

FINANCIAL STATEMENTS  
FOR THE 2017 FINANCIAL YEAR

# Linde AG

Leading.

  
THE LINDE GROUP

## Financial Statements

- 2 Balance sheet of Linde AG
- 3 Income statement of Linde AG

## Notes to the Financial Statements of Linde AG

- 4 General information
- 6 Statement of non-current asset movements in Linde AG
- 8 Notes to the balance sheet
- 15 Notes to the income statement
- 17 Supplementary information on the notes
- 48 Independent auditor's report

## Further Information

- 54 Responsibility statement
- 55 Financial calendar
- 56 Tables

Imprint

- 2 Balance sheet of Linde AG
- 3 Income statement of Linde AG

## Notes to the Financial Statements of Linde AG

- 4 General information
- 6 Statement of non-current asset movements in Linde AG
- 8 Notes to the balance sheet
- 15 Notes to the income statement
- 17 Supplementary information on the notes
- 48 Independent auditor's report

# Financial Statements

## SECTION 1

# BALANCE SHEET OF LINDE AG

## BALANCE SHEET OF LINDE AG – ASSETS

<i>in € million</i>	Note	31.12.2016	31.12.2017
Intangible assets		82	63
Tangible assets		458	492
Financial assets		17,553	17,587
<b>NON-CURRENT ASSETS</b>	<b>[1]</b>	<b>18,093</b>	<b>18,142</b>
Inventories	[2]	2,951	2,963
Less advance payments received from customers		-2,951	-2,963
Receivables and other assets	[3]	2,110	1,810
Securities	[4]	107	606
Liquid assets	[5]	168	285
<b>CURRENT ASSETS</b>		<b>2,385</b>	<b>2,701</b>
<b>PREPAID EXPENSES AND DEFERRED CHARGES</b>	<b>[6]</b>	<b>130</b>	<b>138</b>
<b>TOTAL ASSETS</b>		<b>20,608</b>	<b>20,981</b>

## BALANCE SHEET OF LINDE AG – EQUITY AND LIABILITIES

<i>in € million</i>	Note	31.12.2016	31.12.2017
Capital subscribed		475	475
Conditionally authorised capital of €57 million (2016: €57 million)			
Nominal value of own shares		-	-
<b>ISSUED SHARE CAPITAL</b>		<b>475</b>	<b>475</b>
Capital reserve		6,563	6,563
Revenue reserves		2,419	1,332
Unappropriated profit		687	1,299
<b>EQUITY</b>	<b>[7]</b>	<b>10,144</b>	<b>9,669</b>
Provisions for pensions and similar obligations	[8]	188	226
Other provisions	[9]	819	792
<b>PROVISIONS</b>		<b>1,007</b>	<b>1,018</b>
<b>LIABILITIES</b>	<b>[10]</b>	<b>9,451</b>	<b>10,290</b>
DEFERRED INCOME	[6]	6	4
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,608</b>	<b>20,981</b>

# INCOME STATEMENT OF LINDE AG

## INCOME STATEMENT OF LINDE AG

3

<i>in € million</i>	<i>Note</i>	<i>2016</i>	<i>2017</i>	<i>Change from the prior year</i>
<b>SALES</b>	<b>[11]</b>	<b>2,917</b>	<b>2,958</b>	<b>41</b>
Cost of sales		2,120	2,117	-3
<b>GROSS PROFIT ON SALES</b>		<b>797</b>	<b>841</b>	<b>44</b>
Marketing and selling expenses		315	330	15
Research and development costs		117	115	-2
General administration expenses		335	398	63
Other operating income	[12]	199	195	-4
Other operating expenses	[13]	111	214	103
Investment income	[14]	871	404	-467
Other interest and similar income	[15]	213	193	-20
of which from affiliated companies € 134 million (2016: € 158 million)				
Amortisation of financial assets and securities held as current assets		30	43	13
Interest and similar charges	[15]	223	312	89
of which to affiliated companies € 78 million (2016: € 109 million)				
Taxes on income	[16]	10	9	-1
<b>PROFIT AFTER TAX/PROFIT FOR THE YEAR</b>		<b>939</b>	<b>212</b>	<b>-727</b>
TRANSFER TO REVENUE RESERVES		-252	-	252
TRANSFER FROM REVENUE RESERVES		-	1,087	1,087
<b>UNAPPROPRIATED PROFIT</b>		<b>687</b>	<b>1,299</b>	<b>612</b>

# NOTES TO THE FINANCIAL STATEMENTS OF LINDE AG

## GENERAL INFORMATION

### General information

Linde AG, which has its registered office in Munich, is registered at the local court in Munich under the reference number HRB 169850.

The financial statements of Linde AG are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Stock Corporation Act (AktG).

Where items in the balance sheet and income statement have been combined under one heading to improve the clarity of presentation, they have been disclosed separately in the Notes to the financial statements. The income statement has been prepared using the cost of sales method. The management report of Linde AG and the Group management report have been combined in accordance with the rules set out in § 315 (5) in conjunction with § 298 (2) of the German Commercial Code (HGB). The combined management report is published in the 2017 Linde Financial Report.

### Accounting policies

Intangible assets acquired for consideration are stated at acquisition cost less accumulated amortisation charged on a straight-line basis over the estimated useful life of the asset of from three to five years. Internally generated intangible assets are not recognised as assets. Goodwill acquired for consideration is amortised over 10 years because its useful life cannot be reliably estimated.

Tangible assets are reported at acquisition cost or manufacturing cost less accumulated depreciation based on the estimated useful life of the asset.

Estimated useful lives are as follows: buildings 25 to 50 years, technical equipment and machinery generally 6 to 15 years, and fixtures, furniture and equipment 4 to 10 years.

The straight-line method is applied. In the case of a prospective permanent diminution in the value of an asset to below its carrying amount, an impairment loss is recognised and the asset is written down to its fair value. Low-value assets are generally written off in full in the year in which they are acquired. If the reasons for the impairment loss no longer exist, the carrying amount of the asset is increased to a maximum figure of the cost of the asset less accumulated depreciation.

Shares in affiliated companies, related companies and securities are stated at cost or, if there has been a permanent diminution in value, at fair value. If the reasons for the impairment loss no longer exist, the carrying amount of the asset is increased to a maximum figure of the cost of the asset.

Non-interest-bearing and low-interest loans are stated at present value and other loans are stated at face value.

Inventories are stated at the lower of average acquisition or manufacturing cost and net realisable value. Manufacturing cost includes both direct costs and indirect material and production costs, as well as wear and tear on non-current assets. The option permitted under § 255 (2), sentence 3, of the German Commercial Code (HGB) was exercised and an appropriate share of expenses for social amenities of the company and of costs of voluntary social benefits was capitalised. Appropriate allowances are made for inventory risks arising from the length of the storage period and any reductions in usability.

For each project, the loss-free valuation of work in progress is based on a comparison between the recoverable amount on the one hand and the manufacturing cost already capitalised plus prime cost still to be incurred before the end of the project on the other. Prime cost includes not only manufacturing cost derived from the project costing, but also additional charges for administration expenses and marketing and selling expenses. For each project, when the comparison is made between the recoverable amount and the manufacturing cost until the end of the project, and the result of the comparison is a loss, the first step is to write down the work in progress. If the capitalised manufacturing cost of the project is insufficient to cover the losses, provisions for anticipated losses are also made.

Receivables are generally reported at face value. Non-interest-bearing and low-interest receivables are stated at present value. Receivables in foreign currency are reported using the restricted fair value method. Under this method, foreign currency receivables are reported at the mid-rates ruling on the balance sheet

date. Exchange gains arising are recognised only if they relate to receivables due in less than one year. When measuring receivables and other assets, appropriate allowances are made for identifiable risks.

Securities held as current assets are stated at cost. If there is a diminution in value of the securities, they are written down to their fair value. If the reasons for an impairment loss recognised previously no longer apply, the carrying amount is increased to a figure up to but not exceeding cost.

Liquid assets are stated at face value.

Provisions for pensions and similar obligations are calculated in accordance with the rules set out in the German Accounting Law Modernisation Act (BilMoG), using actuarial principles based on the projected unit credit method and actuarial assumptions. An expected future increase in salaries of 2.5 percent and an expected future increase in pensions of 1.62 percent have been included in the calculations. The discount rate applied is the average market interest rate in the past ten financial years published by Germany's central bank (the Deutsche Bundesbank) for a remaining period assumed to be 15 years. In 2017, this was 3.68 percent. The 2005G mortality tables produced by Heubeck AG are used.

To meet the pension obligations and the commitments arising from deferred compensation (Linde Vorsorgeplan), funds have been invested in various pension schemes. These schemes are administered by Linde Vorsorge Aktiv Fonds e.V., Munich, Germany, on a fiduciary basis on behalf of Linde AG, with the result that other creditors do not have access to the assets held in the schemes. The assets in these pension schemes are measured at fair value and offset against the underlying pension obligations.

Other provisions are measured so as to take account of identifiable risks and obligations of uncertain timing or amount. The amount set aside in each case is the amount required, based on prudent commercial judgement, to meet future payment obligations. The provision takes account of future price and cost increases, to the extent that there is sufficient objective evidence that these will occur.

Provisions due in more than one year are discounted at the average market interest rate for the past seven financial years published by the Deutsche Bundesbank over the remaining period of the provision.

Gains resulting from changes to the discount rate or interest effects arising from a change in the estimate of the remaining period of the provision are disclosed in the financial result.

Liabilities are generally stated at their settlement amount. Liabilities in foreign currency are reported using the restricted fair value method. Under this method, non-current liabilities in foreign currency are reported at the higher of the buying rate on the date the transaction was recorded and the mid-rate ruling

on the balance sheet date, while current liabilities in foreign currency are reported at the mid-rate ruling on the balance sheet date.

Since 1 January 2010, deferred tax has been calculated on timing differences between the carrying amount of assets, liabilities, prepayments and deferrals in accordance with German commercial law and the corresponding tax base used in the computation of taxable profit. In Linde AG, this applies not only to timing differences in respect of items in its own financial statements, but also to timing differences in respect of items in the financial statements of the subsidiaries and partnerships in which Linde AG has a direct or indirect interest. The deferred tax calculation includes not only timing differences but also unused tax loss carryforwards. If the net result of this calculation is a future liability to tax, this is disclosed in the balance sheet as a deferred tax liability. If the net result of this calculation were to be a reduction in the future tax liability, Linde AG would not avail itself of the option to recognise this amount as a deferred tax asset.

To hedge against exposure to interest rate, currency and commodity risks, derivative financial instruments are also used in the form of forward exchange transactions, options and swaps. All derivative financial instruments are concluded within fixed limits on the basis of detailed guidelines and are used not only for hedging purposes but also to optimise financing. Micro-hedges are created if possible. For other derivative financial instruments, provisions are set up in the case of negative fair values.

