



9M

LINDE INTERIM REPORT
JANUARY TO SEPTEMBER 2015

LINDE FINANCIAL HIGHLIGHTS

[9M – JANUARY TO SEPTEMBER 2015]

LINDE FINANCIAL HIGHLIGHTS

<i>Linde financial highlights</i>		<i>January to September 2015</i>	<i>January to September 2014</i>	<i>Change</i>
<i>Share</i>				
Closing price	€	144.95	152.15	-4.7%
Year high	€	193.85	157.30	23.2%
Year low	€	140.65	139.15	1.1%
Market capitalisation (at closing price on 30 September)	€ million	26,908	28,250	-4.7%
Earnings per share – undiluted	€	4.63	4.41	5.0%
Earnings per share – undiluted (before non-recurring items)	€	5.35	5.31	0.8%
Number of shares outstanding at the end of the reporting period	000s	185,638	185,672	–
<i>Group</i>				
Revenue	€ million	13,552	12,584	7.7%
Operating profit ¹	€ million	3,137	2,898	8.2%
Operating margin	%	23.1	23.0	+10 bp ³
EBIT (earnings before interest and tax)	€ million	1,533	1,400	9.5%
EBIT (before non-recurring items)	€ million	1,725	1,629	5.9%
Profit for the period	€ million	937	863	8.6%
Number of employees ²		64,657	65,591	-1.4%
<i>Gases Division</i>				
Revenue	€ million	11,387	10,398	9.5%
Operating profit ¹	€ million	3,131	2,837	10.4%
Operating margin	%	27.5	27.3	+20 bp ³
<i>Engineering Division</i>				
Revenue	€ million	2,002	2,226	-10.1%
Operating profit ¹	€ million	169	216	-21.8%
Operating margin	%	8.4	9.7	-130 bp ³

¹ EBIT (before non-recurring items) adjusted for amortisation of intangible assets and depreciation of tangible assets.

² At 30 September 2015/31 December 2014.

³ Basis points.

LINDE INTERIM REPORT

[9M – JANUARY TO SEPTEMBER 2015]

JANUARY TO SEPTEMBER 2015: REVENUE AND EARNINGS BENEFIT FROM POSITIVE EXCHANGE RATE EFFECTS

- Group revenue: EUR 13.552 bn (2014: EUR 12.584 bn), up 7.7 percent (down 0.9 percent after adjusting for exchange rate effects)
- Group operating profit¹: EUR 3.137 bn (2014: EUR 2.898 bn), up 8.2 percent (down 0.7 percent after adjusting for exchange rate effects)
- Operating cash flow: EUR 2.390 bn; +26.6 percent
- EUR 192 m has been recognised in the 2015 financial year as a non-recurring item, the final costs of the restructuring programme launched in 2014
- Outlook for 2015:
 - Revised forecast for Group revenue of between EUR 17.9 bn and EUR 18.5 bn presented in the half-year financial report now confirmed
 - Group operating profit¹ of between EUR 4.1 bn and EUR 4.3 bn and ROCE of 9 percent to 10 percent confirmed

¹ EBIT (before non-recurring items) adjusted for the amortisation of intangible assets and the depreciation of tangible assets.

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General economic environment

Given the large number of geopolitical crises, economic experts are expecting global economic growth to remain at a similar level in the current year to that seen in 2014. The international forecasting institute Oxford Economics¹ is therefore projecting an increase in global gross domestic product (GDP) for the full year 2015 of 2.5 percent. Growth in 2014 was 2.6 percent. The economic experts are forecasting growth in global industrial production (IP) for the full year 2015 of 1.8 percent (2014: 2.5 percent).

Dynamic trends in the growth regions, which include East Asia and North America, are still being seen as the strongest driver of global economic development. Although the GDP growth forecast for China in 2015 has been revised down in the current year, structural adjustments are expected to stimulate growth. Moreover, the experts are assuming that the economy in Germany will be stable. It is not anticipated that the debt crisis in Greece will have a major impact on the global economy. Although the low price of oil is expected to lead to an increase in global consumption, it is also having an adverse effect on investment activity in some industry sectors.

Nevertheless, there are still a number of risks that might have an impact on the global economy. Economic development could continue to be adversely affected by the large number of geopolitical crises. Other factors which might continue to hamper growth are considerable ongoing government deficits, currency fluctuations and persistently high unemployment in many industrialised countries. In addition, uncertainty has been created by high levels of volatility in the financial markets.

Economists are expecting different rates of growth in the different regions of the world in 2015.

Once again, it is anticipated that the greatest economic growth will be in the Asia/Pacific region. Oxford Economics is forecasting an increase in GDP in this region for the full year 2015 of 5.4 percent (2014: 5.9 percent). For the first time, India has overtaken China as the fastest-growing economy, with projected GDP growth of 7.5 percent (2014: 7.1 percent). Industrial production in India is even forecast to more than double, from 1.8 percent in 2014 to 4.9 percent in 2015. Nevertheless, China's GDP growth is expected to remain very high at 6.6 percent (2014: 7.3 percent).

Industrial production in China is expected to increase by 5.5 percent in 2015, not quite as fast as the increase in IP in 2014 of 7.3 percent.

In Australia, the forecasting institute Oxford Economics is predicting GDP growth of 2.4 percent (2014: 2.7 percent). This increase will come primarily from the expansion of the service sector, which dominates the Australian economy, generating around 80 percent of the country's GDP. A weaker economic environment is still being forecast for manufacturing industry. It is also anticipated that investment in the mining industry will continue to decline.

For the EMEA region as a whole, (Europe, Middle East, Africa), EMEA is expected to be 1.5 percent in 2015, the same figure as in 2014. The projection for Germany of 1.6 percent is also the same as the actual prior-year figure. However, only a moderate increase in industrial production of 1.3 percent is expected in Germany in 2015 (2014: 1.5 percent). In the UK, economic experts are forecasting GDP growth of 2.5 percent (2014: 2.9 percent). In Eastern Europe and the Middle East, as a result of the crisis in Ukraine and Russia, economists are now, as expected, predicting a relatively low increase in GDP of 0.5 percent (2014: 2.0 percent). In South Africa, Linde's largest market in Africa, economists are anticipating GDP growth of 1.5 percent (2014: 1.5 percent).

In the Americas region as a whole, economic output is currently expected to rise by 1.7 percent in 2015 (2014: 2.1 percent). The main driver of this trend is the United States, where GDP growth of 2.5 percent is being forecast in 2015 (2014: 2.4 percent). Industrial production there has weakened over the course of the year. Whereas at the end of June the IP projection for 2015 was 1.8 percent, by the end of September this had been reduced to 1.3 percent. In South America, economic output is expected to decline in 2015 by 1.3 percent (2014: 0.6 percent). It is forecast that GDP in Brazil will fall in 2015 by 2.5 percent and in Venezuela by 7.5 percent.

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Business review of The Linde Group

Linde achieved increases in Group revenue and Group operating profit in the first nine months of 2015 and has benefited from positive exchange rate effects.

Revenue rose by 7.7 percent in the nine months to 30 September 2015 to EUR 13.552 bn (2014: EUR 12.584 bn). Operating profit rose by 8.2 percent to EUR 3.137 bn (2014: EUR 2.898 bn). Positive exchange rate effects had an impact here. In particular, the exchange rates of certain currencies (the US dollar, the British pound and the Chinese renminbi) to the euro moved significantly, especially in the first six months of the year. This created positive exchange rate effects arising on the translation of various local currencies into the reporting currency (the euro). Over the course of the past few months, these currencies have weakened again, which has reduced the positive exchange rate effects arising on translation. Overall, exchange rate effects have, however, continued to have a positive impact on revenue and earnings. After adjusting for exchange rate effects, Group revenue in the first nine months of 2015 was 0.9 percent below the figure for the prior-year period. Group operating profit fell slightly by 0.7 percent.

The Group operating margin for the nine months to 30 September 2015 was 23.1 percent, which was slightly higher than the figure for the prior-year period of 23.0 percent.

Cost of sales increased at a slower rate during the reporting period than revenue, by 4.1 percent or EUR 344 m to EUR 8.744 bn (2014: EUR 8.400 bn). It should be noted here that the figure for the prior-year period was adversely affected by impairment losses recognised. Gross profit on sales of EUR 4.808 bn was 14.9 percent higher than the figure for the first nine months of 2014 of EUR 4.184 bn. The gross margin increased from 33.2 percent to 35.5 percent.

Restructuring costs of EUR 192 m were recognised in functional costs during the reporting period. These costs, which have been classified as a non-recurring item, relate to structural and organisational measures being taken to enhance the efficiency of the Group as part of the Customer Focus Initiative. Linde does not expect to recognise any additional restructuring costs in the remaining part of the financial year. In 2014, impairment losses of EUR 229 m were recognised as a non-recurring item.

EBIT in the nine months to 30 September 2015 was EUR 1.533 bn, which was higher than the figure for the first nine months of 2014 of EUR 1.400 bn. After adjusting for non-recurring items, EBIT in the reporting period was EUR 1.725 bn (2014: EUR 1.629 bn). The net financial expense in the first nine months of 2015 increased to EUR 301 m from EUR 262 m in 2014 as a result of remeasurement losses. Linde therefore generated a profit before tax in the first nine months of 2015 of EUR 1.232 bn (2014: EUR 1.138 bn).

