	-22
Payments for investments in securities	-176	-2
Proceeds on disposal of securities	676	853
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from finance leases in accordance with IFRIC 4/IAS 17	111	93
Proceeds on disposal of consolidated companies	15	-
Proceeds on disposal of financial assets	1	5
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-1,069</b>	<b>-3,291</b>

<sup>1</sup> 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.

<sup>2</sup> Adjusted for capitalised borrowing costs.

## 14 GROUP STATEMENT OF CASH FLOWS

<i>in € million</i>	<i>January to September</i>	
	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
Dividend payments to Linde AG shareholders and non-controlling interests	-550	-471
Capital increase	-	1,391
Cash inflows/outflows for sale/purchase of non-controlling interests	53	-499
Proceeds from issue of employee shares	1	50
Interest received	138	151
Interest paid	-448	-475 <sup>2</sup>
Proceeds of loans and capital market debt	3,698	6,366
Cash outflows for the repayment of loans and capital market debt	-4,125	-4,694
Change in liabilities from finance leases	-15	-5
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-1,248</b>	<b>1,814</b>
<b>NET CASH INFLOW/OUTFLOW</b>	<b>-159</b>	<b>113</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>1,284</b>	<b>1,061</b>
Effects of currency translation	-38	10
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>1,087</b>	<b>1,184</b>

<sup>1</sup> 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.

<sup>2</sup> Adjusted for capitalised borrowing costs.

## E 15 STATEMENT OF CHANGES IN GROUP EQUITY

<i>in € million</i>	<i>Capital subscribed</i>	<i>Capital reserve</i>
<b>AT 1 JAN. 2012</b>	<b>438</b>	<b>5,264</b>
Adjustment due to retrospective application of newly-adopted or revised IFRSs <sup>1</sup>	-	-
<b>AT 1 JAN. 2012 ADJUSTED</b>	<b>438</b>	<b>5,264</b>
Profit for the period	-	-
Other comprehensive income (net of tax)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
Dividend payments	-	-
Changes as a result of share option schemes	3	62
Capital increase	33	1,358
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>	<b>36</b>	<b>1,420</b>
Addition/divestiture of non-controlling interests	-	-
Acquisition/disposal of non-controlling interests	-	-
<b>CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES</b>	<b>-</b>	<b>-</b>
<b>AT 30 SEPTEMBER 2012 ADJUSTED</b>	<b>474</b>	<b>6,684</b>
<b>AT 1 JAN. 2013</b>	<b>474</b>	<b>6,698</b>
Adjustment due to retrospective application of newly-adopted or revised IFRSs <sup>1</sup>	-	-
<b>AT 1 JAN. 2013 ADJUSTED</b>	<b>474</b>	<b>6,698</b>
Profit for the period	-	-
Other comprehensive income (net of tax)	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
Dividend payments	-	-
Changes as a result of share option schemes	1	10
Repurchase of own shares	-	-
<b>TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY</b>	<b>1</b>	<b>10</b>
Addition/divestiture of non-controlling interests	-	-
Acquisition/disposal of non-controlling interests	-	-
<b>CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES</b>	<b>-</b>	<b>-</b>
<b>AT 30 SEPTEMBER 2013</b>	<b>475</b>	<b>6,708</b>

<sup>1</sup> 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.