# STATEMENT OF NON-CURRENT ASSET MOVEMENTS IN LINDE AG

STATEMENT OF NON-CURRENT ASSET MOVEMENTS IN LINDE AG

4

Acquisition/manufacturing cost

<i>in € million</i>	<i>01.01.2017</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>31.12.2017</i>
Acquired concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	322	8	2	3	331
Goodwill	2	-	-	-	2
Payments in advance	8	4	-	-3	9
<b>INTANGIBLE ASSETS</b>	<b>332</b>	<b>12</b>	<b>2</b>	<b>-</b>	<b>342</b>
Land, land rights and buildings, including buildings on land owned by others	553	4	3	13	567
Technical equipment and machinery	808	14	11	45	856
Fixtures, furniture and equipment	596	13	7	12	614
Payments in advance and plants under construction	62	65	1	-70	56
<b>TANGIBLE ASSETS</b>	<b>2,019</b>	<b>96</b>	<b>22</b>	<b>-</b>	<b>2,093</b>
Investments in affiliated companies	17,417	76	11	-	17,482
Loans to affiliated companies	265	-	-	-	265
Investments in related companies	100	8	-	-	108
Loans to related companies	9	1	-	-	10
Other loans	-	-	-	-	-
<b>FINANCIAL ASSETS</b>	<b>17,791</b>	<b>85</b>	<b>11</b>	<b>-</b>	<b>17,865</b>
<b>NON-CURRENT ASSETS</b>	<b>20,142</b>	<b>193</b>	<b>35</b>	<b>-</b>	<b>20,300</b>



STATEMENT OF NON-CURRENT ASSET MOVEMENTS IN LINDE AG

5

in € million	Amortisation and depreciation						Net book value		
	Accumulated amortisation/ depreciation at 01.01.2017	Charge for the year	Reversal of impairments	Additions	Disposals	Transfers	Accumulated amortisation/ depreciation at 31.12.2017	31.12.2016	31.12.2017
Acquired concessions, industrial property rights and similar rights and assets, including licences on such rights and assets	250	31	-	-	2	-	279	72	52
Goodwill	0	-	-	0	-	-	0	2	2
Payments in advance	-	-	-	-	-	-	-	8	9
<b>INTANGIBLE ASSETS</b>	<b>250</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>279</b>	<b>82</b>	<b>63</b>
Land, land rights and buildings, including buildings on land owned by others	366	10	-	-	3	-	373	187	194
Technical equipment and machinery	690	22	-	-	7	-	705	118	151
Fixtures, furniture and equipment	504	25	-	-	7	-	522	92	92
Payments in advance and plants under construction	1	-	-	-	-	-	1	61	55
<b>TANGIBLE ASSETS</b>	<b>1,561</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>-</b>	<b>1,601</b>	<b>458</b>	<b>492</b>
Investments in affiliated companies	206	42	-	-	2	-	246	17,211	17,236
Loans to affiliated companies	-	-	-	-	-	-	-	265	265
Investments in related companies	32	-	-	-	-	-	32	68	76
Loans to related companies	-	-	-	-	-	-	-	9	10
Other loans	-	-	-	-	-	-	-	-	-
<b>FINANCIAL ASSETS</b>	<b>238</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>278</b>	<b>17,553</b>	<b>17,587</b>
<b>NON-CURRENT ASSETS</b>	<b>2,049</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>2,158</b>	<b>18,093</b>	<b>18,142</b>

## NOTES TO THE BALANCE SHEET

In 2017 and 2016, no impairment losses were recognised relating to tangible assets as a result of a permanent diminution in value of those assets. No impairment losses were reversed in 2017 or 2016 restoring the asset to its net book value.

Land, land rights and buildings of EUR 41 m (2016: EUR 41 m) were pledged as security for other personnel obligations as required by law.

### [2] Inventories

#### INVENTORIES

6

<i>in € million</i>	31.12.2016	31.12.2017
Raw materials, consumables and supplies	42	31
Work in progress	2,500	2,509
Finished goods and merchandise	24	20
Prepayments	385	403
	<b>2,951</b>	<b>2,963</b>

### [1] Non-current assets

Movements in non-current assets are shown on the preceding pages. In 2017, impairment losses of EUR 42 m were recognised in respect of investments in affiliated companies (2016: EUR 30 m) and impairment losses of EUR 0 m were recognised in respect of investments in related companies (2016: EUR 1 m).

### [3] Receivables and other assets

#### RECEIVABLES AND OTHER ASSETS

7

<i>in € million</i>	<i>Of which due within one year</i>	<i>Of which due in more than one year</i>	<i>Total 31.12.2016</i>	<i>Total 31.12.2017</i>
Trade receivables	161	1	141	162
Amounts due from affiliated companies	499	1,020	1,603	1,519
of which relating to trade receivables	229	-	171	229
Amounts due from related companies	12	-	10	12
of which relating to trade receivables	11	-	9	11
Other assets	95	22	356	117
	<b>767</b>	<b>1,043</b>	<b>2,110</b>	<b>1,810</b>

Included in Receivables and other assets are financial receivables of EUR 1.272 bn (2016: EUR 1.669 bn). In addition, Linde AG began to conclude Credit Support Annexes (CSAs) with banks in the 2009 financial year. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The corresponding amounts due from banks have been disclosed in Other assets since the agreements came into force in 2010. The amount currently included in Other assets which relates to these agreements is EUR 31 m (2016: EUR 292 m).

## [4] Securities

Linde AG holds 100 percent of the shares in a special fund. The shares may be liquidated at any time. The fair value and the carrying amount of the shares at the balance sheet date was EUR 606 m. In 2017, an impairment loss of EUR 0.7 m was recognised, reducing the holding to its fair value. (In 2016, an impairment loss of EUR 0.4 m was reversed.) The distribution made in the 2017 financial year was EUR 2 m (2016: EUR 1 m).

## [5] Liquid assets

Liquid assets comprise cheques in hand, cash in hand and cash at banks. Also included under this heading are money market funds which may fall due at any time.

## [6] Prepaid expenses and deferred charges and deferred income

Prepaid expenses and deferred charges comprises mainly discounts of EUR 9 m (2016: EUR 12 m) on financial debt. In addition, in July 2013 Linde agreed a EUR 2.5 bn syndicated credit facility. The prepaid fees for this credit facility are also included under this heading. Moreover, prepaid expenses and deferred charges includes payments made for interest rate hedging instruments of EUR 81 m (2016: EUR 64 m). These payments have been made to hedge against Linde AG's exposure to the interest rate risk arising from borrowings. Included in deferred income are payments for interest rate hedging instruments of EUR 4 m (2016: EUR 6 m) which have been received to hedge against exposure to the interest rate risk arising from borrowings.

## [7] Equity

### EQUITY

<i>in €</i>	31.12.2016	31.12.2017
Capital subscribed	475,476,940.80	475,476,940.80
Nominal value of own shares	243,479.04	243,479.04
<b>ISSUED SHARE CAPITAL</b>	<b>475,233,461.76</b>	<b>475,233,461.76</b>
<b>AUTHORISED SHARE CAPITAL (TOTAL)</b>	<b>94,000,000.00</b>	<b>94,000,000.00</b>
Authorised Capital I	47,000,000.00	47,000,000.00
Authorised Capital II	47,000,000.00	47,000,000.00
<b>CONDITIONALLY AUTHORISED CAPITAL (TOTAL)</b>	<b>57,240,000.00</b>	<b>57,240,000.00</b>
Conditionally authorised capital 2012	10,240,000.00	10,240,000.00
Conditionally authorised capital 2013	47,000,000.00	47,000,000.00

### Capital subscribed, authorised and conditionally authorised capital, subscription rights

The company's subscribed capital at the balance sheet date was EUR 475,476,940.80 and is fully paid up. It is divided into 185,733,180 shares at a notional par value of EUR 2.56 per share. The shares are bearer shares. Each share confers a voting right and is entitled to dividend. In accordance with § 71b of the German Stock Corporation Law (AktG), the company is not entitled to dividends or voting rights in respect of the 95,109 own shares it holds at 31 December 2017.

In the 2017 financial year, no new shares were issued. The figure for the company's subscribed capital therefore remained the same at 31 December 2017 as at 31 December 2016.

### NUMBER OF SHARES

	2016	2017
<b>NUMBER OF SHARES AT 01.01.</b>	<b>185,733,180</b>	<b>185,733,180</b>
Change as a result of the Long Term Incentive Plan (LTIP 2007)	-	-
<b>NUMBER OF SHARES AT 31.12.</b>	<b>185,733,180</b>	<b>185,733,180</b>
Own shares	95,109	95,109
<b>NUMBER OF SHARES OUTSTANDING AT 31.12.</b>	<b>185,638,071</b>	<b>185,638,071</b>

**Authorised capital**

At 31 December 2017, the authorised capital comprised the following:

**Authorised Capital I:**

Based on a resolution passed at the Annual General Meeting held on 29 May 2013, the Executive Board was authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 47,000,000.00 until 28 May 2018 against cash or non-cash contributions by issuing, on one or more occasions, a total of up to 18,359,375 new bearer shares at a notional par value of EUR 2.56 (Authorised Capital I). The Executive Board is further authorised, with the approval of the Supervisory Board, to exclude subscription rights for an amount of up to EUR 3,500,000.00 to the extent necessary to issue shares to employees of Linde AG and/or its affiliated companies while excluding the subscription rights of shareholders.

**Authorised Capital II:**

Based on a resolution passed at the Annual General Meeting on 3 May 2016, the Executive Board was authorised, with the approval of the Supervisory Board, to increase capital subscribed by up to EUR 47,000,000 until 2 May 2021 against cash or non-cash contributions by issuing, on one or more occasions, a total of up to 18,359,375 new bearer shares at a notional par value of EUR 2.56 (Authorised Capital II).

The new shares must be offered for subscription to the shareholders. However, the Executive Board is entitled, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders for the residual amounts, and to exclude subscription rights to the extent that holders of options and/or convertible bonds issued by Linde AG or any of its direct or indirect subsidiaries may be granted the subscription rights to new shares to which they are entitled when they exercise their rights of conversion or option rights or settle the conversion obligation. Moreover, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude the subscription rights of shareholders, provided the issue price of the new shares arising from a capital increase against cash contributions is not significantly lower than the price of shares traded on the stock exchange at the time the issue price is finally determined, which should be as soon as possible after the placement of the shares, and the proportion of the capital subscribed constituted by the shares does not exceed 10 percent of the capital subscribed either when this authorisation becomes effective or when it is exercised. In determining the capital limit, account must be taken of that part of the capital subscribed which relates to those shares which are used to service the options and/or convertible bonds. This is only the case if the options

and/or convertible bonds are issued in accordance with § 186 (3), sentence 4, of the German Stock Corporation Law (AktG) while excluding the subscription rights of the shareholders during the lifetime of this authorisation. Account must also be taken of that part of the share capital which relates to those shares which are issued on the basis of authorised capital, or sold after being repurchased as own shares, during the lifetime of this authorisation in accordance with § 186 (3), sentence 4, of the German Stock Corporation Law (AktG). The Executive Board is also authorised, with the approval of the Supervisory Board, to exclude the subscription rights in the case of capital increases against non-cash contributions, especially in the course of the acquisition of companies, businesses or investments in companies, or on the formation of business combinations. The Executive Board is authorised to determine the remaining details of the capital increase and its implementation, with the approval of the Supervisory Board. The new shares can also be transferred to certain banks specified by the Executive Board, which assume the responsibility of offering them to shareholders (indirect subscription rights).

**Conditionally authorised capital**

The conditionally authorised capital at 31 December 2017 comprised the following:

**2012 conditionally authorised capital:**

The issued share capital can be increased by up to EUR 10,240,000 by the issue of up to 4,000,000 new bearer shares with a notional par value of EUR 2.56 if certain conditions are met (2012 conditionally authorised capital). The conditionally authorised increase in capital is approved solely for the purpose of granting subscription rights (share options) to members of the Executive Board of the company, members of the executive bodies of affiliated companies within Germany and outside Germany and to selected executives in the company and in affiliated companies within Germany and outside Germany in accordance with the provisions set out in the authorisation agreed at the Annual General Meeting on 4 May 2012 (Long Term Incentive Plan 2012). The conditionally authorised share capital will only be issued if subscription rights are exercised in accordance with the authorisation granted and the company does not meet its obligation in cash or with own shares. The new shares issued as a result of the exercise of options are first entitled to dividend in the financial year in which, at the date of their issue, a resolution has not yet been passed at the Annual General Meeting regarding the appropriation of profit.