The income tax expense was EUR 295 m (2014: EUR 275 m). This gives an income tax rate of 23.9 percent (2014: 24.2 percent). Linde's profit for the first nine months of 2015 (after deducting the tax expense) was EUR 937 m (2014: EUR 863 m).

After adjusting for non-controlling interests, profit for the period attributable to Linde AG shareholders was EUR 860 m (2014: EUR 818 m), giving earnings per share of EUR 4.63 (2014: EUR 4.41). Earnings per share before non-recurring items was EUR 5.35, which was 0.8 percent higher than the figure for the prior-year period of EUR 5.31.

Gases Division

In the Gases Division, Linde generated revenue in the first nine months of 2015 of EUR 11.387 bn, an increase of 9.5 percent when compared with the figure for the prior-year period of EUR 10.398 bn. On a comparable basis, after adjusting for exchange rate effects and changes in the price of natural gas, Linde would have achieved an increase in revenue of 2.1 percent. After making an additional adjustment of EUR 64 m, which is the contribution to revenue made by the LPG business acquired by Linde during the reporting period from Wesfarmers Kleenheat Gas Pty Ltd, the increase in revenue was 1.5 percent. Revenue has been adversely affected not only by the prevailing weak economic environment, but also by current low energy costs and the expiry of on-site contracts.

Operating profit rose by 10.4 percent to EUR 3.131 bn (2014: EUR 2.837 bn). The operating margin in the first nine months of 2015 rose to 27.5 percent (2014: 27.3 percent).

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

EMEA (Europe, Middle East, Africa)

In EMEA, Linde's largest sales market, the Group generated revenue of EUR 4.515 bn in the first nine months of 2015, which was slightly higher than the figure achieved in the first nine months of 2014 of EUR 4.497 bn. On a comparable basis, revenue fell by 1.6 percent. When comparing with the revenue generated in the first nine months of 2014, it should be noted that at the end of 2014 Linde transferred a large hydrogen plant in Italy to the customer on expiry of the contract. Since then it has therefore ceased to generate revenue from that plant. Operating profit was EUR 1.350 bn, which was a slight increase of 0.4 percent when compared with the figure for the first nine months of 2014 of EUR 1.344 bn. It should be noted here that in the third quarter of 2015, an impairment loss of EUR 22 m was recognised in respect of receivables from a customer in the UK as a result of the liquidation of that customer. However, the operating margin of 29.9 percent was the same as in the prior-year period.

Different business trends were to be seen in the product areas of the various sub-regions of the EMEA segment. The on-site business, where Linde supplies gases on site to major customers, was affected by declining volumes, particularly as a result of the expiry of the on-site contract in Italy. Linde was able to achieve revenue growth in this product area, especially in the Middle East & Eastern Europe. Against the prevailing backdrop of modest economic

growth in the eurozone, revenue in the liquefied gases business was down on the prior-year period. The cylinder gas product area also continued to see relatively modest trends in almost all regions. Revenue in both these product areas is being adversely affected by current low energy costs, especially in the LPG business. In its Healthcare business, Linde achieved growth, especially in the UK.

Business performance in the EMEA segment was supported by the start-up of new plants.

In Sweden, for example, a new air separation plant commenced production on schedule in January 2015 on the Stenungsund site. Under an on-site agreement, the plant supplies the customer Perstorp with 18,300 normal cubic metres of oxygen per hour. The investment made was around EUR 40 m.

At the beginning of 2015, Linde also signed a contract in Sweden to build a hydrogen filling station at Arlanda Airport. Construction was completed on schedule in the third quarter of 2015.

In addition, in March 2015, a hydrogen filling station for hydrogen-powered buses was opened in Aberdeen in Scotland. The contract forms part of the HyTrEc (Hydrogen Transport Economy) project, which aims to improve access to the use of hydrogen as an alternative source of energy in the North Sea region. The hydrogen filling station is operated by Linde.

Linde is a pioneer in the development of hydrogen technology and is continuing to drive forward the establishment of a hydrogen filling station infrastructure for fuel-cell vehicles. The Group is working together with Daimler on plans to build 20 hydrogen filling stations in Germany. This project is part of the H₂ Mobility Initiative, a joint initiative set up by Linde and five other partners. The aim is to build a total of 400 hydrogen filling stations in Germany by 2023.

In Port Elizabeth, South Africa, the Group successfully brought an air separation plant on stream in the second quarter of 2015. The plant produces 150 tonnes of liquefied gases per day and supplies industrial gases and medical gases to customers in the Eastern Cape region. The investment made was around EUR 23 m.

A CO₂ purification and liquefaction plant started production in Denizli, Turkey, in the second quarter of 2015. The plant purifies and liquefies 240 tonnes of CO₂ per day and supplies liquefied CO₂ to customers in the region in the food industry. At the same time, Linde signed a long-term supply agreement for raw CO₂ with Zorlu Energy, one of the largest energy companies in Turkey.

In June 2015, an air separation plant came on stream in Trinec in the Czech Republic. This plant supplies 34,000 normal cubic metres of liquefied oxygen and 34,500 normal cubic metres of liquefied nitrogen per hour to steel-producer Trinecke Železárny, based on the renewal of an existing long-term supply contract. The total investment was around EUR 62 m.

In the third quarter of 2015, an air separation plant started production on the Kryvyi Rih site in Ukraine, supplying gaseous oxygen and nitrogen to ArcelorMittal, the

world's largest steel-producer. The plant has a capacity of 34,500 normal cubic metres of oxygen and 25,200 normal cubic metres of nitrogen per hour and also supplies liquefied gases to the regional market. The investment made was around EUR 60 m.

Asia/Pacific

Business trends in the Asia/Pacific segment were again supported principally by positive exchange rate effects. Linde generated revenue in the nine months to 30 September 2015 of EUR 3.133 bn. This was 11.0 percent more than the figure for the first nine months of 2014 of EUR 2.822 bn. On a comparable basis, revenue in the first nine months of 2015 increased by 1.1 percent. Growth here was underpinned by the contribution to revenue of EUR 64 m made by the LPG business of Wesfarmers Kleenheat Gas Pty Ltd, which Linde acquired in February 2015. If an adjustment were also to be made for this effect, growth in revenue in the first nine months of 2015 would be 0.9 percent below the figure for the prior-year period. Operating profit rose by 9.1 percent to EUR 804 m (2014: EUR 737 m), giving an operating margin of 25.7 percent (2014: 26.1 percent).

Within the Asia/Pacific segment, the greatest increases in revenue were to be seen in the on-site business in China and India. Revenue generated by the cylinder gas product area was below that achieved in the prior-year period. The liquefied gases business saw quite positive trends in this segment. In both product areas, low energy costs had the effect of depressing revenue.

In the South Pacific, the prevailing weak economic environment in manufacturing industry and declining investment in the mining industry had an adverse impact on growth. Particularly in the LPG business which is so vital to Australia, lower energy costs hampered revenue growth, as the price savings on the procurement side were generally passed on to customers. Moreover, the expiry of on-site contracts led to reductions in revenue in this region too.

In the first quarter of 2015, Linde successfully brought on stream an air separation plant in Quanzhou, China, which supplies gases to Fujian Refining & Petrochemical. The plant is operated by Fujian Linde-FPCL Gases Company Limited, a joint venture between SINOPEC Fujian Petrochemical Company Limited and Linde, and will have a production capacity of 28,000 normal cubic metres of oxygen and 57,000 normal cubic metres of nitrogen per hour. The profit generated by this plant is included in the share of profit or loss from associates and joint ventures (at equity) in the Group's statement of profit or loss.

In April 2015, another air separation plant was brought on stream in China. This plant has a capacity of 87,500 normal cubic metres of liquefied oxygen and 10,000 normal cubic metres of liquefied nitrogen per hour and will supply customers in the Tianjin region. The amount of the investment was around EUR 27 m.

As a result of renewing existing supply contracts with power-plant operator Seetec and with Samsung Total Petrochemicals Co., Ltd. (STC) in the Seosan petrochemical cluster in South Korea, Linde has been able to expand its

capacity on this site. During the reporting period, another air separation plant was successfully brought on stream here. The plant produces 20,000 normal cubic metres of oxygen and 40,000 normal cubic metres of nitrogen per hour and also supplies products for the regional market. The amount of the investment was around EUR 62 m.

During the third quarter, Linde brought on stream an air separation plant in Taiwan on schedule. The plant supplies 54,700 normal cubic metres of nitrogen per hour to customers in the semiconductor industry in Hsinchu Science Park. The amount of the investment was around EUR 28 m.

Americas

In the Americas segment, revenue increased significantly in the first nine months of 2015 by 22.3 percent to EUR 3.878 bn (2014: EUR 3.172 bn). On a comparable basis, revenue rose by 8.3 percent. When compared with the prior-year period, operating profit increased by 29.2 percent to EUR 977 m (2014: EUR 756 m). The operating margin rose to 25.2 percent (2014: 23.8 percent).

In the healthcare business, Linde was able to achieve significant growth in revenue in North America as a result of the rise in the number of patients requiring care. The Group also continually adapts its cost structures in response to regular government tenders and has increasingly been seeing the benefits of this approach.