<i>Revenue reserves</i>		<i>Cumulative changes in equity not recognised through the statement of profit or loss</i>				<i>Total equity attributable to Linde AG shareholders</i>	<i>Non-controlling interests</i>	<i>Total equity</i>
<i>Remeasurement of defined benefit plans</i>	<i>Retained earnings</i>	<i>Currency translation differences</i>	<i>Available-for-sale financial assets</i>	<i>Derivative financial instruments</i>				
-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	
-	893	-	-	-	893	78	971	
-404	-	180	-4	-38	-266	-6	-272	
-404	893	180	-4	-38	627	72	699	
-	-428	-	-	-	-428	-43	-471	
-	-	-	-	-	65	-	65	
-	-	-	-	-	1,391	-	1,391	
-	-428	-	-	-	1,028	-43	985	
-	10	-	-	-	10	-3	7	
-	-517	-	-	-	-517	25	-492	
-	-507	-	-	-	-507	22	-485	
-743	5,875	456	-	-167	12,579	752	13,331	
-531	6,420	80	-	-47	13,094	564	13,658	
16	-199	-	-	-	-183	183	-	
-515	6,221	80	-	-47	12,911	747	13,658	
-	997	-	-	-	997	81	1,078	
38	-	-876	-1	195	-644	-50	-694	
38	997	-876	-1	195	353	31	384	
-	-500	-	-	-	-500	-50	-550	
-	-	-	-	-	11	-	11	
-	-	-	-	-	-	-1	-1	
-	-500	-	-	-	-489	-51	-540	
-	4	-	-	-	4	42	46	
-	10	-	-	-	10	-	10	
-	14	-	-	-	14	42	56	
-477	6,732	-796	-1	148	12,789	769	13,558	

## 16 SEGMENT INFORMATION

	Reportable segments	
	Gases Division	
	January to September	
	2013	2012 adjusted <sup>1</sup>
<i>in € million, see NOTE [9]</i>		
Revenue from third parties	10,503	9,617
Revenue from other segments	7	3
<b>TOTAL REVENUE FROM THE REPORTABLE SEGMENTS</b>	<b>10,510</b>	<b>9,620</b>
<b>OPERATING PROFIT</b>	<b>2,913</b>	<b>2,607</b>
of which share of profit or loss from associates/joint ventures (at equity)	16	8
Amortisation of intangible assets and depreciation of tangible assets	1,326	1,131
of which amortisation of fair value adjustments identified in the course of the boc purchase price allocation	155	181
of which impairments	64	21
<b>EBIT (EARNINGS BEFORE INTEREST AND TAX)</b>	<b>1,587</b>	<b>1,476</b>
Capital expenditure (excluding financial assets)	1,503	1,243

*in € million, see NOTE [9]*

Revenue from third parties
Revenue from other segments
<b>TOTAL REVENUE FROM THE REPORTABLE SEGMENTS</b>
<b>OPERATING PROFIT</b>
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
<b>EBIT (EARNINGS BEFORE INTEREST AND TAX)</b>
Capital expenditure (excluding financial assets)

<sup>1</sup> 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.



<i>Reportable segments</i>							
<i>Engineering Division</i>		<i>Other Activities</i>		<i>Reconciliation</i>		<i>Group</i>	
<i>January to September</i>		<i>January to September</i>		<i>January to September</i>		<i>January to September</i>	
<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
1,550	1,410	415	442	-	-	12,468	11,469
518	330	-	-	-525	-333	-	-
2,068	1,740	415	442	-525	-333	12,468	11,469
225	214	36	43	-178	-184	2,996	2,680
-	-	-	-	-1	1	15	9
26	27	24	26	-24	-19	1,352	1,165
5	6	10	10	-	-	170	197
-	-	-	-	-	-	64	21
199	187	12	17	-154	-165	1,644	1,515
15	19	8	14	-39	-7	1,487	1,269

<i>Reportable segments</i>							
<i>Gases Division</i>							
<i>EMEA</i>		<i>Asia/Pacific</i>		<i>Americas</i>		<i>Total Gases Division</i>	
<i>January to September</i>		<i>January to September</i>		<i>January to September</i>		<i>January to September</i>	
<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
4,556	4,506	2,829	2,875	3,118	2,236	10,503	9,617
13	12	14	9	72	63	7	3
4,569	4,518	2,843	2,884	3,190	2,299	10,510	9,620
1,314	1,280	747	743	852	584	2,913	2,607
7	-	9	7	-	1	16	8
485	473	365	361	476	297	1,326	1,131
38	42	85	95	32	44	155	181
4	21	1	-	59	-	64	21
829	807	382	382	376	287	1,587	1,476
580	486	571	517	352	240	1,503	1,243