### **2013 conditionally authorised capital:**

The issued share capital can be increased by up to EUR 47,000,000.00 by the issue of up to 18,359,375 new bearer shares with a notional par value of EUR 2.56 if certain conditions are met (2013 conditionally authorised capital). The increase in share capital will only take place if (i) the holders and/or creditors of the convertible bonds or warrant-linked bonds, both existing bonds and in addition convertible and/or warrant-linked bonds to be issued by the company or by group companies controlled by the company by 28 May 2018, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 29 May 2013, exercise their conversion or option rights or if (ii) the holders and/or creditors of convertible bonds to be issued by the company or by group companies controlled by the company by 28 May 2018, as a result of the authorisation granted to the Executive Board by the resolution passed at the Annual General Meeting on 29 May 2013, settle their conversion obligation, although in cases (i) and (ii) only insofar as own shares are not used for this purpose. The new shares are issued at the option or conversion price to be determined in each case in accordance with the resolution regarding authorisation referred to above. The new shares participate in profit from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or settlement of the conversion obligation. The Executive Board is authorised to determine the remaining details of the conditionally authorised capital increase, with the approval of the Supervisory Board.

### **Authorisation to purchase own shares:**

The Executive Board is authorised until 2 May 2021 by a resolution passed at the Annual General Meeting on 3 May 2016 to acquire own shares up to 10 percent of capital subscribed at the date of the resolution or, if lower, of the capital subscribed at the date the relevant authorisation is exercised.

These shares may be purchased on the stock exchange, by way of a public purchase offer addressed to all shareholders or by way of a public invitation to all shareholders to submit sale offers.

The own shares purchased under this authorisation may:

- be sold via the stock exchange or by an offer to all shareholders,
- with the approval of the Supervisory Board, also be sold otherwise,
- with the approval of the Supervisory Board, be offered and transferred in the context of the direct or indirect acquisition of companies, businesses or investments in companies, and in the context of the formation of business combinations,

- be appropriated to settle option and/or convertible bonds which the company or a direct or indirect subsidiary of the company has issued or will issue,
- be granted, in the case of a sale of acquired own shares by an offer to all shareholders or a capital increase with subscription rights, to holders of option and/or conversion rights issued by the company or a direct or indirect subsidiary of the company in the same amount as that to which they would have been entitled after exercising the option and/or conversion rights or after settlement of a conversion obligation,
- be granted in fulfilment of the company's obligations under the Performance Share Programme, which forms part of the Long Term Incentive Plan 2012, following the resolution passed at the Annual General Meeting on 4 May 2012 (agenda item 8),
- be issued to members of the Executive Board and to persons currently or formerly employed by the company, and to members of executive bodies of Linde AG's affiliated companies, or be used to service the rights or obligations to purchase own shares attributable to the persons named heretofore, or
- be redeemed, with the approval of the Supervisory Board.

The company holds a total of 95,109 own shares. These shares comprise EUR 243,479.04 (or 0.05 percent) of the capital subscribed.

### **Authorisation to use derivatives when purchasing own shares**

In addition to the resolution passed at the Annual General Meeting held on 3 May 2016 which authorised the Executive Board to acquire own shares, a further resolution passed at the AGM on 3 May 2016 authorised the Executive Board until 2 May 2021 to use equity derivatives as another potential means of acquiring own shares.

The Executive Board is authorised:

- to purchase options which when exercised give the company the right to acquire shares in the company (call options),
- to sell options which when exercised by the option holder give the company the obligation to acquire own shares in the company (put options),
- to enter into forward purchase contracts which give the company the right to acquire shares in the company at a fixed future date, and
- to combine the use of put and call options and forward exchange contracts when acquiring shares in the company (hereinafter all configurations mentioned above will be referred to as derivatives).

The number of shares purchased using derivatives may not exceed 5 percent of the share capital of the company when the resolution was passed or, if lower, of the share capital at the time the authorisation is exercised. The shares acquired as a result of this authorisation should be taken into account when considering the limit on own shares that may be acquired set out in the authorisation mentioned above.

### **Notifications of voting rights**

The company received the following notifications from investors who have in 2017 exceeded or fallen below certain threshold percentages of voting rights set out in §§ 21 ff. of the German Securities Trading Act (WpHG) (§§ 33 ff. WpHG since 3 January 2018):

#### **1. BlackRock**

In the course of 2017, BlackRock, Inc., Wilmington, DE, USA, submitted a total of five notifications of voting rights to Linde AG. In its most recent notification on 22 December 2017, BlackRock, Inc. informed us in writing in accordance with § 21(1) WpHG (§ 33(1) WpHG since 3 January 2018) that the share of voting rights in Linde AG which had been acquired by BlackRock, Inc. by 19 December 2017 stood at 5.39 percent of the voting rights (10,015,595 voting rights). Of the voting rights, 5.01 percent are attributable to BlackRock, Inc. in accordance with § 22 WpHG (§ 34 WpHG since 3 January 2018); a further 0.38 percent of the voting rights are held through instruments in accordance with § 25(1) No.1 WpHG (§ 38(1) No. 1 WpHG since 3 January 2018).

#### **2. Dodge & Cox International Stock Fund**

Dodge & Cox International Stock Fund, San Francisco, CA (USA) informed us in writing on 27 July 2017 in accordance with § 21(1) WpHG (§ 33(1) WpHG since 3 January 2018) that the share of voting rights in Linde AG acquired by Dodge & Cox International Stock Fund by 24 July 2017 was 3.03 percent (5,623,837 voting rights) and had exceeded the 3 percent threshold in accordance with § 21(1) WpHG (§ 33(1) WpHG since 3 January 2018). Previously, Dodge & Cox had informed us in accordance with § 21(1) WpHG (§ 33(1) WpHG since 3 January 2018) that the share of voting rights in Linde AG held by Dodge & Cox exceeded the 3 percent threshold of voting rights on 28 March 2017 and on that day stood at 3.01 percent (5,596,008 voting rights) in accordance with § 22 WpHG (§ 34 WpHG since 3 January 2018).

#### **3. Eric Mandelblatt**

Eric Mandelblatt, Soroban Capital GP LLC, New York, NY (USA) informed us in writing on 30 June 2017 in accordance with § 25(1) No. 1 and No. 2 WpHG (§ 38(1) No. 1 and No. 2 WpHG since 3 January 2018) that on 26 June 2017 he held 5.33 percent of the voting rights in Linde AG (9,901,789 voting rights) through various instruments and had therefore exceeded the 5 percent threshold of voting rights in accordance with § 25(1) in conjunction with § 21(1) WpHG (§ 38(1) in conjunction with § 33(1) WpHG since 3 January 2018).

#### **4. Norges Bank**

In 2017, there was no change in the voting rights in Linde AG held by Norges Bank; it continued to hold 5.14 percent of the voting rights (9,546,648 voting rights) which are attributable to it in accordance with § 22 WpHG (§ 34 WpHG since 3 January 2018).

#### **5. Massachusetts Financial Services Company (Sun Life Financial Inc.)**

Massachusetts Financial Services Company informed us in writing on 31 March 2017, subsequent to Sun Life Financial Inc. informing us in writing on 27 March 2017, that the voting rights held directly and indirectly by Massachusetts Financial Services Company would in future no longer be attributable to its holding company Sun Life Financial Inc. in accordance with §§ 22(1), 22a WpHG (§§ 34(1), 35 WpHG since 3 January 2018). The voting rights held by Sun Life Financial Inc. as a result of attribution therefore fell from 4.98 percent of the voting rights (9,240,255 voting rights) to 0.002 percent (3,620 voting rights).

STATEMENT OF CHANGES IN EQUITY IN LINDE AG

10

<i>in € million</i>	<i>Capital subscribed</i>	<i>Capital reserve</i>	<i>Other retained earnings</i>	<i>Un- appropri- ated profit</i>	<i>Total equity</i>
<b>AT 01.01.2016</b>	<b>475</b>	<b>6,563</b>	<b>2,167</b>	<b>640</b>	<b>9,845</b>
Dividend payments	-	-	-	-640	-640
Transfer to other retained earnings	-	-	252	-252	-
Changes as a result of share option schemes	-	-	-	-	-
Own shares	-	-	-	-	-
Net income	-	-	-	939	939
Change as a result of merger/demerger	-	-	-	-	-
<b>AT 31.12.2016/AT 01.01.2017</b>	<b>475</b>	<b>6,563</b>	<b>2,419</b>	<b>687</b>	<b>10,144</b>
Dividend payments	-	-	-	-687	-687
Transfer to other retained earnings	-	-	-	-	-
Transfer from other retained earnings	-	-	-1,087	1,087	-
Changes as a result of share option schemes	-	-	-	-	-
Own shares	-	-	-	-	-
Net income	-	-	-	212	212
Change as a result of merger/demerger	-	-	-	-	-
<b>AT 31.12.2017</b>	<b>475</b>	<b>6,563</b>	<b>1,332</b>	<b>1,299</b>	<b>9,669</b>

The amount transferred to Other retained earnings in accordance with § 58(2) of the German Stock Corporation Law (AktG) in 2017 was EUR 0 m (2016: EUR 252 m).

In 2017, an amount of EUR 1.087 bn was transferred from Other retained earnings (2016: EUR 0 m).

## [8] Provisions for pensions and similar obligations

The pension obligation at 31 December 2017 was EUR 994 m (2016: EUR 946 m).

Provisions for similar obligations are recognised in accordance with the rules set out in the German Accounting Law Modernisation Act (BilMoG) and include in particular bridging payments and the obligation to Linde AG employees in respect of the salary conversion scheme (Linde Vorsorgeplan or Linde Pension Plan). To meet this obligation, monies are held on a fiduciary basis on behalf of Linde AG by Linde Vorsorge Aktiv Fonds e.V. No other creditors have access to these pension assets, which have been offset against the pension liability. As the Linde Pension Plan involves obligations which are tied to securities, any amounts relating to the measurement of those assets at fair value which are offset against the pension obligation are not barred from distribution.

### PROVISION FOR PENSIONS

11

<i>in € million</i>	<i>31.12.2016</i>	<i>31.12.2017</i>
Pension obligation	946	994
Fair value of plan assets	758	768
<b>NET PENSION PROVISION</b>	<b>188</b>	<b>226</b>
Historical cost of plan assets	520	520

### OBLIGATION FROM LINDE PENSION PLAN

12

<i>in € million</i>	<i>31.12.2016</i>	<i>31.12.2017</i>
Settlement amount arising from Linde Pension Plan	126	148
Fair value of plan assets	126	149
<b>NET OBLIGATION FROM LINDE PENSION PLAN</b>	<b>-</b>	<b>(1)</b>
Historical cost of plan assets	96	110

## [9] Other provisions

### OTHER PROVISIONS

<i>in € million</i>	31.12.2016	31.12.2017
Tax provisions	223	193
Sundry provisions	596	599
	<b>819</b>	<b>792</b>

Sundry provisions include amounts set aside for:

- outstanding invoices and invoices for goods and services which have not yet been received,
- personnel expenses,
- warranty obligations and risks relating to transactions in the course of completion,
- other obligations and risks from current transactions.

The provisions for obligations in Linde AG relating to pre-retirement part-time work are calculated on the basis of individual contractual agreements.

Tax provisions fell in the 2017 financial year mainly as a result of a reassessment of tax risks arising from the progress of current tax audits.