Positive trends were also to be seen in the market for electronic and specialty gases and in the liquefied gases and cylinder gas business.

On the major petrochemical site at La Porte, Texas, in the United States, Linde brought on stream during the reporting period a large air separation plant and a new gasification train for its existing synthesis gas complex. Linde has invested a total of more than USD 200 m in this project. The new air separation plant is the largest plant of its type operated by Linde in the United States.

Together with the new gasification unit, it comprises the largest complex in the world for the production and further processing of synthesis gas to be based on natural gas. In the Houston area, Linde therefore has a fully-integrated site for the production of air gases and syngas products. The expansion project will ensure that Linde is able to provide long-term security of supply to its petrochemical customers in La Porte.

Business trends in the individual countries in South America have continued to be modest in 2015. The economic situation in the region is characterised by high inflation and low growth rates. This environment is also slowing Linde's business performance in the region. Nevertheless, Linde has been able to achieve slight growth on a comparable basis in virtually all its product areas. The cylinder gas business in Brazil has however seen a downward trend.

Product areas

As explained in the comments on the segments, each product area contributed to a different extent to the business performance of the Gases Division.

The greatest rate of growth was achieved by the Healthcare business, where Linde increased revenue in the first nine months of 2015 on a comparable basis by 7.6 percent to EUR 2.715 bn (2014: EUR 2.523 bn). Very positive trends were to be seen in particular in the homecare business in North America.

In the on-site product area, revenue fell on a comparable basis by 0.6 percent to EUR 2.900 bn (2014: EUR 2.918 bn). After adjusting for the effects of the expiry of contracts, revenue in this product area in the first nine months of 2015 was 2.4 percent higher than the figure achieved in the prior-year period.

Trends in the liquefied gases business were relatively steady. Revenue here increased slightly by 1.8 percent to EUR 2.708 bn (2014: EUR 2.660 bn). In the cylinder gas product area, revenue on a comparable basis was EUR 3.064 bn, which was 0.3 percent above the figure for the first nine months of 2014 of EUR 3.055 bn. It should be noted here that current low energy prices have depressed revenue from liquefied gases and cylinder gas, especially in the LPG business. In these two product areas, the acquisition of the LPG business from Wesfarmers Kleenheat Gas Pty Ltd had a positive impact. The discontinuation of carbon tax in Australia had an adverse impact on cylinder gas revenue, as the cost of this levy had until now been passed on to the customer.

☰ 1 GASES DIVISION: REVENUE AND OPERATING PROFIT BY SEGMENT

<i>in € million</i>	January to September 2015			January to September 2014		
	Revenue	Operating profit	Operating margin in percent	Revenue	Operating profit	Operating margin in percent
EMEA	4,515	1,350	29.9	4,497	1,344	29.9
Asia/Pacific	3,133	804	25.7	2,822	737	26.1
Americas	3,878	977	25.2	3,172	756	23.8
Consolidation	-139	-	-	-93	-	-
GASES DIVISION	11,387	3,131	27.5	10,398	2,837	27.3

☰ 2 GASES DIVISION: REVENUE AND OPERATING PROFIT BY SEGMENT

<i>in € million</i>	3rd Quarter 2015			3rd Quarter 2014		
	Revenue	Operating profit	Operating margin in percent	Revenue	Operating profit	Operating margin in percent
EMEA	1,510	435	28.8	1,519	455	30.0
Asia/Pacific	1,047	266	25.4	1,006	261	25.9
Americas	1,326	339	25.6	1,077	258	24.0
Consolidation	-50	-	-	-29	-	-
GASES DIVISION	3,833	1,040	27.1	3,573	974	27.3

Engineering Division

Revenue and earnings trends in Linde's international plant construction project business reflected the progress made on individual projects. Revenue in the Engineering Division fell in the first nine months of 2015 by 10.1 percent to EUR 2.002 bn (2014: EUR 2.226 bn). Due to the current low price of oil and the resultant faltering demand in plant construction, order intake in the nine months to 30 September 2015 was just EUR 1.128 bn (2014: EUR 2.665 bn). Although the order backlog in the Engineering Division at 30 September 2015 remained high at EUR 3.783 bn (31 December 2014: EUR 4.672 bn), the low order intake has begun to have an impact on the revenue trend.

Operating profit fell to EUR 169 m (2014: EUR 216 m). The operating margin was 8.4 percent, which was not as high as the figure for the prior-year period of 9.7 percent. However, the operating margin in the Engineering Division continues to be above the industry average and matches the target of around 8 percent Linde has set itself for the current financial year.

In the first quarter of 2015, Linde was awarded a contract to build an air separation plant for steel-producer Bhushan Power & Steel Limited in India. The Group will construct the plant on the Rengali site. Under the terms of the agreement, Linde will be responsible for the basic and detailed engineering as well as for the procurement and supply of the equipment and plant components.

During the reporting period, Linde was awarded the contract to supply a helium refrigeration plant to the European Spallation Source (ESS) in Lund, Sweden. The plant will be delivered to Lund in summer 2017. Then it

will be installed so as to come on stream in summer 2018. The European Spallation Source is an interdisciplinary research centre based on the world's most intense source of neutrons.

In May 2015, the Engineering Division was awarded a contract by Tecnicas Reunidas, Madrid, Spain, to supply six pressure swing adsorption (PSA) plants for the customer Petronas in Pengerang, Malaysia. The total value of the contract is over USD 20 m. The capacity of the plant is more than 430,000 normal cubic metres of hydrogen per hour which is used for downstream processes within the Petronas refinery. The contract encompasses engineering, procurement and the delivery of the six plants.

In addition, the Engineering Division won two contracts during the reporting period to build key components for two large natural gas liquefaction plants in North America.

During the reporting period, the Engineering Division was awarded a contract in France to supply the cryogenic helium distribution system for the ITER fusion reactor currently under construction in Cadarache in southern France. The cryogenic distribution boxes will be fabricated and delivered to Cadarache by the middle of 2019 with subsequent installation and start-up by 2021. The contract is worth around EUR 32 m.

Most of the order intake in the first nine months of 2015 came from the North America, Asia/Pacific and Europe regions, each of which contributed 30 percent of the total figure.

Just under 50 percent of new orders related to the natural gas plant product area or the olefin plant product area. The rest of the order intake was spread relatively evenly across the remaining types of plant.

€ 3 ENGINEERING DIVISION

in € million	3rd Quarter		January to September	
	2015	2014	2015	2014
Revenue	651	808	2,002	2,226
Order intake	404	1,607	1,128	2,665
Order backlog at 30.09./31.12.	-	-	3,783	4,672
Operating profit	55	75	169	216
Operating margin	8.4%	9.3%	8.4%	9.7%

€ 4 ENGINEERING DIVISION: ORDER INTAKE BY REGION

in € million	January to September			
	2015	in percent	2014	in percent
Asia/Pacific	351	31.1	248	9.3
Europe	370	32.8	1,676	62.9
North America	345	30.7	640	24.0
Middle East	41	3.6	45	1.7
Africa	15	1.3	31	1.2
South America	6	0.5	25	0.9
ENGINEERING DIVISION	1,128	100.0	2,665	100.0

5 ENGINEERING DIVISION: ORDER INTAKE BY PLANT TYPE

<i>in € million</i>	<i>January to September</i>			
	<i>2015</i>	<i>in percent</i>	<i>2014</i>	<i>in percent</i>
Natural gas plants	312	27.7	607	22.8
Air separation plants	204	18.1	204	7.7
Olefin plants	217	19.2	1,304	48.9
Hydrogen and synthesis gas plants	176	15.6	420	15.8
Other	219	19.4	130	4.8
ENGINEERING DIVISION	1,128	100.0	2,665	100.0

6 ENGINEERING DIVISION: ORDER INTAKE BY REGION

<i>in € million</i>	<i>3rd Quarter</i>			
	<i>2015</i>	<i>in percent</i>	<i>2014</i>	<i>in percent</i>
Asia/Pacific	137	33.9	49	3.0
Europe	107	26.5	1,302	81.0
North America	136	33.6	225	14.0
Middle East	20	5.0	14	0.9
Africa	4	1.0	15	0.9
South America	-	-	2	0.2
ENGINEERING DIVISION	404	100.0	1,607	100.0

7 ENGINEERING DIVISION: ORDER INTAKE BY PLANT TYPE

<i>in € million</i>	<i>3rd Quarter</i>			
	<i>2015</i>	<i>in percent</i>	<i>2014</i>	<i>in percent</i>
Natural gas plants	89	22.0	233	14.5
Air separation plants	125	30.9	87	5.4
Olefin plants	75	18.6	1,188	73.9
Hydrogen and synthesis gas plants	37	9.2	66	4.1
Other	78	19.3	33	2.1
ENGINEERING DIVISION	404	100.0	1,607	100.0

Finance

Once again during the reporting period there was a very positive trend in cash flow from operating activities. In the first nine months of 2015, it increased by 26.6 percent to EUR 2.390 bn (2014: EUR 1.888 bn). It should be noted that in 2014 Linde made a payment of EUR 300 m to provide additional funding for the defined benefit pension plans in Germany. After adjusting for this one-off item, cash flow from operating activities in the first nine months of 2014 was EUR 2.188 bn. On an adjusted basis, the increase in cash flow from operating activities was 9.2 percent. The main factors contributing to this increase were the good operating profit as a result of positive exchange rate effects and the lower figure for income taxes paid. The change in working capital has increased from EUR -110 m in the nine months ended 30 September 2014 to EUR -185 m in the nine months ended 30 September 2015. This was due mainly to a lower figure for advance payments received from plant construction customers. Income taxes paid fell by EUR 99 m to EUR 370 m (2014: EUR 469 m) as a result of timing differences. Some of these differences will reverse over the remaining part of the year.