# ADDITIONAL COMMENTS

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## [1] General accounting policies

The condensed Group interim financial statements of Linde AG for the nine months ended 30 September 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 accounting policies used in the condensed Group interim financial statements are the same as those used to prepare the Group financial statements for the year ended 31 December 2012. In addition, dividend payments which were made by operating companies held by Linde as an investment and reported at cost or at fair value were included in other operating income, as long as Linde held more than 10 percent of the voting rights in the company and the company's business was clearly related to Linde's core operating business. Core businesses are defined as activities which make a significant contribution to the revenue of a division. A figure of around 20 percent is used as a guideline for materiality. The prior-year figures have not been adjusted as Linde held no investments of this type in 2012 which met the above criteria.

In addition, IAS 34 Interim Financial Reporting has 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 IFRS 10, IFRS 12 and IAS 27: Investment Entities
- 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 often 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 will be reclassified subsequently 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:

## 17 GROUP STATEMENT OF PROFIT OR LOSS

<i>in € million</i>	<i>3rd Quarter 2012</i>			<i>January to September 2012</i>		
	<i>as reported</i>	<i>Adjustment</i>	<i>adjusted</i>	<i>as reported</i>	<i>Adjustment</i>	<i>adjusted</i>
Revenue	3,889	155	4,044	11,063	406	11,469
Cost of sales	2,488	103	2,591	7,009	266	7,275
<b>GROSS PROFIT</b>	<b>1,401</b>	<b>52</b>	<b>1,453</b>	<b>4,054</b>	<b>140</b>	<b>4,194</b>
Marketing and selling expenses	607	5	612	1,678	14	1,692
Research and development costs	23	1	24	72	1	73
Administration expenses	339	5	344	980	14	994
Other operating income	68	6	74	182	15	197
Other operating expenses	31	7	38	107	19	126
Share of profit or loss from associates and joint ventures (at equity)	25	-23	2	68	-59	9
Financial income	95	-53	42	254	-157	97
Financial expenses	172	-48	124	494	-146	348
<b>PROFIT BEFORE TAX</b>	<b>417</b>	<b>12</b>	<b>429</b>	<b>1,227</b>	<b>37</b>	<b>1,264</b>
Taxes on income	90	10	100	269	24	293
<b>PROFIT FOR THE PERIOD</b>	<b>327</b>	<b>2</b>	<b>329</b>	<b>958</b>	<b>13</b>	<b>971</b>
attributable to Linde AG shareholders	313	-6	307	904	-11	893
attributable to non-controlling interests	14	8	22	54	24	78
Earnings per share in € - undiluted	1.70	-0.03	1.67	5.15	-0.06	5.09
Earnings per share in € - diluted	1.69	-0.03	1.66	5.11	-0.06	5.05

## 18 GROUP STATEMENT OF COMPREHENSIVE INCOME

<i>in € million</i>	<i>3rd Quarter 2012</i>			<i>January to September 2012</i>		
	<i>as reported</i>	<i>Adjustment</i>	<i>adjusted</i>	<i>as reported</i>	<i>Adjustment</i>	<i>adjusted</i>
PROFIT FOR THE PERIOD	327	2	329	958	13	971
OTHER COMPREHENSIVE INCOME (NET OF TAX)	-326	1	-325	-275	3	-272
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-132	-	-132	143	-1	142
Unrealised gains/losses on available-for-sale financial assets	-	-	-	-4	-	-4
Unrealised gains/losses on derivative financial instruments	85	-	85	-38	-	-38
Currency translation differences	-217	-	-217	185	-1	184
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-194	1	-193	-418	4	-414
Remeasurement of defined benefit plans	-194	1	-193	-445	4	-441
Change in effect of the limit on a net defined benefit asset (asset ceiling under IAS 19R.64)	-	-	-	27	-	27
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>683</b>	<b>16</b>	<b>699</b>
attributable to Linde AG shareholders	3	-4	-1	636	-9	627
attributable to non-controlling interests	-2	7	5	47	25	72