Under the rules set out in the German Accounting Law Modernisation Act (BilMoG), the amount recognised in the financial statements in respect of certain sundry provisions would have been lower than the amount recognised under the old rules. In accordance with Article 67(1) of the Introductory Act to the German Commercial Code (EGHGB), Linde AG has availed itself of the option to retain the current valuation in respect of these sundry provisions, as it is expected that this effect will reverse by 31 December 2024. The amount that would have been recognised under BilMoG for sundry provisions was EUR 24 m (2016: EUR 24 m), whereas the amount actually recognised under the old rules was EUR 25 m (2016: EUR 25 m).

## [10] Liabilities

### LIABILITIES

<i>in € million</i>	<i>Due within one year 31.12.2016</i>	<i>Due in one to five years 31.12.2016</i>	<i>Due in more than five years 31.12.2016</i>	<i>Total 31.12.2016</i>	<i>Due within one year 31.12.2017</i>	<i>Due in one to five years 31.12.2017</i>	<i>Due in more than five years 31.12.2017</i>	<i>Total 31.12.2017</i>
Bonds	274	1,392	659	2,325	388	1,005	658	2,051
Bank loans and overdrafts	27	-	-	27	37	-	-	37
Advance payments received from customers	-	1,280	100	1,380	-	1,608	110	1,718
Trade payables	163	1	-	164	196	-	-	196
Amounts due from affiliated companies	1,960	3,018	519	5,497	3,462	2,249	519	6,230
of which relating to goods and services	62	-	-	62	82	-	-	82
Amounts due to related companies	2	-	-	2	2	-	-	2
of which relating to goods and services	2	-	-	2	2	-	-	2
Other liabilities	53	3	-	56	54	2	-	56
including taxes of	23	-	-	23	26	-	-	26
including social security of	-	-	-	-	-	-	-	-
<b>LIABILITIES</b>	<b>2,479</b>	<b>5,694</b>	<b>1,278</b>	<b>9,451</b>	<b>4,139</b>	<b>4,864</b>	<b>1,287</b>	<b>10,290</b>

Liabilities include financial liabilities of EUR 8.199 bn (2016: EUR 7.729 bn). Of these, EUR 5.160 bn (2016: EUR 4.411 bn) relates to the subsidiary Linde Finance B.V.

The bonds comprise the EUR 1 bn bond issued in September 2012 and the two bonds issued in April 2013, a EUR 650 m bond and a USD 500 m bond (equivalent to EUR 383 m). The bonds are fully non-convertible.

In addition, Linde AG began to conclude Credit Support Annexes (CSAs) with banks in the 2009 financial year. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The corresponding amounts due to banks have been disclosed

in bank loans and overdrafts since the agreements came into force in 2010. The amount currently disclosed in liabilities which relates to these agreements is EUR 37 m (2016: EUR 27 m).



# NOTES TO THE INCOME STATEMENT

## [11] Sales

The tables below provide an analysis of sales revenue by division and by geographical region:

### REVENUE – ANALYSIS BY DIVISION

<i>in € million</i>	2016	2017
Linde Gas	1,449	1,507
Linde Engineering	1,543	1,518
Linde Corporate Centre	2	2
Consolidation	-77	-69
	<b>2,917</b>	<b>2,958</b>

### REVENUE – ANALYSIS BY GEOGRAPHICAL REGION

<i>in € million</i>	2016	2017
Germany	1,024	1,085
Other Europe	866	777
Americas	266	259
Asia	686	796
Africa	49	14
Australia	26	27
	<b>2,917</b>	<b>2,958</b>

## [12] Other operating income

### OTHER OPERATING INCOME

<i>in € million</i>	2016	2017
Profit on disposal of non-current and current assets	7	13
Exchange rate gains	111	113
Income from the release of provisions	47	49
Charges to Group companies	1	3
Financial result from long-term construction contracts	11	8
Sundry income	22	9
	<b>199</b>	<b>195</b>

The financial result from long-term construction contracts is included in Other operating income. Interest which does not relate to long-term construction contracts is disclosed under the Financial result heading.

Income from the release of provisions relates mainly to the Linde Engineering Division. In plant construction, it is often the case that there is a change in the evaluation of risk for the execution of major projects. The provisions established are therefore reviewed and adjusted to take account of the latest information available.

## [13] Other operating expenses

### OTHER OPERATING EXPENSES

<i>in € million</i>	2016	2017
Exchange rate losses	67	115
Sundry expenses	44	99
	<b>111</b>	<b>214</b>

The increase is mainly due to expenses incurred as a result of the proposed merger with Praxair. These expenses totalled EUR 88 m in 2017.

## [14] Investment income

### INVESTMENT INCOME

<i>in € million</i>	2016	2017
Income from profit-sharing agreements	182	132
Investment income	689	272
of which from affiliated companies	689	272
	<b>871</b>	<b>404</b>

Investment income includes distributions received in the current year from Linde AG's subsidiaries.

## [15] Other interest and similar income and charges

### OTHER INTEREST AND SIMILAR INCOME AND CHARGES

<i>in € million</i>	2016	2017
Sundry interest and similar income	213	193
<b>OTHER INTEREST AND SIMILAR INCOME</b>	<b>213</b>	<b>193</b>
Expense from pension obligations (net)	(38)	72
Interest cost from pension obligations	29	82
Valuation result from plan assets relating to pension obligations	67	10
Unwinding of discount of long-term provisions	9	6
Sundry interest and similar charges	252	234
<b>OTHER INTEREST AND SIMILAR CHARGES</b>	<b>223</b>	<b>312</b>

The interest cost from pension obligations increased as a result of the reduction in the discount rate for pension obligations and as a result of lower exchange rate gains from the valuation of plan assets relating to pension obligations.

## [16] Taxes on income

In the reporting period, an income tax expense of EUR 9 m was recognised (2016: EUR 10 m). This expense relates to current tax and does not include any deferred tax. The figure for the current tax expense takes account of the release of tax provisions based on a reassessment of the tax risks arising from the progress in current tax audits.

Deferred tax was calculated on the basis of a review of the temporary differences between the carrying amount of the assets, liabilities, prepayments and deferrals in accordance with German commercial law and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities arising from the recognition of reserves allowable only for tax purposes in accordance with § 6b of the German Income Tax Law (EStG) were offset against deferred tax assets arising from the different treatment of pension provisions for tax purposes and in the financial statements. Since the adoption of the German Accounting Law Modernisation Act (BilMOG) and in the reporting period, the review of differences has resulted in a net deferred tax asset, calculated on the basis of a combined income tax rate of 27.38 percent (Linde AG and its subsidiaries). In accordance with the option set out in § 274(1), sentence 2, of the German Commercial Code (HGB), this has not been recognised as an asset.

## SUPPLEMENTARY INFORMATION ON THE NOTES

### [17] Contingent liabilities and other financial commitments

#### CONTINGENT LIABILITIES

<i>in € million</i>	2016	2017
Guarantees	1	1
Warranties	9,422	9,399
<b>TOTAL</b>	<b>9,423</b>	<b>9,400</b>
of which relating to affiliated companies	9,423	9,400
of which relating to pensions	-	-

Contingent liabilities in respect of warranties comprise amounts issued by Linde Finance B.V. under the Debt Issuance Programme (total volume EUR 10 bn).

In its capacity as the holding company of The Linde Group, Linde AG assumes warranty obligations on behalf of its subsidiaries, associates and joint ventures. Some of these warranties are performance warranties relating to current and future projects, especially in the Linde Engineering Division. Others are guarantees issued on behalf of individual affiliated companies outside Germany that those companies will continue as going concerns.

We regard the risk of any claim being made in respect of the contingent liabilities as extremely low. This assessment is based on many years of experience of such matters.

#### Other financial commitments

The total amount of other financial commitments at 31 December 2017 in Linde AG was EUR 120 m (2016: EUR 124 m). This comprises capital commitments of EUR 25 m (2016: EUR 35 m), commitments arising from lease agreements of EUR 81 m (2016: EUR 89 m) and purchase commitments within the Group of EUR 14 m (2016: EUR 0 m).

The Linde Engineering Division regularly enters into contracts with consortium partners to build turnkey industrial plants, under which the consortium partners assume joint and several liability to the customer for the total volume of the contract. There are clear internal rules here as to how the liability should be split between the partners. At present, there are plant construction orders with one of our consortium partners totalling EUR 43 m (2016: EUR 773 m). Based on many years of experience and careful selection of its consortium partners, Linde currently anticipates that there will be no claim on the joint and several liability and has therefore not disclosed any contingent liabilities in respect of these contracts.

Lease agreements which are not required to be disclosed in the balance sheet are an important part of Linde AG's business activities. These lease agreements with third parties relate in particular to land and buildings, commercial vehicles, company cars, and other factory and office equipment. Future lease payments relating to these types of lease agreement fall due as follows:

#### OBLIGATIONS UNDER NON-CANCELLABLE OPERATING LEASES

<i>in € million</i>	2016	2017
Total minimum lease payments		
Due within one year	21	21
Due in one to five years	48	47
Due in more than five years	20	13
	<b>89</b>	<b>81</b>

According to the provisions of the German Commercial Code (HGB) and other German principles of proper accounting, there are some transactions which do not require disclosure in the financial statements. In Linde AG, these transactions comprise mainly lease agreements and agreements covering the outsourcing of operating functions. Agreements covering the outsourcing of operating functions relate principally to IT, bookkeeping, and transport and logistics services. These transactions do not have a significant impact on the financial statements of Linde AG.

## [18] Auditors' fees and services

An analysis of the auditors' total fee for the 2017 financial year as required by § 285 No. 17 of the German Commercial Code (HGB) is presented in the relevant note in the Notes to the Group financial statements.

The fees relating to the audit of the financial statements comprise the cost of the audit of the Group financial statements of The Linde Group, the audit of the annual financial statements of Linde AG and the audit of the subsidiaries included in the Group financial statements, as well as the cost of the reviews of the quarterly financial statements of the Group. Other attestation services relate mainly to the issue of comfort letters, due diligence reviews and other reviews provided for by law or stipulated in a contract, such as those performed in accordance with the German Renewable Energy Act (EEG), the European Market Infrastructure Regulation (EMIR) or § 20 of the German Securities Trading Law (WpHG).

Tax consultancy costs relate mainly to the preparation of tax returns, transfer pricing analyses, tax advice concerning current or proposed business transactions, and the evaluation of specific tax matters. The fees for other services relate mainly to consultancy services in respect of the first-time application of new accounting standards (such as IFRS 9, IFRS 15 and IFRS 16), the review of IT systems and the use of IT applications, advice and quality assurance concerning the implementation of current and potential future regulatory requirements (including the EU General Data Protection Regulation and the Sarbanes-Oxley Act), as well as to support the Group's preparation for its proposed merger with Praxair Inc.

## [19] Related party transactions

Related parties are persons or entities which may exercise an influence on Linde AG or over which Linde AG may have significant influence.

Related party transactions comprise mainly transactions with affiliated companies, joint ventures or associates. They principally concern rental, service and financing transactions and the supply of goods. The business relationships with these companies are conducted under the same conditions as for non-related third parties. Related companies which are controlled by Linde AG, whether directly or indirectly, or over which Linde AG may exercise significant influence are disclosed in the list of shareholdings.

At the balance sheet date, there were no charge-free guarantee agreements with associates and joint ventures in The Linde Group.

For related party transactions with individuals, see also the information set out in ► [NOTE \[26\]](#).