Linde spent a total of EUR 1.356 bn during the reporting period on investments in tangible assets, intangible assets and financial assets, which was slightly below the figure for the first nine months of 2014 of EUR 1.449 bn. Payments made for investments in consolidated companies, on the other hand, rose to EUR 109 m (2014: EUR 51 m). Of this amount, EUR 53 m related to the assets and liabilities in the LPG business of Wesfarmers Kleenheat Gas Pty Ltd acquired under an asset deal.

Payments of EUR 103 m were made in the first nine months of 2015 to purchase securities for the purpose of short-term investment (2014: EUR 551 m). The net cash outflow from investing activities during the reporting period was EUR 1.399 bn, which was EUR 358 m lower than in the prior-year period (2014: EUR 1.757 bn). At 30 September 2015, the free cash flow was EUR 991 m (2014: EUR 131 m).

Within cash flow from financing activities, the amount by which loan proceeds exceeded redemptions fell from EUR 710 m to EUR 11 m. Net interest payments in the first nine months of 2015 were EUR 273 m, a similar figure to that seen in the first nine months of 2014 of EUR 270 m. The net cash outflow from financing activities in the reporting period was EUR 941 m (2014: EUR 200 m).

Total assets increased by EUR 248 m or 0.7 percent, from EUR 34.425 bn at 31 December 2014 to EUR 34.673 bn at 30 September 2015. Exchange rate movements had an impact on almost all the items in the balance sheet.

At 30 September 2015, goodwill stood at EUR 11.355 bn, which was 2.7 percent above the figure at 31 December 2014 of EUR 11.055 bn. Of the increase of EUR 300 m, EUR 254 m related to exchange rate effects and EUR 46 m to additions as a result of acquisitions.

Other intangible assets, comprising customer relationships, brand names and sundry intangible assets, decreased by EUR 168 m, from EUR 2.922 bn at 31 December 2014 to

EUR 2.754 bn at 30 September 2015. Positive exchange rate effects of EUR 32 m and additions of EUR 41 m were set against amortisation of EUR 242 m.

Tangible assets are stated at a carrying amount of EUR 12.271 bn at 30 September 2015 (31 December 2014: EUR 12.151 bn). Additions of EUR 1.233 bn were virtually matched by depreciation of EUR 1.165 bn. The net increase in tangible assets of EUR 120 m includes exchange rate effects of EUR 74 m.

Trade receivables fell by EUR 207 m from EUR 3.061 bn to EUR 2.854 bn. There are a number of different factors to consider here as well. The reduction in receivables of EUR 228 m was partially offset by positive exchange rate effects of EUR 21 m. Securities increased significantly as a result of purchases by EUR 103 m to EUR 624 m (31 December 2014: EUR 521 m).

Equity rose by EUR 321 m during the reporting period and stood at EUR 14.588 bn at 30 September 2015 (31 December 2014: EUR 14.267 bn). The increase was due not only to positive exchange rate effects, but also the profit for the period of EUR 937 m. The dividend payment of EUR 660 m reduced the equity figure. The equity ratio at 30 September 2015 was 42.1 percent, which was higher than the figure at 31 December 2014 of 41.4 percent.

Provisions for pensions and similar obligations rose by EUR 98 m to EUR 1.363 bn at 30 September 2015 (31 December 2014: EUR 1.265 bn). This increase was mainly due to the change in the fair value of plan assets. Asset cover for Linde's pension provisions is 82.5 percent (31 December 2014: 84.9 percent).

Net financial debt comprises gross financial debt less short-term securities and cash and cash equivalents. At 30 September 2015, net financial debt was EUR 8.181 bn (31 December 2014: EUR 8.198 bn). The decrease of EUR 17 m was due to a variety of effects in different directions. While the good figure for cash flow from operating activities reduced net financial debt, net financial debt increased as a result of the dividend payment of EUR 660 m and exchange rate effects and remeasurements totalling EUR 124 m.

Gross financial debt rose during the reporting period by EUR 129 m to EUR 9.985 bn (31 December 2014: EUR 9.856 bn). Of the gross financial debt, EUR 1.742 bn (31 December 2014: EUR 1.294 bn) is disclosed as current. The remaining financial debt of EUR 8.243 bn (31 December 2014: EUR 8.562 bn) – by far the largest proportion – is due in more than one year and is therefore classified as non-current financial debt.

With short-term securities of EUR 624 m, cash and cash equivalents of EUR 1.180 bn and its EUR 2.5 bn syndicated credit facility, available liquidity for Linde at 30 September 2015 was EUR 2.562 bn (31 December 2014: EUR 2.864 bn). During the reporting period, Linde successfully extended the term of the EUR 2.5 bn syndicated credit facility agreed in July 2013 for the second time by one year until 2020. The credit line originally had a term of five years with two options to extend the facility, in each case by one year (subject to the agreement of the lenders). The dynamic indebtedness factor (net financial debt to operating profit for the last twelve months) was 2.0 at 30 September 2015,

slightly below the figure at 31 December 2014 of 2.1. The Group's gearing (the ratio of net debt to equity) improved in the first nine months of 2015 to 56.1 percent (31 December 2014: 57.5 percent).

Employees

The number of employees in The Linde Group worldwide at 30 September 2015 was 64,657 (31 December 2014: 65,591). Of this number, 52,586 were employed in the Gases Division and 7,116 in the Engineering Division. The majority of the 4,955 staff in the Other Activities segment is employed by Gist, Linde's logistics service-provider.

8 EMPLOYEES BY SEGMENT AT THE BALANCE SHEET DATE

	30.09.2015	31.12.2014
Gases Division	52,586	53,436
EMEA	21,345	21,779
Asia/Pacific	11,640	12,175
Americas	19,601	19,482
Engineering Division	7,116	7,330
Other Activities	4,955	4,825
GROUP	64,657	65,591

Outlook

Group

Economists have lowered their expectations for 2015 and are forecasting similar growth levels for the global economy to those seen in 2014. The international forecasting institute Oxford Economics is currently predicting an increase in global gross domestic product (GDP) in 2015 of 2.5 percent. Actual GDP growth in 2014 was 2.6 percent. The economic experts are forecasting an increase in global industrial production (IP) in 2015 of 1.8 percent (2014: 2.5 percent).

Factors which are expected to have the greatest impact on global macroeconomic trends include not only the continuing high level of sovereign debt in major economies, but also currency fluctuations, high unemployment in many industrialised countries and the uncertain political situation in some regions of the world. The low price of oil has had a negative impact on investment activity in some industry sectors. It is therefore expected that the market environment for international plant construction in particular will be unfavourable. This also has a negative impact on business trends in Linde's Engineering Division.

At the end of the first half of 2015, Linde revised its revenue forecast for the current year and now confirms that revised forecast. Depending on economic trends and exchange rate movements, Linde expects to achieve Group revenue of between EUR 17.9 bn and EUR 18.5 bn in the 2015 financial year. Originally, Linde had set itself a target of generating Group revenue of between EUR 18.2 bn and EUR 19.0 bn. The forecast for Group revenue has been revised mainly as a result of changes in the environment for plant construction. At the same time, the revenue forecast for the Gases Division has been revised up, primarily as a result of current trends in exchange rates. Linde is still anticipating that it will achieve an increase in Group operating profit (after adjusting for non-recurring items) in 2015 to between EUR 4.1 bn and EUR 4.3 bn. The non-recurring items relate to costs recognised for structural and organisational measures designed to enhance efficiency. Linde is still seeking to achieve a return on capital employed (ROCE) of between 9 percent and 10 percent in the 2015 financial year.

N.B.: The Group's medium-term targets continue to apply. A detailed description of these targets is given on *PAGES 85 TO 87* of the Financial Report 2014 in the section entitled *TARGETS AND STRATEGY OF THE LINDE GROUP*.

Outlook – Gases Division

Recent economic forecasts indicate that the growth rate for the global GDP in 2015 will be similar to that seen in 2014. However, considering the geopolitical crises in some areas of the world, Linde expects parts of the gases market to be volatile. The Group remains committed to its target in the gases business of outperforming the market and continuing to increase productivity.

Linde's on-site project pipeline will make a contribution to revenue and earnings in the 2015 financial year and an even more significant contribution to revenue and

earnings in subsequent years. The Group is forecasting that its liquefied gases and cylinder gas product areas will perform in line with macroeconomic trends. In the Healthcare product area, strong business trends evident so far in 2015 are expected to continue in the remaining months of the year.