### 19 GROUP STATEMENT OF FINANCIAL POSITION

<i>in € million</i>	<i>31.12.2012 as reported</i>	<i>31.12.2012 Adjustment</i>	<i>31.12.2012 adjusted</i>
<b>ASSETS</b>			
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
<b>NON-CURRENT ASSETS</b>	<b>26,795</b>	<b>645</b>	<b>27,440</b>
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
<b>CURRENT ASSETS</b>	<b>6,682</b>	<b>175</b>	<b>6,857</b>
<b>TOTAL ASSETS</b>	<b>33,477</b>	<b>820</b>	<b>34,297</b>

## € 20 GROUP STATEMENT OF FINANCIAL POSITION

<i>in € million</i>	<i>31.12.2012 as reported</i>	<i>31.12.2012 Adjustment</i>	<i>31.12.2012 adjusted</i>
<b>EQUITY AND LIABILITIES</b>			
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
<b>TOTAL EQUITY ATTRIBUTABLE TO LINDE AG SHAREHOLDERS</b>	<b>13,094</b>	<b>-183</b>	<b>12,911</b>
Non-controlling interests	564	183	747
<b>TOTAL EQUITY</b>	<b>13,658</b>	<b>-</b>	<b>13,658</b>
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
<b>NON-CURRENT LIABILITIES</b>	<b>13,008</b>	<b>687</b>	<b>13,695</b>
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
<b>CURRENT LIABILITIES</b>	<b>6,811</b>	<b>133</b>	<b>6,944</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,477</b>	<b>820</b>	<b>34,297</b>

## 21 GROUP STATEMENT OF CASH FLOWS

<i>in € million</i>	<i>January to September 2012</i>		
	<i>as reported</i>	<i>Adjustment</i>	<i>adjusted</i>
Cash flow from operating activities	1,506	84	1,590
Cash flow from investing activities	-3,196	-95	-3,291
Cash flow from financing activities	1,805	9	1,814
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>115</b>	<b>-2</b>	<b>113</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>1,000</b>	<b>61</b>	<b>1,061</b>
Effects of currency translation on cash and cash equivalents	10	-	10
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>1,125</b>	<b>59</b>	<b>1,184</b>

The following new or revised standards and interpretations have been issued by the IASB and the IFRS Interpretations Committee. These have not been applied in the condensed Group interim financial statements for the nine months ended 30 September 2013, as they are either not yet mandatory or have not yet been adopted by the European Commission:

- IFRS 9 Financial Instruments
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting
- IFRIC Interpretation IFRS 21 Levies

### IFRS 9

IFRS 9 Financial Instruments has not been applied in the condensed interim consolidated financial statements for the period ended 30 September 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 comment period ended in March 2013. The IASB is still in the process of 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.

The remaining standards have no significant impact on the net assets, financial position and results of operations 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 may exercise control as defined by IFRS 10 or joint control together with other parties as defined by IFRS 11. Companies over which Linde AG may exercise 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:

## 22 CHANGES IN THE BASE OF CONSOLIDATION

	As at 31.12.2012 adjusted <sup>1</sup>	Additions	Disposals	As at 30.09.2013
<b>CONSOLIDATED SUBSIDIARIES</b>	<b>542</b>	<b>24</b>	<b>19</b>	<b>547</b>
of which within Germany	20	-	-	20
of which outside Germany	522	24	19	527
<b>COMPANIES ACCOUNTED FOR USING THE LINE-BY-LINE METHOD</b>	<b>4</b>	<b>1</b>	-	<b>5</b>
of which within Germany	-	-	-	-
of which outside Germany	4	1	-	5
<b>COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD</b>	<b>39</b>	<b>1</b>	<b>6</b>	<b>34</b>
of which within Germany	-	-	-	-
of which outside Germany	39	1	6	34
<b>NON-CONSOLIDATED SUBSIDIARIES</b>	<b>62</b>	<b>6</b>	<b>4</b>	<b>64</b>
of which within Germany	2	-	-	2
of which outside Germany	60	6	4	62

<sup>1</sup> 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.