## [20] Cost of materials

### COST OF MATERIALS

<i>in € million</i>	2016	2017
Cost of raw materials and supplies and goods purchased for resale	1,098	1,299
Cost of external services	143	191
	<b>1,241</b>	<b>1,490</b>

## [21] Personnel expenses

### PERSONNEL EXPENSES

<i>in € million</i>	2016	2017
Wages and salaries	600	708
Social security contributions	77	77
Pension costs and staff welfare costs	19	23
of which from pension costs	18	22
	<b>696</b>	<b>808</b>

The increase in wages and salaries despite a fall in the number of employees was mainly due to one-off payments relating to the restructuring project and to expenses relating to the share option scheme.

## [22] Income and expenses relating to prior or future periods

In the 2017 financial year, income relating to other accounting periods of EUR 87 m (2016: EUR 98 m) and expenses relating to other accounting periods of EUR 5 m (2016: EUR 5 m) were included in the income statement of Linde AG. The income from other accounting periods relates mainly to income from the release of provisions.

## [23] Employees

The average number of employees (including part-time employees pro-rata) can be allocated to the different divisions of Linde AG as follows:

### AVERAGE NUMBER OF EMPLOYEES

25

	2016	2017
Linde Gas Division	2,805	2,739
Linde Engineering Division	3,210	3,077
Corporate Centre	303	276
<b>LINDE AG</b>	<b>6,318</b>	<b>6,092</b>

## [24] Share option scheme

### *Linde Performance Share Programme 2012*

It was resolved at the Annual General Meeting of Linde AG held on 4 May 2012 to introduce a performance share programme for management (Long Term Incentive Plan 2012 – LTIP 2012) under which up to 4 million options can be issued over a total period of five years. For this purpose, the issued share capital can be increased by up to EUR 10,240,000 by the issue of up to 4 million bearer shares with a notional par value of EUR 2.56 if certain conditions are met (2012 conditionally authorised capital).

The options may be issued in annual tranches during the authorised period. Each option confers the right to purchase one share in Linde AG at the exercise price, which is equivalent in each case to the lowest issue price, currently EUR 2.56 per share. Linde AG may decide, at its own discretion, at any time until the beginning of the exercise period that the option entitlements of the option holders may be met by providing own shares or making a payment in cash instead of issuing new shares out of the share capital conditionally authorised for this purpose. The Linde Performance Share Programme 2012 is designed as share-based payment with compensation provided in the form of equity instruments. Each individual tranche may be issued within a period of 16 weeks after the Annual General Meeting of Linde AG. The options may not be exercised until a qualifying period has expired. The qualifying period begins on the issue date which has been determined and ends on the fourth anniversary of the issue date. If options are to be exercised, this must take place during a period of twelve months from the end of the relevant qualifying period (the exercise period).

### *Modification to LTIP 2012*

In the second quarter of 2017, it was resolved by the Executive Board and the Supervisory Board to modify the rules governing the Linde LTIP as regards options granted. In future, option rights may only be settled in cash.

Moreover, the options may only be exercised if and to the extent that the performance targets are met.

### *Performance targets*

The performance targets for each individual tranche of options are based on movements in (i) earnings per share and (ii) relative total shareholder return. Within each individual tranche of options, equal weighting is given to the earnings per share performance target and the relative total shareholder return performance target. Within each of these performance targets, a minimum target must be reached if the options are to become exercisable, and there is also a stretch target. If the stretch target for one of these performance targets is reached, all the options relating to that performance target become exercisable.

### *Earnings per share performance target*

The minimum target for the earnings per share performance target is reached if the diluted earnings per share of the company adjusted for special items for the financial year ending before the expiry of the qualifying period achieves a compound average growth rate of 6 percent when compared with the diluted earnings per share of the company adjusted for special items for the financial year ending before the issue of the options. The stretch target for the earnings per share performance target is reached if the diluted earnings per share of the company adjusted for special items for the financial year ending before the expiry of the qualifying period achieves a CAGR of at least 11 percent when compared with the diluted earnings per share of the company adjusted for special items for the financial year ending before the issue of the options. The calculation of the earnings per share performance target is derived from the diluted earnings per share of the company adjusted for special items disclosed in the audited Group financial statements of The Linde Group in the appropriate financial year. If no adjustment for special items has been made in that financial year, the relevant figure is the diluted earnings per share disclosed in the Group financial statements. Special items are items which, due to their nature, frequency and/or scope, might have an adverse impact on the extent to which the diluted earnings per share figure provides an informative picture of the ability of The Linde Group to sustain its profitability in the capital market. Adjusting diluted earnings per share for special items is designed to increase transparency in respect of the Group's ability to sustain profitability. If the minimum target is reached, 12.5 percent of all

the options in the relevant tranche may be exercised. If the stretch target is reached, 50 percent of all the options in the relevant tranche may be exercised: i.e. all the options depending on this performance target. If the minimum target is exceeded, but the stretch target is not reached, the number of options that may be exercised is determined on a straight-line basis and will lie between 12.5 percent and 50 percent of all options issued on the same issue date, depending on the extent by which the minimum target is exceeded and the proximity of the figure to the stretch target. If the calculation does not result in a round figure, the percentage should be rounded to one decimal point.

### ***Relative total shareholder return performance target***

The minimum target for the relative total shareholder return performance target is reached if the total shareholder return of the Linde AG share exceeds the median of the values for total shareholder return in the control group (described below) in the period between the issue date and the beginning of the exercise period. If the control group contains an even number of values, the average of the two values lying in the middle is deemed to be the median. The stretch target for the relative total shareholder return performance target is reached if the total shareholder return of the Linde AG share is in the upper quartile of the values for total shareholder return in the control group in the period between the issue date and the beginning of the exercise period. The total shareholder return of the Linde AG share comprises (i) the absolute increase or decrease in the price of a Linde AG share when compared to its initial value and (ii) the dividend per share paid plus the value of any statutory subscription rights attributable to one Linde AG share (as a result of capital increases). In each case, the calculation relates to the period between (and inclusive of) the issue date and the third last stock exchange trading day in the Xetra trading system (or in a comparable successor system) of the Frankfurt Stock Exchange before the exercise period. The absolute increase or decrease in price of the Linde AG share corresponds to the difference between the average of the closing prices (or of equivalent successor prices) of Linde AG shares in the Xetra trading system (or in a comparable successor system) of the Frankfurt Stock Exchange over the period between (and inclusive of) the 62nd stock exchange trading day to the third last stock exchange trading day before the exercise period (the final value) and the initial value. The initial value of the share for the determination of the total shareholder return is the average of the closing prices (or of equivalent successor prices) of Linde AG shares on the last 60 stock exchange trading days in the Xetra trading system (or in a comparable successor system) of the Frankfurt Stock Exchange before the

issue date of the subscription rights. For the purposes of the LTIP 2012, the value of one statutory subscription right is the volume-weighted average of the closing prices in that period in which the subscription rights are traded in the Xetra trading system (or in a comparable successor system) of the Frankfurt Stock Exchange. The control group comprises companies in the DAX 30 at that time, with the exception of Linde itself. Companies which are either excluded from or included in the DAX 30 during the period on which the calculation of the total shareholder return is based are ignored for the purposes of the calculation. When determining the total shareholder return for shares in the control group, Linde may have recourse to data supplied by a recognised independent provider of financial data. If a company in the control group trades different classes of share or shares with differing profit entitlements on the stock exchange, only the shares which form the basis for the determination of the DAX 30 value are taken into consideration. If the minimum target is reached, 12.5 percent of all the options in that tranche may be exercised. If the stretch target is reached, 50 percent of all the options in that tranche may be exercised: i.e. all the options dependent on this performance target. If the minimum target is exceeded, but the stretch target is not reached, the number of options that may be exercised is determined on a straight-line basis and will lie between 12.5 percent and 50 percent of all options issued on the same issue date, depending on the extent by which the minimum target is exceeded and the proximity of the figure to the stretch target. If this calculation does not result in a round figure, the percentage should be rounded to one decimal point.

The total value calculated of the share options at the issue date is allocated as a personnel expense over the period in which the company receives service in return from the employee. This period is generally the same as the agreed qualifying period. The other side of the entry is made directly in provisions.

Movements during the financial year in share options outstanding are disclosed in the table below:

**OPTIONS – LONG TERM INCENTIVE PLAN 2012**

26

	<i>LTIP – Number of options</i>
<b>AT 01.01.2016</b>	<b>1,276,822</b>
of which exercisable at 31.12.2015	–
granted	349,874
exercised	–
forfeited	446,047
expired	–
<b>AT 31.12.2016/01.01.2017</b>	<b>1,180,649</b>
of which exercisable at 31.12.2016	–
granted	234,740
exercised	–
forfeited	418,758
expired	–
<b>AT 31.12.2017</b>	<b>996,631</b>
of which exercisable at 31.12.2017	–

The average remaining period in the LTIP 2012 is 23 months (2016: 25 months). The exercise price for all the tranches in the LTIP 2012 is EUR 2.56. From the date of the modification, the allocation of the expense is based on the updated number of options outstanding at the balance sheet date, the spot rate of the Linde AG share on the balance sheet date (EUR 194.65 per share) less the issue price of EUR 2.56 per share, the expected achievement of targets, and the extent of the performance reached by the balance sheet date.

**Personal investment, matching shares**

A pre-condition of participation in the LTIP 2012 for plan participants in Band 5 or above in Linde's internal management structure is compulsory personal investment in shares of the company at the beginning of each tranche of the scheme. In the case of members of the Executive Board, the number of shares that each individual Board member must purchase as a personal investment is determined by the Supervisory Board. For other Linde executives in Band 5 or above, it is the Executive Board which determines the number of shares which must be purchased by each individual. For each share acquired by a scheme participant as a personal investment and held by the participant in respect of each tranche throughout the qualifying period for the options, one matching share in Linde AG will be granted at the end of the qualifying period at no cost to the participant. However, Linde is permitted to pay an amount in cash to those entitled to options instead of granting them matching shares. Conditions which apply to the granting of matching shares include:

a personal investment in Linde AG shares by the scheme participant at the appropriate times, the unrestricted holding of such shares during the qualifying period of the corresponding tranche and, except in the event of the termination of the service or employment contract of the scheme participant before the end of the qualifying period (special cases) when different rules shall apply, the existence of a service or employment contract with the scheme participant at the end of the qualifying period in respect of which no notice has been given. Plan participants in Band 4 of Linde's internal management structure may make a voluntary personal investment in Linde AG shares and will be granted matching shares accordingly, subject to the aforementioned conditions.

**MATCHING SHARES – LONG TERM INCENTIVE PLAN 2012**

27

	<i>LTIP – Number of matching shares</i>
<b>AT 01.01.2016</b>	<b>119,176</b>
granted	38,950
expired	–
forfeited	14,954
allocated	32,330
<b>AT 31.12.2016/01.01.2017</b>	<b>110,842</b>
granted	27,722
expired	–
forfeited	18,224
allocated	25,938
<b>AT 31.12.2017</b>	<b>94,402</b>

**Modification to personal investment, matching shares**

In the second quarter of 2017, it was resolved by the Executive Board and the Supervisory Board to modify the rules governing the Linde LTIP also as regards personal investment, matching shares. In future, matching shares may only be settled by a payment in cash. The cash settlement is calculated on the basis of the price of Linde shares on the last 60 stock exchange trading days of the qualifying period.

The allocation of matching shares in the 2013 tranche was made in the form of a payment of an amount in cash of EUR 2.2 m (2016: 2012 tranche, EUR 2.1 m).

## [25] Derivative financial instruments

Linde AG is exposed to interest rate risks, currency risks and commodity risks in the course of its operating activities. These risks are reduced by the use of derivatives. There are uniform guidelines as to the use of derivatives, and compliance with these guidelines is constantly monitored.

The main derivatives used in Linde AG are interest rate swaps, cross-currency interest rate swaps, forward exchange transactions and commodity forwards. Occasionally, options are also used.