Depending on sector-specific trends and exchange rate movements, Linde is now seeking to achieve the following targets in the Gases Division in the 2015 financial year: revenue of between EUR 15.1 bn and EUR 15.5 bn and operating profit of between EUR 4.1 bn and EUR 4.3 bn. The forecasts in the Gases Division have been revised up from the original figures projected of between EUR 14.9 bn and EUR 15.4 bn for revenue and between EUR 4.05 bn and EUR 4.25 bn for operating profit as a result of current trends in exchange rates. Other factors to consider here are the passage of time, making it easier to predict business performance in the remaining part of the financial year, and downward trends in energy prices. The margins which are achieved in 2015 in the EMEA, Asia/Pacific and Americas segments are expected to be around the same as those actually achieved in the 2014 financial year.

Outlook – Engineering Division

Linde is well positioned in the olefin plant, natural gas plant, air separation plant and hydrogen and synthesis gas plant product areas and has a solid order backlog. However, order intake in the first nine months of 2015 has been lower than expected as a result of the persistently low price of oil and the resultant faltering demand in plant construction. Linde now assumes that it will be able to generate revenue of between EUR 2.5 bn and EUR 2.7 bn in 2015. Originally, Linde had set itself a target of generating revenue of between EUR 3.0 bn and EUR 3.3 bn. The Group continues to expect to achieve an operating margin of around 8 percent.

Opportunity and risk report

As a Group with a global footprint, Linde operates in a dynamic environment in which new market opportunities are constantly emerging. These business opportunities, which were described in detail in the 2014 Financial Report (*SEE OPPORTUNITY REPORT ON PAGES 132 TO 134*), have not changed significantly in the nine months to 30 September 2015.

The risk situation for Linde as described in the 2014 Financial Report (*SEE RISK REPORT ON PAGES 134 TO 147*) has not changed significantly in the first nine months of 2015. No risks were identified which might, individually or in total, have an adverse impact on the viability of The Linde Group as a going concern.

Uncertainty about future global economic trends continues, making it difficult to arrive at an accurate assessment of the future net assets, financial position and results of operations of The Linde Group. If there were to be a significant change in circumstances, risks which are currently unknown or deemed to be immaterial might gain in importance and might possibly have an adverse 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>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Revenue	4,516	4,372	13,552	12,584
Cost of sales	2,893	3,084	8,744	8,400
GROSS PROFIT	1,623	1,288	4,808	4,184
Marketing and selling expenses	696	632	2,063	1,819
Research and development costs	35	26	93	75
Administration expenses	420	358	1,260	1,081
Other operating income	81	124	312	334
Other operating expenses	49	72	180	159
Share of profit or loss from associates and joint ventures (at equity)	4	3	9	16
EBIT	508	327	1,533	1,400
Financial income	8	19	29	46
Financial expenses	111	102	330	308
PROFIT BEFORE TAX	405	244	1,232	1,138
Taxes on income	97	61	295	275
PROFIT FOR THE PERIOD	308	183	937	863
attributable to Linde AG shareholders	281	194	860	818
attributable to non-controlling interests	27	-11	77	45
Earnings per share in € - undiluted	1.51	1.05	4.63	4.41
Earnings per share in € - diluted	1.51	1.04	4.62	4.39

10 GROUP STATEMENT OF COMPREHENSIVE INCOME

<i>in € million</i>	<i>3rd Quarter</i>		<i>January to September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
PROFIT FOR THE PERIOD	308	183	937	863
OTHER COMPREHENSIVE INCOME (NET OF TAX)	-940	430	29	226
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-782	575	187	509
Unrealised gains/losses on available-for-sale financial assets	-6	-3	-12	-10
Unrealised gains/losses on hedging instruments	65	-270	-336	-410
Currency translation differences	-841	848	535	929
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	-158	-145	-158	-283
Remeasurement of defined benefit plans	-158	-145	-158	-283
TOTAL COMPREHENSIVE INCOME	-632	613	966	1,089
attributable to Linde AG shareholders	-606	572	879	998
attributable to non-controlling interests	-26	41	87	91

11 GROUP STATEMENT OF FINANCIAL POSITION

<i>in € million</i>	30.09.2015	31.12.2014
Assets		
Goodwill	11,355	11,055
Other intangible assets	2,754	2,922
Tangible assets	12,271	12,151
Investments in associates and joint ventures (at equity)	244	240
Other financial assets	57	85
Receivables from finance leases	225	248
Trade receivables	1	3
Other receivables and other assets	504	549
Income tax receivables	3	3
Deferred tax assets	343	306
NON-CURRENT ASSETS	27,757	27,562
Inventories	1,231	1,155
Receivables from finance leases	50	50
Trade receivables	2,854	3,061
Other receivables and other assets	807	723
Income tax receivables	170	216
Securities	624	521
Cash and cash equivalents	1,180	1,137
CURRENT ASSETS	6,916	6,863
TOTAL ASSETS	34,673	34,425

12 GROUP STATEMENT OF FINANCIAL POSITION

<i>in € million</i>	30.09.2015	31.12.2014
Equity and liabilities		
Capital subscribed	475	475
Capital reserve	6,744	6,730
Revenue reserves	6,687	6,564
Cumulative changes in equity not recognised through the statement of profit or loss	-189	-363
TOTAL EQUITY ATTRIBUTABLE TO LINDE AG SHAREHOLDERS	13,717	13,406
Non-controlling interests	871	861
TOTAL EQUITY	14,588	14,267
Provisions for pensions and similar obligations	1,363	1,265
Other non-current provisions	470	492
Deferred tax liabilities	1,616	1,726
Financial debt	8,243	8,562
Liabilities from finance leases	43	51
Trade payables	3	2
Other non-current liabilities	725	648
NON-CURRENT LIABILITIES	12,463	12,746
Current provisions	1,127	1,012
Financial debt	1,742	1,294
Liabilities from finance leases	20	23
Trade payables	3,065	3,485
Other current liabilities	1,157	1,073
Liabilities from income taxes	511	525
CURRENT LIABILITIES	7,622	7,412
TOTAL EQUITY AND LIABILITIES	34,673	34,425

13 GROUP STATEMENT OF CASH FLOWS

<i>in € million</i>	<i>January to September</i>	
	<i>2015</i>	<i>2014</i>
PROFIT BEFORE TAX	1,232	1,138
<i>Adjustments to profit before tax to calculate cash flow from operating activities</i>		
Amortisation of intangible assets/depreciation of tangible assets	1,412	1,498
Impairments of financial assets	4	1
Profit/loss on disposal of non-current assets	-8	-52
Net interest	272	273
Finance income arising from finance leases in accordance with IFRIC 4/IAS 17	14	15
Share of profit or loss from associates and joint ventures (at equity)	-9	-16
Distributions/dividends received from associates and joint ventures	9	11
Income taxes paid	-370	-469
<i>Changes in assets and liabilities</i>		
Change in inventories	-62	-119
Change in trade receivables	187	-251
Change in provisions	15	-88
Change in trade payables	-310	260
External funding/allocation to plan assets re. defined benefit obligations	-	-300
Change in other assets and liabilities	4	-13
CASH FLOW FROM OPERATING ACTIVITIES	2,390	1,888
Payments for tangible and intangible assets and plants held under finance leases in accordance with IFRIC 4/IAS 17	-1,322	-1,402
Payments for investments in consolidated companies	-109	-51
Payments for investments in financial assets	-34	-47
Payments for investments in securities	-803	-555
Proceeds on disposal of securities	700	4
Proceeds on disposal of tangible and intangible assets and amortisation of receivables from finance leases in accordance with IFRIC 4/IAS 17	71	87
Proceeds on disposal of consolidated companies and from purchase price repayment claims	-	98
Proceeds on disposal of non-current assets held for sale and disposal groups	12	42
Proceeds on disposal of financial assets	86	67
CASH FLOW FROM INVESTING ACTIVITIES	-1,399	-1,757

14 GROUP STATEMENT OF CASH FLOWS

<i>in € million</i>	<i>January to September</i>	
	<i>2015</i>	<i>2014</i>
Dividend payments to Linde AG shareholders and non-controlling interests	-660	-624
Interest received	137	121
Interest paid	-410	-391
Proceeds of loans and capital market debt	2,130	2,583
Cash outflow for the repayment of loans and capital market debt	-2,119	-1,873
Cash outflow for the repayment of liabilities from finance leases	-19	-16
CASH FLOW FROM FINANCING ACTIVITIES	-941	-200
NET CASH INFLOW/OUTFLOW	50	-69
OPENING BALANCE OF CASH AND CASH EQUIVALENTS	1,137	1,178
Effects of currency translation	-7	20
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS	1,180	1,129

15 STATEMENT OF CHANGES IN GROUP EQUITY

<i>in € million</i>	<i>Capital subscribed</i>	<i>Capital reserve</i>
AT 01.01.2014	475	6,712
Profit for the period	-	-
Other comprehensive income (net of tax)	-	-
TOTAL COMPREHENSIVE INCOME	-	-
Dividend payments	-	-
Changes as a result of share option schemes	-	11
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY	-	11
Increase/decrease in non-controlling interests	-	-
CHANGE IN INVESTMENT HELD IN SUBSIDIARIES	-	-
OTHER CHANGES	-	-
AT 30.09.2014	475	6,723
AT 01.01.2015	475	6,730
Profit for the period	-	-
Other comprehensive income (net of tax)	-	-
TOTAL COMPREHENSIVE INCOME	-	-
Dividend payments	-	-
Changes as a result of share option schemes	-	14
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY	-	14
OTHER CHANGES	-	-
AT 30.09.2015	475	6,744