During the reporting period, some shares in the subsidiary Linde India Limited were sold to minority shareholders, which was necessary to comply with changes in the rules in Indian law governing capital markets. Linde thereby reduced its shareholding in the company from 89 percent

to 75 percent. The difference of EUR 10 m between the carrying amount of the minority interests and the sale price was offset in revenue reserves. Most of the other disposals were mergers. The principal additions during the reporting period are described in [NOTE \[3\]](#) below.

### [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 OCAP's CO<sub>2</sub> 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. At 30 September 2013, these obligations had been settled in full.

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 nine months of 2013, The Linde Group made further acquisitions to expand its industrial gases business

and in the Healthcare product area in the EMEA, Asia/Pacific and Americas reportable segments. The total purchase price for these acquisitions (each of which in individual terms was immaterial to the net assets of the Group) was EUR 93 m, of which EUR 86 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 2 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 74 m. Part of the goodwill (EUR 59 m) is tax-deductible. Receivables acquired, which are all trade receivables, have a fair value of EUR 5 m. The gross value of the receivables is EUR 7 m. The difference between the gross value of the receivables and their fair value has been recognised as an impairment loss.

### € 23 IMPACT OF ACQUISITIONS ON NET ASSETS OF THE LINDE GROUP

Opening balance at acquisition date	Fair value		
	OCAP	Calea	Other
<i>in € million</i>			
Non-current assets	121	21	19
Inventories	-	1	1
Other current assets	4	8	5
Cash and cash equivalents	14	4	-
Equity (attributable to Linde AG)	9	14	19
Non-controlling interests	-	-	-
Liabilities	130	20	6

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

### € 24 IMPACT OF ACQUISITIONS ON REVENUE OF THE LINDE GROUP

<i>in € million</i>	Revenue since acquisition date	Revenue from 1 January to 30 September 2013 <sup>1</sup>
OCAP	14	18
Calea	21	21
Other	19	43

<sup>1</sup> In determining these amounts, the same fair value adjustments as at the acquisition date were assumed.

### € 25 IMPACT OF ACQUISITIONS ON PROFIT FOR THE PERIOD OF THE LINDE GROUP

<i>in € million</i>	Profit for the period since acquisition date	Profit for the period from 1 January to 30 September 2013 <sup>1</sup>
Calea	1	1
OCAP	2	2
Other	5	7

<sup>1</sup> In determining these amounts, the same fair value adjustments as at the acquisition date were assumed.

## [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:

### € 26 PRINCIPAL EXCHANGE RATES

Exchange rate € 1 =	ISO code	Mid-rate on balance sheet date		Average rate January to September	
		30.09.2013	31.12.2012	2013	2012
Argentina	ARS	7.80900	6.48740	6.95704	5.71782
Australia	AUD	1.44879	1.26957	1.34673	1.23925
Brazil	BRL	3.04212	2.70330	2.79275	2.44618
Canada	CAD	1.39043	1.30936	1.34804	1.28753
China	CNY	8.24875	8.22182	8.12207	8.12695
Czech Republic	CZK	25.69748	25.08853	25.73890	25.13992
Hungary	HUF	298.90073	291.37212	296.72098	291.75112
Malaysia	MYR	4.40155	4.03549	4.12475	3.97543
Norway	NOK	8.09251	7.34583	7.66440	7.52303
Poland	PLN	4.22495	4.08320	4.20072	4.21221
South Africa	ZAR	13.68281	11.16087	12.49309	10.30555
South Korea	KRW	1,448.73566	1,403.63253	1,456.46627	1,461.56614
Sweden	SEK	8.67462	8.57786	8.58109	8.74037
Switzerland	CHF	1.22219	1.20834	1.23124	1.20472
Turkey	TRY	2.75390	2.35386	2.45868	2.31366
UK	GBP	0.83484	0.81194	0.85196	0.81407
USA	USD	1.34810	1.31965	1.31698	1.28414

## [5] Non-current assets

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

Impairment tests for tangible assets are based on the recoverable amount of the assets tested, whereby generally the value in use is applied. During the reporting period, impairment losses of EUR 64 m were recognised in respect of tangible assets (2012: EUR 21 m). These related mainly to technical equipment and machinery and were allocated to the following reportable segments: EUR 4 m (2012: EUR 21 m) to EMEA, EUR 1 m (2012: EUR 0 m) to Asia/Pacific and EUR 59 m (2012: EUR 0 m) to the Americas.