### *Measurement information for financial instruments*

The fair value of financial instruments is generally determined using stock exchange prices. If stock exchange prices are not available, the fair value is determined using measurement methods customary in the market, based on market parameters specific to the instrument. The fair value of derivative financial instruments is determined as follows. Options are valued by external partners using the Black-Scholes option pricing model. Futures are measured with recourse to the stock exchange price in the relevant market. All other derivative financial instruments are measured by discounting expected future cash flows using the net present value method. As far as possible, the entry parameters used in these models are relevant observable market prices and interest rates at the balance sheet date.

Derivative financial instruments in Linde AG are generally recorded on the trading day in accordance with the rules set out in the German Commercial Code (HGB). Negative fair values are recognised in provisions according to the principle of the lower of cost or market, while positive fair values are not recognised until they are realised.

If an asset or liability, or a transaction in the course of completion or a highly probable forecast transaction, is hedged, the derivative and the underlying transaction are treated as a micro-hedge using the net hedge presentation method. In the case of a micro-hedge, the hedging instruments are usually concluded so that they match the risk to be hedged exactly. This ensures that the changes in fair value or the cash flows arising from the derivative and the underlying transaction (which have an equal and opposite effect) occur at the same time.

Provisions of EUR 29 m (2016: EUR 25 m) have been made for financial instruments with negative fair values. Of this amount, EUR 24 m (2016: EUR 20 m) related to swap transactions. In 2017, a provision of EUR 5 m was made in respect of forward exchange transactions (2016: EUR 5 m).

In the 2017 financial year, advance payments received for swap transactions of EUR 16 m (2016: EUR 28 m) were recognised in other liabilities and advance payments made of EUR 2 m (2016: EUR 3 m) were recognised in other receivables and then released to profit or loss over the life of the instrument.

### *Counterparty risk*

Linde AG does not believe it has any significant exposure to counterparty risk arising from any individual counterparty. The concentration of the counterparty risk is limited due to the company's broad and uncorrelated customer base. The counterparty risk from derivative financial instruments is limited due to the fact that the counterparties are banks which have good credit ratings from international rating agencies. In addition, an early warning and monitoring system has been implemented and Credit Support Annexes (CSAs) have been concluded with banks. Under these agreements, the positive and negative fair values of derivatives held by Linde AG are collateralised with cash on a regular basis. The amount included in receivables which relates to these agreements is EUR 31 m (2016: EUR 292 m), while the amount included in liabilities is EUR 37 m (2016: EUR 27 m). The risk positions outstanding are subject to strict limits and are continually monitored.

### *Currency risks*

Linde AG generally enters into forward exchange contracts to hedge the exposure to risks arising from fluctuations in receivables, payables and liabilities denominated in foreign currencies, as well as from contracts in the course of completion and forecast transactions. The forecast transactions which are hedged are mainly planned purchase or sale transactions in foreign currency. Individual hedging relationships are recognised with the derivative and underlying transaction being treated as a micro-hedge.

The company sometimes adopts a portfolio approach for foreign currency risks arising from project business in the Linde Engineering Division. Under this approach, the individual risks are matched centrally and the net position is hedged using forward exchange contracts or foreign exchange options.

Forward exchange transactions are also used to hedge the exposure to foreign currency risks arising from internal financing.



### *Interest rate risks*

Linde AG is refinanced mainly through the issue of bonds and medium-term notes in various currencies by Linde Finance B.V. or by the issue of its own bonds. Linde hedges the exposure to the resulting future interest rate and currency risks by entering into appropriate interest rate and cross-currency interest rate swaps. Individual hedging relationships are recognised with the derivative and underlying transaction being treated as a micro-hedge.

At the Linde AG level, capital market liabilities passed on are hedged. Interest rate swaps are used for this. These have the effect of transforming liabilities at variable interest rates into fixed-interest liabilities or vice versa. In addition, interest rate risks which relate to future financing measures are hedged using forward payer swaps.

Due to the centralised management of interest rate risks, Linde AG also holds some derivative financial instruments which are used to hedge the exposure to interest rate risks of liabilities within The Linde Group.

DERIVATIVES AND HEDGE RELATIONSHIPS – 2016

At 31.12.2016	Short-term		Long-term				Total		
	Due within one year		Due in one to five years		Due in more than five years		Hedged risk		
	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount	Nominal amount
<i>Forward exchange contracts</i>									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	1	19	-	-	-	-	1	19	19
thereof assets	1	25	-	-	-	-	1	25	25
thereof liabilities	-	6	-	-	-	-	-	6	6
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS AND HIGHLY PROBABLE FORECAST TRANSACTIONS	2	36	-1	-30	-	-	1	6	6
thereof assets	112	2,574	31	494	-	-	143	3,068	3,068
thereof liabilities	110	2,538	32	524	-	-	142	3,062	3,062
NO HEDGE RELATIONSHIP	2	12	1	14	-	-	3	26	
thereof assets	7	126	1	16	-	-	8	142	
thereof liabilities	5	114	-	2	-	-	5	116	
<b>TOTAL</b>	<b>5</b>	<b>67</b>	<b>-</b>	<b>-16</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>51</b>	
thereof assets	120	2,725	32	510	-	-	152	3,235	
thereof liabilities	115	2,658	32	526	-	-	147	3,184	
<i>Swap transactions</i>									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	-56	-308	67	291	-35	-637	-24	-654	654
thereof assets	-	-	97	1,175	15	44	112	1,219	1,219
thereof liabilities	56	308	30	884	50	681	136	1,873	1,873
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS AND HIGHLY PROBABLE FORECAST TRANSACTIONS	-32	-200	-	-	-194	-1,695	-226	-1,895	1,895
thereof assets	62	339	15	428	47	435	124	1,202	1,202
thereof liabilities	94	539	15	428	241	2,130	350	3,097	3,097
NO HEDGE RELATIONSHIP	3	726	21	76	-1	-335	23	467	
thereof assets	3	726	36	515	11	324	50	1,565	
thereof liabilities	-	-	15	439	12	659	27	1,098	
<b>TOTAL</b>	<b>-85</b>	<b>218</b>	<b>88</b>	<b>367</b>	<b>-230</b>	<b>-2,667</b>	<b>-227</b>	<b>-2,082</b>	
thereof assets	65	1,065	148	2,118	73	803	286	3,986	
thereof liabilities	150	847	60	1,751	303	3,470	513	6,068	
<i>Commodity forwards</i>									
HEDGE RELATIONSHIP WITH PENDING TRANSACTIONS	-	-	-	-	-	-	-	-	
thereof assets	3	13	-	-	-	-	3	13	
thereof liabilities	3	13	-	-	-	-	3	13	

DERIVATIVES AND HEDGE RELATIONSHIPS – 2017

29

At 31.12.2017	Short-term		Long-term				Total		
	Due within one year		Due in one to five years		Due in more than five years		Market value	Nominal amount	Hedged risk Nominal amount
	Market value	Nominal amount	Market value	Nominal amount	Market value	Nominal amount			
<i>in € million</i>									
<b>Forward exchange contracts</b>									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	-	-7	-	-	-	-	-	-7	-7
thereof assets	-	-	-	-	-	-	-	-	-
thereof liabilities	-	7	-	-	-	-	-	7	7
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS AND HIGHLY PROBABLE FORECAST TRANSACTIONS	-2	-41	-1	-23	-	-	-3	-64	-64
thereof assets	38	1,339	14	346	-	4	52	1,689	1,689
thereof liabilities	40	1,380	15	369	-	4	55	1,753	1,753
NO HEDGE RELATIONSHIP	-1	13	-1	-1	-	-	-2	12	
thereof assets	3	140	-	7	-	-	3	147	
thereof liabilities	4	127	1	8	-	-	5	135	
<b>TOTAL</b>	<b>-3</b>	<b>-35</b>	<b>-2</b>	<b>-24</b>	<b>-</b>	<b>-</b>	<b>-5</b>	<b>-59</b>	
thereof assets	41	1,479	14	353	-	4	55	1,836	
thereof liabilities	44	1,514	16	377	-	4	60	1,895	
<b>Swap transactions</b>									
HEDGE RELATIONSHIP WITH ASSETS AND LIABILITIES	27	-258	15	-5	14	-422	56	-685	685
thereof assets	37	532	18	313	18	100	73	945	945
thereof liabilities	10	790	3	318	4	522	17	1,630	1,630
HEDGE RELATIONSHIP WITH FIRM COMMITMENTS AND HIGHLY PROBABLE FORECAST TRANSACTIONS	-	-	-3	-83	-175	-1,600	-178	-1,683	1,683
thereof assets	16	293	6	104	1	382	23	779	779
thereof liabilities	16	293	9	187	176	1,982	201	2,462	2,462
NO HEDGE RELATIONSHIP	-	59	16	-150	-10	-299	6	-390	
thereof assets	-	59	26	503	8	304	34	866	
thereof liabilities	-	-	10	653	18	603	28	1,256	
<b>TOTAL</b>	<b>27</b>	<b>-199</b>	<b>28</b>	<b>-238</b>	<b>-171</b>	<b>-2,321</b>	<b>-116</b>	<b>-2,758</b>	
thereof assets	53	884	50	920	27	786	130	2,590	
thereof liabilities	26	1,083	22	1,158	198	3,107	246	5,348	
<b>Commodity forwards</b>									
HEDGE RELATIONSHIP WITH PENDING TRANSACTIONS	-	-	-	-	-	-	-	-	
thereof assets	2	10	-	-	-	-	2	10	
thereof liabilities	2	10	-	-	-	-	2	10	

## [26] Additional information about the Supervisory Board and Executive Board

### Supervisory Board

The emoluments of members of the Supervisory Board are based on the relevant provisions set out in the articles of association.

#### EMOLUMENTS OF THE SUPERVISORY BOARD (INCL. VAT) <sup>30</sup>

<i>in €</i>	2016	2017
Fixed emoluments	2,886,433	2,892,433
Attendance fees	133,280	149,940
<b>TOTAL EMOLUMENTS</b>	<b>3,019,713</b>	<b>3,042,373</b>

At 31 December 2017, there were no advances or loans to members of the Supervisory Board. This was also the case throughout 2017 and 2016. Moreover, the members of the Supervisory Board received no payments or advantages in 2017 or 2016 for services they provided individually, in particular advisory or agency services.

### Executive Board

The total emoluments of the Executive Board in accordance with the provisions of the German Commercial Code (HGB) and German Accounting Standard DRS 17 were as follows:

#### EMOLUMENTS OF THE EXECUTIVE BOARD IN ACCORDANCE WITH THE GERMAN COMMERCIAL CODE (HGB) <sup>31</sup>

<i>in €</i>	2016	2017
Fixed emoluments/ Benefits in kind/ Other benefits	3,772,668	3,479,379
Variable cash emoluments short-term	3,778,902	3,537,853
Variable cash emoluments long-term	2,519,268	2,358,568
<b>TOTAL CASH EMOLUMENTS</b>	<b>10,070,838</b>	<b>9,375,800</b>
Long Term Incentive Plan (value on the grant date)	2,875,045	2,925,039
<b>TOTAL EMOLUMENTS</b>	<b>12,945,883</b>	<b>12,300,839</b>
Service cost for pension obligation	736,174	842,576
<b>TOTAL REMUNERATION (HGB)</b>	<b>13,682,057</b>	<b>13,143,415</b>

#### SHARES GRANTED FROM SHARE-BASED PAYMENTS <sup>32</sup>

	2016		2017	
	Units	Value per unit when granted in €	Units	Value per unit when granted in €
Options (LTIP 2012)	41,196	55.83	29,840	78.42
Matching shares (LTIP 2012)	4,737	121.40	3,672	159.31

In 2017 and 2016, there were no advances or loans to members of the Executive Board.