<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>Hedging instruments</i>				
-482	7,005	-1,179	14	221	12,766	820	13,586	
-	818	-	-	-	818	45	863	
-280	-	879	-9	-410	180	46	226	
-280	818	879	-9	-410	998	91	1,089	
-	-557	-	-	-	-557	-67	-624	
-	-	-	-	-	11	-	11	
-	-557	-	-	-	-546	-67	-613	
-	-1	-	-	-	-1	-1	-2	
-	-1	-	-	-	-1	-1	-2	
-	1	-	-	-	1	-	1	
-762	7,266	-300	5	-189	13,218	843	14,061	
-980	7,544	61	5	-429	13,406	861	14,267	
-	860	-	-	-	860	77	937	
-155	-	521	-11	-336	19	10	29	
-155	860	521	-11	-336	879	87	966	
-	-585	-	-	-	-585	-75	-660	
-	-	-	-	-	14	-	14	
-	-585	-	-	-	-571	-75	-646	
-	3	-	-	-	3	-2	1	
-1,135	7,822	582	-6	-765	13,717	871	14,588	

16 SEGMENT INFORMATION

<i>in € million, SEE NOTE [8]</i>	<i>Segments</i>	
	<i>Gases Division</i>	
	<i>January to September</i>	
	<i>2015</i>	<i>2014</i>
Revenue from third parties	11,379	10,388
Revenue from other segments	8	10
TOTAL SEGMENT REVENUE	11,387	10,398
OPERATING PROFIT	3,131	2,837
Restructuring costs (non-recurring item)	158	-
Amortisation of intangible assets and depreciation of tangible assets	1,389	1,475
EBIT (EARNINGS BEFORE INTEREST AND TAX)	1,584	1,362
Capital expenditure (excluding financial assets)	1,192	1,232

in € million, SEE NOTE [8]

Revenue from third parties

Revenue from other segments

TOTAL SEGMENT REVENUE

OPERATING PROFIT

Restructuring costs (non-recurring item)

Amortisation of intangible assets and depreciation of tangible assets

EBIT (EARNINGS BEFORE INTEREST AND TAX)

Capital expenditure (excluding financial assets)

<i>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>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
1,732	1,780	441	416	-	-	13,552	12,584
270	446	5	1	-283	-457	-	-
2,002	2,226	446	417	-283	-457	13,552	12,584
169	216	31	41	-194	-196	3,137	2,898
30	-	-	-	4	-	192	-
28	25	23	24	-28	-26	1,412	1,498
111	191	8	17	-170	-170	1,533	1,400
17	21	11	5	5	35	1,225	1,293

<i>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>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
4,497	4,491	3,112	2,807	3,770	3,090	11,379	10,388
18	6	21	15	108	82	8	10
4,515	4,497	3,133	2,822	3,878	3,172	11,387	10,398
1,350	1,344	804	737	977	756	3,131	2,837
82	-	41	-	35	-	158	-
513	487	438	505	438	483	1,389	1,475
755	857	325	232	504	273	1,584	1,362
560	618	247	295	385	319	1,192	1,232

ADDITIONAL COMMENTS

GROUP INTERIM MANAGEMENT REPORT	<1
ADDITIONAL COMMENTS	22
REVIEW REPORT	>35

[1] General accounting policies

The condensed Group interim financial statements of Linde AG for the nine months ended 30 September 2015 have been prepared 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 No. 1606/2002 of the European Parliament and the Council on the application 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 2014.

In addition, IAS 34 Interim Financial Reporting has been applied. Since 1 January 2015, the following standard has become effective:

- Improvements to IFRSs (2011–2013)

The following new or revised standards and interpretations have been issued by the IASB and the IFRS Interpretations Committee. However, they have not been applied in the condensed Group interim financial statements for the nine months ended 30 September 2015 as they are either not yet effective or have not yet been adopted by the European Commission:

- IFRS 15 Revenue from Contracts with Customers including Amendments to IFRS 15 (first-time application according to IASB in financial years beginning on or after 1 January 2018)
- IFRS 9 Financial Instruments and Subsequent Amendments (Hedge Accounting and Amendments to IFRS 9, IFRS 7 and IAS 39 as well as Amendments to IFRS 9/IFRS 7: Mandatory Effective Date and Transition Disclosures); (first-time application according to IASB in financial years beginning on or after 1 January 2018)

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations (first-time application according to IASB in financial years beginning on or after 1 January 2016)
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (first-time application according to IASB in financial years beginning on or after 1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (first-time application according to IASB in financial years beginning on or after 1 January 2016)
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation (first-time application according to IASB in financial years beginning on or after 1 January 2016)
- Amendments to IAS 1: Disclosure Initiative (first-time application according to IASB in financial years beginning on or after 1 January 2016)
- Improvements to IFRSs (2012–2014), (first-time application according to IASB in financial years beginning on or after 1 January 2016)
- Improvements to IFRSs (2010–2012), (first-time application according to IASB in financial years beginning on or after 1 July 2014)
- Amendments to IAS 19 Employee Benefits: Defined Benefit Plans – Employee Contributions (first-time application according to IASB in financial years beginning on or after 1 July 2014)

IFRS 15

The new standard on revenue recognition seeks to create a framework which brings together the multiplicity of rules which have until now been set out in a number of different standards and interpretations. At the same time, its objective is to establish a uniform set of basic principles which will apply to all industry sectors and to all categories of revenue transactions.

In future, companies preparing their financial statements in accordance with IFRS will determine when to recognise revenue (at what time or over which period) and how much revenue to recognise by applying five steps. In addition to the five-step model, the standard includes a number of additional rules covering various issues in detail, such as accounting for contract costs and changes to contracts.

In particular, the new rules set out below may give rise to changes from existing practice:

- Recognition of revenue when control is transferred. The point in time at which (or the period of time over which) revenue is recognised is determined by the transfer of control over the goods and services to the customer (control approach). The transfer of risks and rewards (risk and reward approach) is only an indication that a transfer of control may have taken place.

- Specific rules on arrangements with multiple elements
- New criteria for revenue recognition over the period in which the performance obligation is settled
- More extensive disclosures in the notes to the financial statements

The new rules become effective for the financial years beginning on or after 1 January 2018. Earlier application is permitted and recommended. IFRS 15 has not yet been endorsed by the EU.

IFRS 15 will replace IAS 11 Construction Contracts and IAS 18 Revenue, as well as IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

A detailed analysis is currently being conducted to evaluate the impact of IFRS 15 on The Linde Group.

IFRS 9

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.

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 the 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.

According to the rules of the IASB, the first-time application of IFRS 9 and Subsequent Amendments will be in financial years beginning on or after 1 January 2018. Earlier application is permitted. IFRS 9 has not yet been endorsed by the EU.

IFRS 9 may result in changes in the classification and measurement of financial assets and financial liabilities 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 interest held by the Linde Group (line-by-line method) or using the equity method, depending on the characteristics of the company. If Linde AG holds a majority of the voting rights in a company, this generally indicates that it exercises control over the company in the absence of any other restrictive contractual agreements. If Linde AG holds the same number of voting rights as another company, this generally indicates joint control, unless other (contractual) rights might result in control being exercised by one of the shareholders.

Associates over which Linde AG can exercise significant influence as defined by IAS 28 are also accounted for using the equity method. Significant influence is presumed if Linde AG holds (directly or indirectly) 20 percent or more of the voting rights in an investee, unless it can be clearly demonstrated that this is not the case.

Non-consolidated subsidiaries, when taken together, are immaterial from the Group's point of view in terms of total assets, revenue and profit or loss for the year and do not have a significant impact on the net assets, financial position and results of operations of the Group. For that reason, they are not included in the consolidated interim financial statements.

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

17 STRUCTURE OF COMPANIES INCLUDED IN THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

	As at 31.12.2014	Additions	Disposals	As at 30.09.2015
CONSOLIDATED SUBSIDIARIES	535	2	7	530
of which within Germany	18	-	1	17
of which outside Germany	517	2	6	513
COMPANIES ACCOUNTED FOR USING THE LINE-BY-LINE METHOD	5	-	-	5
of which within Germany	-	-	-	-
of which outside Germany	5	-	-	5
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD	35	2	-	37
of which within Germany	3	2	-	5
of which outside Germany	32	-	-	32
NON-CONSOLIDATED SUBSIDIARIES	59	1	8	52
of which within Germany	1	-	-	1
of which outside Germany	58	1	8	51

Most of the disposals were mergers and liquidations. Significant 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 main acquisition during the reporting period was the purchase of the LPG business from Wesfarmers Kleenheat Gas Pty Ltd on the east coast of Australia.

LPG business acquired from Wesfarmers Kleenheat Gas Pty Ltd on Australia's east coast

On 20 February 2015, The Linde Group acquired the assets and liabilities of the LPG business of Wesfarmers Kleenheat Gas Pty Ltd on the east coast of Australia under an asset deal. From that date, the business has been included in full in the consolidated financial statements of The Linde Group. The aim of the acquisition was to continue to expand the LPG distribution network on the east coast of Australia.

After adjusting for some cash items and liabilities, the purchase price was EUR 53 m, which was settled in cash. As at 30 September 2015, all liabilities had been settled.