The criterion for the performance of the impairment test in the Americas reportable segment was a reassessment of local market conditions over the remaining useful life of the cash-generating units concerned. The cash-generating units comprise air separation plants and the distribution network to filling stations and end customers. The pre-tax discount factor applied was 11.8 percent.

There were no reversals of impairment losses in the nine months to 30 September 2013, nor in the prior-year period.

The allocation of the goodwill arising from the Lincare transaction concluded in the 2012 financial year to cash-generating units for the purpose of the impairment test was completed within the twelve-month period. The allocation was based on the expected synergies in the gases business in the following Regional Business Units: North America, Continental & Northern Europe and Africa & UK. The purchase price allocation and the allocation of the goodwill were thereby completed in the third quarter of 2013.

## [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 30 September 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 37 m (after deferred tax) when compared with the figure at 31 December 2012.

## [7] Net financial debt

### € 27 NET FINANCIAL DEBT

in € million	Current		Non-current		Total	
	30.09.2013	31.12.2012 adjusted <sup>1</sup>	30.09.2013	31.12.2012 adjusted <sup>1</sup>	30.09.2013	31.12.2012 adjusted <sup>1</sup>
Financial debt	1,190	1,346	8,819	9,235	10,009	10,581
Less: Securities	321	824	-	-	321	824
Less: Cash and cash equivalents	1,087	1,284	-	-	1,087	1,284
<b>NET FINANCIAL DEBT</b>	<b>-218</b>	<b>-762</b>	<b>8,819</b>	<b>9,235</b>	<b>8,601</b>	<b>8,473</b>

<sup>1</sup> 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.

Of the financial debt at 30 September 2013, EUR 2.993 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 10.009 bn (31 December 2012: EUR 10.581 bn) would have been EUR 101 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 the rules set out in the master agreement for financial derivative transactions, whereby related rights and obligations to exchange financial collateral do not qualify for offsetting in the balance sheet. An amount of EUR 171 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 1 m (31 December 2012: EUR 24 m) has been disclosed in cash equivalents.

28 FINANCIAL ASSETS/LIABILITIES SUBJECT TO OFFSETTING OR ENFORCEABLE MASTER AGREEMENTS  
FOR FINANCIAL DERIVATIVE TRANSACTIONS

<i>in € million</i>	<i>Gross/net amounts of financial assets/liabilities presented in the statement of financial position</i>	<i>Financial instruments that qualify for netting</i>	<i>Net amount before collateral</i>	<i>Cash collateral received<sup>1</sup></i>	<i>Cash collateral pledged<sup>1</sup></i>	<i>Net amount</i>
30.09.2013						
Derivatives with positive fair values	407	-160	247	-139	-	108
Derivatives with negative fair values	-198	160	-38	-32	1	-69
<b>TOTAL</b>	<b>209</b>	<b>-</b>	<b>209</b>	<b>-171</b>	<b>1</b>	<b>39</b>
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
<b>TOTAL</b>	<b>106</b>	<b>-</b>	<b>106</b>	<b>-121</b>	<b>24</b>	<b>9</b>

<sup>1</sup> The terms governing CSAs may result in the net fair value position per counterparty being over-secured.