Total remuneration paid to former members of the Executive Board and their surviving dependants amounted to EUR 2,944,748 (2016: EUR 10,202,212). A provision of EUR 47,625,733 (2016: EUR 46,747,736) has been made in Linde AG for current pensions and future pension benefits in respect of former members of the Executive Board and their surviving dependants.

In 2017, no post-employment benefits were payable (2016: EUR 6,565,134).

The remuneration report presents the basic features and structure of the remuneration of the Executive Board and Supervisory Board. It has been included in the Financial Report of The Linde Group as part of the combined management report.

## [27] Declaration of Compliance with the German Corporate Governance Code

The Executive Board and Supervisory Board of Linde AG approved the prescribed declaration pursuant to § 161 of the German Stock Corporation Act (AktG) on the recommendations of the German Corporate Governance Code and made it accessible to the shareholders on a permanent basis. The Declaration of Compliance has been published on the Internet at ► [WWW.LINDE.COM/DECLARATIONOFCOMPLIANCE](http://WWW.LINDE.COM/DECLARATIONOFCOMPLIANCE). A detailed commentary on corporate governance at Linde is set out in the Corporate Governance section of the Annual Report.

## [28] Other Board memberships

[Disclosures regarding other Board memberships are as at 31 December 2017 or as at the date of appointment to or retirement from the Supervisory Board]

### *Supervisory Board*

Members of the Supervisory Board of Linde Aktiengesellschaft are members of the following other German statutory supervisory boards and comparable German and foreign boards:

#### **PROFESSOR DR WOLFGANG REITZLE**

Chairman of the Supervisory Board of Linde AG,  
Former Chief Executive Officer of Linde AG

##### EXTERNAL OFFICES:

Axel Springer SE  
Continental AG (Chairman of the Supervisory Board)  
Medical Park (Chairman of the Supervisory Board)

##### EXTERNAL OFFICES:

Ivoclar Vivadent AG  
(Member of the Administrative Board)

#### **GERNOT HAHL**

Deputy Chairman of the Supervisory Board of Linde AG  
from 1 January 2018,  
Chairman of the Worms Works Council,  
Gases Division, Linde AG

#### **FRANZ FEHRENBACH**

Second Deputy Chairman of the Supervisory Board  
of Linde AG from 10 May 2017,  
Chairman of the Supervisory Board of Robert Bosch GmbH,  
Managing Partner of Robert Bosch Industrietreuhand KG

##### EXTERNAL OFFICES:

BASF SE  
Robert Bosch GmbH  
(Chairman of the Supervisory Board)  
STIHL AG (Deputy Chairman of the Supervisory Board)

##### EXTERNAL OFFICES:

STIHL Holding AG & Co. KG  
(Member of the Advisory Board)

#### **PROFESSOR DR ANN-KRISTIN ACHLEITNER**

Professor at the Technical University Munich

##### EXTERNAL OFFICES:

Deutsche Börse Aktiengesellschaft  
Münchener Rückversicherungs-Gesellschaft  
Aktiengesellschaft, Munich

##### EXTERNAL OFFICES:

ENGIE SA (Member of the Administrative Board)

#### **DR CLEMENS BÖRSIG**

Former Chairman of the Supervisory Board  
of Deutsche Bank AG

##### EXTERNAL OFFICES:

Daimler AG

##### EXTERNAL OFFICES:

Emerson Electric Co.  
(Member of the Board of Directors)

#### **ANKE COUTURIER**

Head of Global Pensions, Linde AG

#### **DR THOMAS ENDERS**

Chief Executive Officer of Airbus SE  
(Member of the Supervisory Board from 10 May 2017)

##### GROUP OFFICES:

Airbus Defence and Space GmbH  
(Chairman of the Supervisory Board)

##### EXTERNAL OFFICES:

WORLDVU Satellites Ltd. (OneWeb)  
(Member of the Board of Directors)

##### GROUP OFFICES:

Airbus SAS (Member of the Shareholder Board)  
Airbus Helicopters SAS  
(Chairman of the Supervisory Board)  
Airbus DS Holdings B.V.  
(Chairman of the Supervisory Board)

##### MEMBERSHIP OF OTHER GERMAN STATUTORY SUPERVISORY BOARDS

##### MEMBERSHIP OF COMPARABLE GERMAN AND FOREIGN BOARDS

**DR MARTIN KIMMICH**

2nd Authorised Representative, IG Metall Munich

— EXTERNAL OFFICES:

MTU Aero Engines AG  
Nokia Solutions and Networks Management GmbH

**DR VICTORIA OSSADNIK**

Vice President (VP) Enterprise Services Delivery  
of Microsoft Deutschland GmbH

**ANDREA RIES**

Chair of the Unterschleissheim Works Council,  
Gases Division, Linde AG  
(Member of the Supervisory Board from 1 January 2018)

**XAVER SCHMIDT**

Head of Department  
Chairman of IG Bergbau, Chemie, Energie Hanover

**FRANK SONNTAG**

Chairman of the Dresden Works Council,  
Engineering Division, Linde AG

**The following members retired from  
the Supervisory Board in the 2017 financial year:**

**MICHAEL DIEKMANN**

Second Deputy Chairman of the Supervisory Board  
of Linde AG,  
Chairman of the Supervisory Board of Allianz SE  
(Member and Second Deputy Chairman  
of the Supervisory Board until 10 May 2017)

— EXTERNAL OFFICES:

Allianz SE (Chairman of the Supervisory Board)  
BASF SE (Deputy Chairman of the Supervisory Board)  
Fresenius Management SE  
Fresenius SE & Co. KGaA  
(Deputy Chairman of the Supervisory Board)  
Siemens AG

**HANS-DIETER KATTE**

Deputy Chairman of the Supervisory Board of Linde AG,  
Member of the Pullach Works Council  
Engineering Division, Linde AG, until 31 December 2017  
(Member and Deputy Chairman of the Supervisory Board  
until 31 December 2017)

**Executive Board**

In addition to their individual management functions  
in affiliated companies and in companies in which an  
investment is held, members of the Executive Board of  
Linde Aktiengesellschaft are members of the following  
German supervisory boards and comparable German  
and foreign boards:

**PROFESSOR DR ALDO BELLONI**

Chief Executive Officer

— EXTERNAL OFFICES:

Evonik Industries AG

**DR CHRISTIAN BRUCH**

Member of the Executive Board

**BERND EULITZ**

Member of the Executive Board

— GROUP OFFICES:

African Oxygen Limited, Johannesburg,  
(Chairman of the Board of Directors)

**SANJIV LAMBA**

Member of the Executive Board

— GROUP OFFICES:

LINDE INDIA LIMITED  
(Chairman of the Board of Directors)

**DR SVEN SCHNEIDER**

Member of the Executive Board (from 8 March 2017)

— MEMBERSHIP OF OTHER GERMAN  
STATUTORY SUPERVISORY BOARDS

— MEMBERSHIP OF COMPARABLE  
GERMAN AND FOREIGN BOARDS

## [29] Restrictions on the distribution of profits

In accordance with § 253(6), sentence 2, and § 268(8) of the German Commercial Code (HGB), certain amounts included in the unappropriated profit, freely available reserves and profit brought forward are not available for distribution (i.e. are barred from distribution).

### AMOUNTS BARRED FROM DISTRIBUTION

33

<i>in € million</i>	2016	2017
Resulting from the change in the discount rate for pension obligations	113	141
Resulting from the measurement of plan assets at fair value	238	248
<b>NON-DISTRIBUTABLE AMOUNTS</b>	<b>351</b>	<b>389</b>

Despite the transfer made from Other retained earnings in 2017, the remaining amount in freely available revenue reserves is sufficient to cover the non-distributable amounts.



[30] List of shareholdings of  
The Linde Group and Linde AG  
at 31 December 2017 in  
accordance with § 285 No. 11  
of the German Commercial  
Code (HGB)

The results of companies acquired in 2017 are included as of the date of acquisition. The information about the equity and the net income or net loss of the companies is as at 31 December 2017 and complies with International Financial Reporting Standards, unless specifically disclosed below.

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

34

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
<b>Gases Division</b>							
<b>EMEA</b>							
AFROX – África Oxigénio, Limitada	Luanda	AGO	100		–	–	
LINDE GAS MIDDLE EAST LLC	Abu Dhabi	ARE	49	49	2.1	–3.9	f
LINDE HEALTHCARE MIDDLE EAST LLC	Abu Dhabi	ARE	49	49	–7.7	–1.3	f
LINDE HELIUM M E FZCO	Jebel Ali	ARE	100		4.7	0.6	
Linde Electronics GmbH	Stadl-Paura	AUT	100		11.4	1.5	
Linde Gas GmbH	Stadl-Paura	AUT	100		297.2	21.6	
PROVISIS Gase & Service GmbH	Bad Wimsbach-Neydharting	AUT	100		1.7	0.5	
Linde Gas Belgium NV	Grimbergen	BEL	100		3.9	0.9	
Linde Homecare Belgium SPRL	Scladina	BEL	100	100	3.7	0.5	
Linde Gas Bulgaria EOOD	Stara Zagora	BGR	100		7.7	–0.1	
"Linde Gaz Bel" FLLC	Telmy	BLR	100	99	0.3	–0.3	
AFROX GAS & ENGINEERING SUPPLIES (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100		–	–	
BOTSWANA OXYGEN COMPANY (PTY) LIMITED	Gaborone	BWA	100		–	–	
BOTSWANA STEEL ENGINEERING (PTY) LIMITED	Gaborone	BWA	100		–	–	
HANDIGAS (BOTSWANA) (PTY) LIMITED	Gaborone	BWA	100		–	–	
HEAT GAS (PTY) LIMITED	Gaborone	BWA	100		–	–	
KIDDO INVESTMENTS (PTY) LIMITED	Gaborone	BWA	100		–	–	
PanGas AG	Dagmersellen	CHE	100		103.8	23.5	
RDC GASES & WELDING (DRL) LIMITED	Lubumbashi	COD	100		0.8	–	
LINDE HADJIKYRIAKOS GAS LIMITED	Nicosia	CYP	51	51	10.6	1.7	
Linde Gas a.s.	Prague	CZE	100		183.2	57.8	
Linde Sokolovská s.r.o.	Prague	CZE	100		30.0	7.4	
Gas & More GmbH	Pullach	DEU	100		0.1	–	a
Hydromotive GmbH & Co. KG	Leuna	DEU	100	100	3.4	0.4	
Hydromotive Verwaltungs-GmbH	Leuna	DEU	100	100	0.1	–	
Linde Electronics GmbH & Co. KG	Pullach	DEU	100	100	21.7	–3.3	
Linde Electronics Verwaltungs GmbH	Pullach	DEU	100	100	14.8	3.2	
Linde Gas Produktionsgesellschaft mbH & Co. KG	Pullach	DEU	100	100	341.5	3.5	
Linde Gas Therapeutics GmbH	Oberschleißheim	DEU	100		47.2	–	a
Linde Gas Verwaltungs GmbH	Pullach	DEU	100	100	–	–	
Linde Hydrogen Concepts GmbH	Pullach	DEU	100		8.5	0.2	
Linde Remeo Deutschland GmbH	Blankenfelde-Mahlow	DEU	100		4.0	–	a