The main components of the goodwill of EUR 4 m remaining after the purchase price allocation are synergies with the Group's existing LPG business on the east coast of Australia as well as going concern synergies arising from the business acquired. The goodwill is not tax-deductible.

In the course of the acquisition, Linde acquired assets of EUR 12 m which, at the date of acquisition, had already been put up for sale due to stipulations made by the Australian Competition & Consumer Commission. By the reporting date, these assets had been sold in full at the value stated and most of the revenue associated with the sale had already been received.

No receivables were acquired in the course of the acquisition.

Other acquisitions

In the first nine months of 2015, Linde made acquisitions to expand its business in the Healthcare product area in the EMEA and Americas segments. The total purchase price for these acquisitions was EUR 53 m, of which EUR 47 m was paid in cash. The total purchase price includes deferred purchase price payments and contingent consideration. Sometimes separate transactions were agreed with former owners. In the course of these corporate acquisitions, Linde has acquired non-current assets as well as inventories and other current assets. Total goodwill arising was EUR 42 m, including fair value adjustments in the course of purchase price allocations of EUR 7 m. Part of the goodwill (EUR 38 m) is tax-deductible. Linde has not acquired any receivables in the course of these acquisitions.

€ 18 IMPACT OF ACQUISITIONS ON THE NET ASSETS OF THE LINDE GROUP

<i>Opening balance upon initial consolidation</i>	<i>Fair value</i>	
	<i>Kleenheat</i>	<i>Other</i>
<i>in € million</i>		
Non-current assets	35	13
Inventories	5	1
Other current assets	1	-
Non-current assets held for sale and disposal groups	12	-
Equity	49	11
Liabilities	4	3

€ 19 IMPACT OF ACQUISITIONS ON THE PROFIT FOR THE PERIOD OF THE LINDE GROUP

<i>in € million</i>	<i>Profit for the period since the acquisition date</i>	<i>Profit for the period since the beginning of the financial year on 1 January 2015¹</i>
Kleenheat	2	2
Other	6	10

¹ When these amounts were calculated, the fair value adjustments were assumed to be the same as those at the acquisition date.

€ 20 IMPACT OF ACQUISITIONS ON THE REVENUE OF THE LINDE GROUP

<i>in € million</i>	<i>Revenue since the acquisition date</i>	<i>Revenue since the beginning of the financial year on 1 January 2015¹</i>
Kleenheat	64	75
Other	18	31

¹ When these amounts were calculated, the fair value adjustments were assumed to be the same as those at the acquisition date.

[4] Foreign currency translation

The financial statements of companies outside the European Monetary Union are translated in accordance with the functional currency concept. Items in the statement of financial position are translated using the spot rate and items in the statement of profit or loss are translated using the average rate.

Since 1 January 2010, Linde's activities in Venezuela, which is classified as a hyperinflationary economy in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, have been disclosed after adjustment for the effects of inflation. The rate of inflation is calculated using an inflation index derived from exchange rate movements.

The principal exchange rates used are as follows:

€ 21 PRINCIPAL EXCHANGE RATES

Exchange rate €1 =	ISO code	Spot rate on balance sheet date		Average rate January to September	
		30.09.2015	31.12.2014	2015	2014
Argentina	ARS	10.57467	10.24078	9.99973	10.81816
Australia	AUD	1.60392	1.48084	1.46350	1.47595
Brazil	BRL	4.55438	3.21518	3.52317	3.10006
Canada	CAD	1.50664	1.40591	1.40469	1.48181
China	CNY	7.13229	7.50845	6.96790	8.35388
Czech Republic	CZK	27.20083	27.65959	27.35918	27.50453
Hungary	HUF	313.61573	316.60565	309.04317	308.75530
Malaysia	MYR	4.97371	4.23024	4.21667	4.39079
Norway	NOK	9.53022	9.04242	8.81892	8.27701
Poland	PLN	4.23200	4.28704	4.15705	4.17531
South Africa	ZAR	15.58799	13.99917	13.69390	14.52541
South Korea	KRW	1,329.55385	1,323.45492	1,252.60691	1,411.34212
Sweden	SEK	9.42687	9.43320	9.37395	9.04059
Switzerland	CHF	1.09405	1.20289	1.06239	1.21803
Turkey	TRY	3.39873	2.82439	2.96872	2.93064
UK	GBP	0.74115	0.77679	0.72750	0.81177
USA	USD	1.12210	1.20985	1.11504	1.35491

[5] 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 2015, 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 a decrease in equity of EUR 158 m (after deferred tax) when compared with the figure at 31 December 2014.

During the reporting period, a plan curtailment and a plan settlement relating to a defined benefit plan in the Netherlands had a positive impact on operating profit totalling EUR 42 m. The plan curtailment and plan settlement are disclosed in other operating income.

[6] Net financial debt

€ 22 NET FINANCIAL DEBT

in € million	Current		Non-current		Total	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Financial debt	1,742	1,294	8,243	8,562	9,985	9,856
Less: Securities	624	521	-	-	624	521
Less: Cash and cash equivalents	1,180	1,137	-	-	1,180	1,137
NET FINANCIAL DEBT	-62	-364	8,243	8,562	8,181	8,198

Of the financial debt at 30 September 2015, EUR 3.277 bn (31 December 2014: EUR 3.253 bn) was in a fair value hedging relationship. 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 9.985 bn (31 December 2014: EUR 9.856 bn) would have been EUR 91 m (31 December 2014: EUR 111 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 108 m (31 December 2014: EUR 80 m) in respect of these agreements has been disclosed in bank loans and overdrafts as part of financial debt and an amount of EUR 226 m (31 December 2014: EUR 141 m) has been disclosed in cash equivalents.

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 325 m, while the carrying amount is EUR 275 m. The fair value of the financial debt is EUR 10.485 bn, compared with its carrying amount of EUR 9.985 bn. 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 618 m in respect of which the value had been determined by quoted prices in active markets for identical financial instruments (Level 1). The investments and securities category also included financial assets (available-for-sale financial assets) of EUR 12 m for which a fair value cannot be reliably determined. For these assets, there are neither observable market prices nor sufficient information for a reliable valuation using other valuation methods. There is currently no intention to sell these assets.

For derivative financial instruments, the fair value is determined as follows. Options are measured by external partners using Black-Scholes 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 478 m and liabilities of EUR 627 m in respect of which the values were determined using valuation techniques where the principal inputs were derived 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 principal inputs not derived 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.

[7] Earnings per share

23 EARNINGS PER SHARE

<i>in € million</i>	<i>January to September</i>	
	<i>2015</i>	<i>2014</i>
Profit for the period attributable to Linde AG shareholders	860	818
Shares in thousands		
Weighted average number of shares outstanding	185,638	185,622
Dilution as a result of share option schemes	648	644
Weighted average number of shares outstanding – diluted	186,286	186,266
EARNINGS PER SHARE IN € – UNDILUTED	4.63	4.41
EARNINGS PER SHARE IN € – DILUTED	4.62	4.39

Included in the figure for diluted earnings per share is the issue of shares relating to the 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.

[8] Segment reporting

As a result of the changes made to the Group's organisational model with effect from 15 January 2015 and the associated changes on the Executive Board, each operational member of the Executive Board is responsible for one of the Group's segments. The reportable segments in the Gases Division (EMEA, Asia/Pacific and Americas) now correspond to the operating segments. There is no longer a need to combine the former operating segments (Regional Business Units, RBUs) to form the reportable segments. The Linde Group continues to comprise five segments in all: EMEA, Asia/Pacific, Americas, Engineering Division and Other Activities.

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 2014.

To arrive at the figure for the Gases Division as a whole from the figures for the segments within the Gases Division, consolidation adjustments of EUR 139 m (2014: EUR 93 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 segments in the Gases Division.

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

24 RECONCILIATION OF SEGMENT REVENUE AND OF THE SEGMENT RESULT

<i>in € million</i>	<i>January to September</i>	
	<i>2015</i>	<i>2014</i>
Revenue		
Total segment revenue	13,835	13,041
Consolidation	-283	-457
GROUP REVENUE	13,552	12,584
Operating profit		
Operating profit from segments	3,331	3,094
Operating profit from Corporate activities	-198	-184
Restructuring costs (non-recurring item)	192	-
Amortisation and depreciation	1,412	1,498
Financial income	29	46
Financial expenses	330	308
Consolidation	4	-12
PROFIT BEFORE TAX	1,232	1,138

[9] 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 246 TO 263 OF THE 2014 FINANCIAL REPORT*.

Services provided by related companies totalled EUR 70 m (2014: EUR 90 m). Revenue from related companies was 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. Receivables from and liabilities to joint ventures and associates are mainly financial receivables and financial liabilities.

€ 25 RECEIVABLES FROM AND LIABILITIES TO RELATED PARTIES

in € million	30.09.2015			31.12.2014		
	Non-consolidated subsidiaries	Associates and joint ventures	Total	Non-consolidated subsidiaries	Associates and joint ventures	Total
Receivables from related parties	3	30	33	3	14	17
Liabilities to related parties	-	48	48	1	36	37

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 or their family members which are outside the bounds of existing employment, service or 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.

[10] 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 243 OF THE 2014 FINANCIAL REPORT*. The consolidated figure for other financial commitments arising from investments in tangible assets and intangible assets (commitments arising from orders) at 30 September 2015 was EUR 445 m (31 December 2014: EUR 391 m).