For individual categories of financial assets and financial liabilities in The Linde Group, the carrying amount of the item is generally a reasonable approximation of the fair value of the item. This does not apply to receivables from finance leases or to financial debt. In the case of receivables from finance leases, the fair value is EUR 309 m, while the carrying amount is EUR 351 m. The fair value of the financial debt is EUR 10.518 bn, compared with its carrying amount of EUR 10.009 bn. The carrying amounts of the derivatives are shown in the table above and correspond in each case to the fair value of the derivative. The fair value of financial instruments is generally determined using quoted market prices. If no quoted market prices are available, the financial instruments are measured using valuation methods customary in the market, based on market parameters specific to that instrument. At the balance sheet date, the figure for investments and securities included assets of EUR 309 m in respect of which the value had been determined by quoted prices in active markets for identical financial instruments (Level 1). Included in the investments and securities category are financial assets (available-for-sale financial assets) of EUR 48 m which are reported at fair value.

For derivative financial instruments, the fair value is determined as follows. Options are measured by external partners using Black-Scholes option pricing models. Futures are measured with recourse to the quoted market price in the relevant market. Included in derivatives at the balance sheet date were assets of EUR 407 m and liabilities of EUR 198 m in respect of which the values were determined by using valuation techniques where the inputs are derived principally from observable market data (Level 2).

All other derivative financial instruments are measured by discounting future cash flows using the present value method. The starting parameters for these models should, as far as possible, be the relevant observable market prices and interest rates at the balance sheet date,

obtained from recognised external sources. At the balance sheet date, no assets or liabilities had been recognised for which the values had been determined by valuation techniques with inputs not derived principally from observable market data (Level 3).

During the reporting period, there were no transfers between Levels 1, 2 and 3 of the fair value hierarchy.

## [8] Earnings per share

## E 29 EARNINGS PER SHARE

<i>in € million</i>	<i>January to September</i>	
	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
Profit for the period attributable to Linde AG shareholders	997	893
Shares in thousands		
Weighted average number of shares outstanding	185,359	175,418
Dilution as a result of share option schemes	831	1,400
Weighted average number of shares outstanding - diluted	186,190	176,818
<b>EARNINGS PER SHARE IN € - UNDILUTED</b>	<b>5.38</b>	<b>5.09</b>
<b>EARNINGS PER SHARE IN € - DILUTED</b>	<b>5.35</b>	<b>5.05</b>

<sup>1</sup> 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 92 m (2012: EUR 81 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:

## E 30 RECONCILIATION OF SEGMENT REVENUE AND OF THE SEGMENT RESULT

<i>in € million</i>	<i>January to September</i>	
	<i>2013</i>	<i>2012 adjusted<sup>1</sup></i>
<b>Revenue</b>		
Total revenue from the reportable segments	12,993	11,802
Consolidation	-525	-333
<b>GROUP REVENUE</b>	<b>12,468</b>	<b>11,469</b>
<b>Operating profit</b>		
Operating profit from the reportable segments	3,174	2,864
Operating profit from Corporate activities	-161	-151
Amortisation and depreciation	1,352	1,165
of which fair value adjustments identified in the course of the BOC purchase price allocation	170	197
of which impairments	64	21
Financial income	54	97
Financial expenses	342	348
Consolidation	-17	-33
<b>PROFIT BEFORE TAX</b>	<b>1,356</b>	<b>1,264</b>

<sup>1</sup> 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.

### 31 RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES

in € million	30.09.2013			31.12.2012 adjusted <sup>1</sup>		
	Non-consolidated subsidiaries	Associates or joint ventures	Total	Non-consolidated subsidiaries	Associates or joint ventures	Total
Receivables from related parties	7	34	41	6	43	49
Liabilities to related parties	1	35	36	1	14	15

<sup>1</sup> 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 which are outside the bounds of existing employment, service and appointment agreements or remuneration contracts.

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 when compared with the information provided about contingent liabilities and legal proceedings on [PAGE 187 OF THE 2012 FINANCIAL REPORT](#). There were other financial commitments arising from investments in tangible assets and intangible assets (commitments arising from orders) at 30 September 2013 of EUR 411 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.