[11] Reconciliation of key financial figures

The key financial figures relating to The Linde Group have been adjusted in the table below for non-recurring items. Non-recurring items are items which, due to their nature, frequency and/or extent, are likely to have an adverse impact on how accurately the key financial figures reflect the sustainability of the earnings capacity of The Linde Group in the capital market.

Return on capital employed (ROCE) is calculated in Linde by dividing EBIT by capital employed. Capital employed is calculated on the basis of the average of the figures as at 31 December of the current year and 31 December of the prior year and is therefore not disclosed in the interim reports.

26 KEY FINANCIAL FIGURES ADJUSTED FOR NON-RECURRING ITEMS

in € million	January to September					
	2015			2014		
	As reported	Non-recurring items	Key financial figures before non-recurring items	As reported	Non-recurring items	Key financial figures before non-recurring items
Revenue	13,552	-	13,552	12,584	-	12,584
Cost of sales	-8,744	36	-8,708	-8,400	218	-8,182
GROSS PROFIT	4,808	36	4,844	4,184	218	4,402
Research and development costs, marketing, selling and administration expenses	-3,416	156	-3,260	-2,975	11	-2,964
Other operating income and expenses	132	-	132	175	-	175
Share of profit or loss from associates and joint ventures (at equity)	9	-	9	16	-	16
EBIT	1,533	192	1,725	1,400	229	1,629
Financial result	-301	-	-301	-262	-	-262
Taxes on income	-295	-53	-348	-275	-31	-306
PROFIT FOR THE PERIOD	937	139	1,076	863	198	1,061
attributable to Linde AG shareholders	860	133	993	818	168	986
attributable to non-controlling interests	77	6	83	45	30	75
EBIT	1,533	192	1,725	1,400	229	1,629
Amortisation of intangible assets and depreciation of tangible assets	-1,412	-	-1,412	-1,498	229	-1,269
OPERATING PROFIT	2,945	192	3,137	2,898	-	2,898
EARNINGS PER SHARE IN € – UNDILUTED	4.63	0.72	5.35	4.41	0.90	5.31
EARNINGS PER SHARE IN € – DILUTED	4.62	0.71	5.33	4.39	0.90	5.29

[12] Discretionary decisions and estimates

The preparation of the Linde interim report in accordance with IFRS requires discretionary decisions and estimates for some items which have an effect on their recognition and measurement in the statements 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 determination of the estimated useful lives of tangible assets and the assessment as to which components of cost may be capitalised,
- the assessment of the need to recognise provisions for doubtful debts, 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 on the formation of business combinations,
- the assessment as to whether Linde exercises control, joint control or significant influence over companies in which it holds less than 100 percent of the voting rights.

Any change in the key factors which are applied to 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.

Other significant estimates include the determination of estimated useful lives for intangible assets and tangible assets. Uniform Group guidelines based on past experience apply to estimated useful lives in the main categories of assets. Assumptions also need to be made when Linde assesses whether an asset may be capitalised and which components of the cost of the asset may be capitalised. Estimates need to be made here, for example, of the expected future economic benefits of an asset or the expected future costs of the dismantling of plants. In addition, the capitalisation of costs which are incurred during the operating phase of an asset, such as the cost of upgrades to plants or their complete overhaul, depends on whether these costs will lead to better or higher output or whether they will extend the estimated useful life of the asset.

Establishing provisions for doubtful debts is based to a considerable extent on making estimates and assessments about individual amounts receivable. These estimates and assessments are founded on the creditworthiness of that particular customer, prevailing economic trends and an

analysis of historic bad debts on a portfolio basis. Individual provisions for bad debts take account of both customer-specific and country-specific risks.

The obligation arising from defined benefit pension commitments is determined on the basis of actuarial assumptions. Key actuarial assumptions include the discount rate, trends in pensions and vested future benefits, and life expectancy. The discount rate is determined on the basis of returns achieved on the relevant call date for high-quality fixed-interest corporate bonds in the market. The currency and period to maturity of the underlying bonds correspond to the currency and probable period to maturity of the post-employment benefit obligations. If such returns are not available, the discount rates are based on market returns for government bonds.

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may therefore differ from the figure included in other provisions.

The assessment of the stage of completion of long-term construction contracts is based on the percentage of completion (PoC) method, subject to certain conditions being met. When applying this method, it is necessary to evaluate the stage of completion of the contract. It is also necessary to provide estimates of total contract costs and total contract revenue and make an assessment of the risks attached to the contract, including technical, political and regulatory risks. According to the PoC method, 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 costs incurred by subcontractors. External experts are sometimes used to assist with the calculation of these costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred which can probably be recovered, and the contract costs are recognised as an expense in the period in which they are incurred (zero profit method). Changes in estimates may lead to an increase or decrease in revenue.

Discretionary decisions are required to be made, for example, in assessing whether substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. Linde enters into lease agreements principally as lessee (procurement leases). Under IFRIC 4, gas supply agreements may however be classified as embedded lease agreements if certain conditions apply. In these cases, Linde accounts for the gas supply agreements in accordance with the rules for lessors set out in IAS 17 Leases. 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. Consideration, in the form of payments from the customer, is used on the one hand to finance the plants and on the other to provide the customer with maintenance services. Whether lease agreements are classified as operating leases or finance leases will depend on the exercise of discretion.

When classifying procurement lease agreements, Linde must also make assumptions: e.g. to determine the appropriate interest rate or the residual value or estimated useful lives of the underlying assets.

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 estimate 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 in particular the time period and amount 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 business combinations where the total assets including goodwill exceed EUR 100 m, Linde takes advice from experts in the field, who assist in arriving at the decisions and provide reports backing their opinions.

When assessing whether Linde exercises control, joint control or significant influence over companies in which it holds less than 100 percent of the voting rights, discretionary decisions may have to be made. Above all in cases where Linde holds 50 percent of the voting rights, a decision has to be taken as to whether there are other contractual rights or particularly relevant facts or circumstances which might mean that Linde has power over the potential subsidiary or that joint control exists. If joint control does exist, Linde needs to distinguish whether the investment is a joint operation or a joint venture. This distinction is dependent on whether Linde has rights to the assets and obligations for the liabilities of the arrangement or whether it has rights to the net assets of the arrangement. To make the distinction, Linde must consider the structure and legal form of the company, any contractual agreements which might apply and any other relevant circumstances.

Changes to contractual agreements or facts or circumstances are monitored and evaluated to determine whether they have a potential impact on the assessment as to whether Linde is exercising control or joint control over its investment.

[13] Events after the balance sheet date

No significant events have occurred for The Linde Group since the end of the reporting period on 30 September 2015.

MUNICH, 27 OCTOBER 2015

DR WOLFGANG BÜCHELE
[CHIEF EXECUTIVE OFFICER]

GEORG DENOKE
[MEMBER OF THE EXECUTIVE BOARD]

THOMAS BLADES
[MEMBER OF THE EXECUTIVE BOARD]

BERND EULITZ
[MEMBER OF THE EXECUTIVE BOARD]

DR CHRISTIAN BRUCH
[MEMBER OF THE EXECUTIVE BOARD]

SANJIV LAMBA
[MEMBER OF THE EXECUTIVE BOARD]

REVIEW REPORT

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Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

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 2015 that are part of the quarterly financial report according to § 37x (3) WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and in supplementary compliance with the International Standard on Review Engagements 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 auditor’s report.

MUNICH, 27 OCTOBER 2015

KPMG AG
[WIRTSCHAFTSPRÜFUNGS-
GESELLSCHAFT]

BECKER	V. HEYNITZ
[WIRTSCHAFTS- PRÜFER]	[WIRTSCHAFTS- PRÜFER]

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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, 27 OCTOBER 2015

LINDE AKTIENGESELLSCHAFT
THE EXECUTIVE BOARD

DR WOLFGANG BÜCHELE
[CHIEF EXECUTIVE OFFICER]

GEORG DENOKE
[MEMBER OF THE EXECUTIVE BOARD]

THOMAS BLADES
[MEMBER OF THE EXECUTIVE BOARD]

BERND EULITZ
[MEMBER OF THE EXECUTIVE BOARD]

DR CHRISTIAN BRUCH
[MEMBER OF THE EXECUTIVE BOARD]

SANJIV LAMBA
[MEMBER OF THE EXECUTIVE BOARD]

FINANCIAL CALENDAR

[1]
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O N T H E A N N U A L R E S U L T S ,
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G R O U P F I N A N C I A L S T A T E M E N T S
10 March 2016

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29 April 2016

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[CONTACT]

LINDE AG
KLOSTERHOFSTRASSE 1
80331 MUNICH
GERMANY

PHONE +49.89.35757-01

FAX +49.89.35757-1075

WWW.LINDE.COM

[COMMUNICATIONS]

PHONE +49.89.35757-1321

FAX +49.89.35757-1398

MEDIA@LINDE.COM

[INVESTOR RELATIONS]

PHONE +49.89.35757-1321

FAX +49.89.35757-1398

INVESTORRELATIONS@LINDE.COM

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Linde Aktiengesellschaft

Klosterhofstrasse 1

80331 Munich

Germany

Phone +49.89.35757-01

Fax +49.89.35757-1075

www.linde.com