### 32 ADJUSTED FINANCIAL FIGURES

in € million	January to September					
	2013			2012 adjusted <sup>1</sup>		
	As reported	Non-GAAP adjustments	Adjusted key financial figures	As reported	Non-GAAP adjustments	Adjusted key financial figures
Revenue	12,468	-	12,468	11,469	-	11,469
Cost of sales	-7,939	36	-7,903	-7,275	46	-7,229
<b>GROSS PROFIT</b>	<b>4,529</b>	<b>36</b>	<b>4,565</b>	<b>4,194</b>	<b>46</b>	<b>4,240</b>
Research and development costs, marketing, selling and administration expenses	-3,015	134	-2,881	-2,759	151	-2,608
Other operating income and expenses	115	-	115	71	-	71
Share of profit or loss from associates and joint ventures (at equity)	15	-	15	9	-	9
<b>EBIT</b>	<b>1,644</b>	<b>170</b>	<b>1,814</b>	<b>1,515</b>	<b>197</b>	<b>1,712</b>
Financial result	-288	-	-288	-251	-	-251
Taxes on income	-278	-73	-351	-293	-74	-367
<b>PROFIT FOR THE YEAR</b>	<b>1,078</b>	<b>97</b>	<b>1,175</b>	<b>971</b>	<b>123</b>	<b>1,094</b>
attributable to Linde AG shareholders	997	97	1,094	893	123	1,016
attributable to non-controlling interests	81	-	81	78	-	78
<b>EARNINGS PER SHARE IN € – UNDILUTED</b>	<b>5.38</b>	<b>-</b>	<b>5.90</b>	<b>5.09</b>	<b>-</b>	<b>5.79</b>
<b>EARNINGS PER SHARE IN € – DILUTED</b>	<b>5.35</b>	<b>-</b>	<b>5.88</b>	<b>5.05</b>	<b>-</b>	<b>5.75</b>

<sup>1</sup> 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

No significant events have occurred for The Linde Group between the end of the reporting period on 30 September 2013 and the publication deadline for these condensed Group interim financial statements on 29 October 2013.

MUNICH, 28 OCTOBER 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

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.

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MUNICH, 28 OCTOBER 2013

## 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 the Linde Aktiengesellschaft, Munich, for the period from 1 January to 30 September 2013 that are part of the quarterly financial report according to § 37x (3) 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 Group interim 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 interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditors' report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS

KPMG AG  
 [ WIRTSCHAFTSPRÜFUNGS-  
 GESELLSCHAFT ]

BECKER  
 [ GERMAN PUBLIC AUDITOR ]

SCHENK  
 [ GERMAN PUBLIC AUDITOR ]

# RESPONSIBILITY STATEMENT

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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, 28 OCTOBER 2013

PROFESSOR DR WOLFGANG REITZLE  
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[MEMBER OF THE EXECUTIVE BOARD  
OF LINDE AG]

SANJIV LAMBA  
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OF LINDE AG]

# FINANCIAL CALENDAR

[ 1 ]  
AUTUMN PRESS CONFERENCE  
29 October 2013  
Carl von Linde Haus, Munich

[ 2 ]  
INTERIM REPORT  
JANUARY TO SEPTEMBER 2013  
29 October 2013

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END OF THE  
2013 FINANCIAL YEAR  
31 December 2013

[ 4 ]  
INVESTMENT CONFERENCE  
IN NEW YORK  
13 January 2014

[ 5 ]  
INVESTMENT CONFERENCE  
IN FRANKFURT  
20 January 2014

[ 6 ]  
PRESS CONFERENCE ON  
ANNUAL RESULTS  
/  
PUBLICATION OF GROUP  
FINANCIAL STATEMENTS  
17 March 2014  
Carl von Linde Haus, Munich

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INTERIM REPORT  
JANUARY TO MARCH 2014  
6 May 2014

[ 8 ]  
ANNUAL GENERAL MEETING 2014  
20 May 2014, 10 a.m.  
International Congress Centre  
Munich

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DIVIDEND PAYMENT  
21 May 2014

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