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
Linde Schweißtechnik GmbH	Pullach	DEU	100		1.2	-	a
Linde Welding GmbH	Pullach	DEU	100		0.4	-	a
MTA GmbH Medizin-Technischer-Anlagenbau	Mainhausen	DEU	100		0.1	-	a
Nauticor Beteiligungs-GmbH	Hamburg	DEU	100	100	-	-	
Nauticor GmbH & Co. KG	Hamburg	DEU	100	100	2.8	-1.7	
Tega-Technische Gase und Gasetechnik Gesellschaft mit beschränkter Haftung	Würzburg	DEU	100	6	2.8	-	a
Unterbichler Gase GmbH	Munich	DEU	100		1.0	-	a
AGA A/S	Copenhagen	DNK	100		25.0	11.6	
GI/LINDE ALGERIE SPA	Algiers	DZA	100	40	8.5	1.5	
Linde Gas Algerie S.p.A.	Algiers	DZA	66	66	88.1	14.0	
Abelló Linde, S.A.U.	Puçol	ESP	100	100	154.5	28.7	
LINDE ELECTRONICS, S.L.	Puçol	ESP	100		1.3	5.1	
Linde Médica, S.L.	Puçol	ESP	100		122.2	7.9	
LINDE MEDICINAL, S.L.	Puçol	ESP	100		263.3	15.5	
AS Eesti AGA	Tallinn	EST	100		33.0	1.1	
Kiinteistö Oy Karakaasu	Espoo	FIN	100		-2.1	-	c
Kiinteistö Oy Karaportti	Espoo	FIN	100		-3.4	-	c
Oy AGA Ab	Espoo	FIN	100		755.5	7.7	c
TK-Teollisuuskaasut Oy	Espoo	FIN	100		-0.5	-	c
LINDE ELECTRONICS SAS	Saint-Priest	FRA	100		3.1	0.2	
Linde France S.A.	Saint-Priest	FRA	100		132.8	3.9	
LINDE HOMECARE FRANCE SAS	Saint-Priest	FRA	100		26.8	-	
ALLWELD INDUSTRIAL AND WELDING SUPPLIES LIMITED	Guildford	GBR	100		-0.3	-	c, d
BOC HEALTHCARE LIMITED	Guildford	GBR	100		0.7	0.1	
BOC TRUSTEES LIMITED	Guildford	GBR	100		-	-	c
EXPRESS INDUSTRIAL & WELDING SUPPLIES LIMITED	Guildford	GBR	100		1.0	-0.2	c, d
FLUOROGAS LIMITED	Guildford	GBR	100		0.1	-	
FUTURE INDUSTRIAL AND WELDING SUPPLIES LTD.	Guildford	GBR	100		0.7	0.2	c, d
GAFFNEY INDUSTRIAL & WELDING SUPPLIES LTD	Guildford	GBR	80		1.7	0.1	c, d
GAS & GEAR LIMITED	Guildford	GBR	100		-	-	c, d
INDUSTRIAL & WELDING SUPPLIES (NORTH WEST) LIMITED	Guildford	GBR	100		-1.4	0.1	c, d
INDUSTRIAL AND WELDING MANAGEMENT LIMITED	Guildford	GBR	100		-	-0.1	c, d
INDUSTRIAL SUPPLIES & SERVICES LIMITED	Guildford	GBR	100		11.5	0.8	c, d
IWS (INDUSTRIAL & WELDING SUPPLIES) LIMITED	Guildford	GBR	100		-0.5	-	c, d
LEEN GATE INDUSTRIAL & WELDING SUPPLIES (SCOTLAND) LIMITED	Guildford	GBR	100		0.7	-	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (LINCOLN) LIMITED	Guildford	GBR	100		0.2	-	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NORTH EAST) LIMITED	Guildford	GBR	100		0.8	-0.1	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES (NOTTINGHAM) LIMITED	Guildford	GBR	100		-0.6	-	c, d
LEENGATE INDUSTRIAL & WELDING SUPPLIES LIMITED	Guildford	GBR	100		0.6	0.1	c, d
LINDE GAS HOLDINGS LIMITED	Guildford	GBR	100	100	-	4.3	c, d
LINDE HELIUM HOLDINGS LIMITED	Guildford	GBR	100		-	4.3	c, d
PENNINE INDUSTRIAL & WELDING SUPPLIES LIMITED	Guildford	GBR	100		-0.1	-0.1	c, d
REMOE HEALTHCARE LIMITED	Guildford	GBR	100		0.2	0.2	
ROCK INDUSTRIAL & WELDING SUPPLIES LIMITED	Guildford	GBR	88		2.3	0.4	c, d
RYVAL GAS LIMITED	Guildford	GBR	100		-	-	c, d
WELDER EQUIPMENT SERVICES LIMITED	Guildford	GBR	100		0.4	-	c, d
WESSEX INDUSTRIAL & WELDING SUPPLIES LIMITED	Guildford	GBR	100		-0.3	-	c, d

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

34

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
Linde Hellas Monoprosopi E.P.E.	Mandra	GRC	100	100	36.1	0.3	
Linde Gáz Magyarország Zrt.	Répcelak	HUN	100		123.3	32.6	
BOC (TRADING) LIMITED	Dublin	IRL	100		-	-	c
BOC GASES IRELAND HOLDINGS LIMITED	Dublin	IRL	100		7.3	30.0	
BOC Gases Ireland Limited	Dublin	IRL	100		61.8	43.2	c
COOPER CRYOSERVICE LIMITED	Dublin	IRL	100		1.7	-	
ISAGA ehf.	Reykjavík	ISL	100		24.6	4.9	
Linde Gas Italia S.r.l.	Arluno	ITA	100		136.5	0.7	
LINDE MEDICALE Srl	Arluno	ITA	100		27.3	-3.4	
REMEO MEDICALE S.P.A.	Arluno	ITA	100		-	-	
TOO Linde Gaz Kazakhstan	Almaty	KAZ	100	100	1.4	2.7	
TOO Linde Technical Gases Temirtau	Almaty	KAZ	100	100	-	-	
BOC Kenya Limited	Nairobi	KEN	65		11.2	0.3	
AFROX (LESOTHO) (PTY) LTD	Maseru	LSO	100		1.0	0.1	
LESOTHO OXYGEN COMPANY (PTY) LIMITED	Maseru	LSO	100		-	-	
UAB "AGA"	Vilnius	LTU	100		5.2	-	
AGA SIA	Riga	LVA	100		27.4	4.2	
LINDE GAS BITOLA DOOEL Skopje	Skopje	MKD	100		0.6	-	
Afrox Moçambique, Limitada	Maputo	MOZ	100		3.1	0.4	c
BOC GASES MOZAMBIQUE LIMITED	Maputo	MOZ	100		1.2	1.2	c
Linde Gases Moçambique, Limitada	Maputo	MOZ	100		-	-	c
AFROX INTERNATIONAL LIMITED	Port Louis	MUS	100		-	-	
Afrox Malawi Limited	Blantyre	MWI	79		-	1.3	
IGL (PTY) LIMITED	Windhoek	NAM	100		6.5	2.9	
IGL PROPERTIES (PTY) LIMITED	Windhoek	NAM	100		0.2	0.1	
NAMOX Namibia (PTY) LIMITED	Windhoek	NAM	100		0.1	-	d
REPTILE INVESTMENT NINE (PTY) LIMITED	Windhoek	NAM	100		-	-	d
REPTILE INVESTMENT TEN (PTY) LIMITED	Windhoek	NAM	100		0.1	-	d
BOC Gases Nigeria Plc	Lagos	NGA	60		5.4	0.6	
B.V. Nederlandse Pijpleidingmaatschappij	Rotterdam	NLD	100		2.3	-4.3	
Linde Electronics B.V.	Schiedam	NLD	100		8.2	2.6	
Linde Gas Benelux B.V.	Schiedam	NLD	100		129.9	16.8	
Linde Gas Cryoservices B.V.	Hedel	NLD	100		0.2	-0.4	
Linde Gas Therapeutics Benelux B.V.	Eindhoven	NLD	100		27.2	-5.2	
Linde Homecare Benelux B.V.	Nuland	NLD	100		4.3	1.2	
Naamloze Vennootschap Linde Gas Benelux	Schiedam	NLD	100		286.5	24.7	
OCAP CO2 B.V.	Schiedam	NLD	100		5.8	2.1	
AGA AS	Oslo	NOR	100		48.5	22.3	
Eurogaz-Gdynia Sp. z o.o.	Gdynia	POL	99		4.8	0.4	
LINDE GAZ POLSKA Spółka z o.o.	Krakow	POL	100	100	121.2	10.5	
LINDE GLOBAL SERVICES PORTUGAL, UNIPessoal LDA	Maia	PRT	100		0.9	0.1	
LINDE PORTUGAL, LDA	Lisbon	PRT	100		81.5	-0.1	
LINDE SAÚDE, LDA	Maia	PRT	100		34.2	9.3	
Gas Pentru Gaze Si Aparatura S.R.L.	Cluj-Napoca	ROU	100		-	-	
ITO Industries International SA	Bucharest	ROU	100		0.6	-0.2	
LINDE GAZ ROMANIA S.R.L.	Timisoara	ROU	100		169.0	24.4	
Rodmir Expert SA	Bucharest	ROU	100		-0.3	-0.2	
AO "Linde Gas Rus"	Balashikha	RUS	100	100	37.0	-8.4	

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

	Registered office	Country	Participating interest <i>in percent</i>	Thereof Linde AG <i>in percent</i>	Equity <i>in EUR m</i>	Profit/loss for the year <i>in EUR m</i>	Note
AO "Linde Uraltehgaz"	Yekaterinburg	RUS	74	74	10.2	0.7	
Linde Jubail Industrial Gases Factory LLC	Al-Khobar	SAU	100	84	142.1	8.3	
Saudi Industrial Gas Company	Al-Khobar	SAU	51		59.1	-0.6	
LINDE GAS SRBIJA Industrija gasova a.d. Bečej	Bečej	SRB	87	87	8.7	0.7	
Aries 94 s.r.o.	Bratislava	SVK	100		2.7	0.5	
Linde Gas k.s.	Bratislava	SVK	100		24.1	5.0	
AB Held	Lidingö	SWE	100		-	-	
AGA Fastighet Göteborg AB	Lidingö	SWE	100		-	-	
AGA Gas Aktiebolag	Lidingö	SWE	100		-	-	
AGA Industrial Gas Engineering Aktiebolag	Lidingö	SWE	100		-	-	
AGA International Investment Aktiebolag	Lidingö	SWE	100		-	-	
AGA Medical Aktiebolag	Lidingö	SWE	100		-	-	
Agatronic AB	Lidingö	SWE	100		0.1	-	
Flaskgascentralen i Malmö Aktiebolag	Svedala	SWE	100		-	-	
Linde Healthcare AB	Lidingö	SWE	100		19.8	1.6	
NORLIC AB	Lidingö	SWE	90		16.0	-	
Svenska Aktiebolaget Gasaccumulator	Lidingö	SWE	100		0.1	-	
Svets Gas Aktiebolag	Lidingö	SWE	100		-	-	
HANDIGAS SWAZILAND (PTY) LIMITED	Mbabane	SWZ	100		-	-	
SWAZI OXYGEN (PTY) LIMITED	Mbabane	SWZ	100		2.0	1.6	
Linde Gas Tunisie S.A.	Ben Arous	TUN	60	60	4.4	0.3	
İsdemir Linde Gaz Ortaklığı A.Ş.	Dörtüyl	TUR	50		8.0	2.2	f, i
Linde Gaz Anonim Şirketi	Istanbul	TUR	100	100	58.8	-4.9	
BOC Tanzania Limited	Dar es Salaam	TZA	100		0.3	-0.2	
BOC Uganda Limited	Kampala	UGA	100		0.8	0.1	
Private Joint Stock Company "Linde Gas Ukraine"	Dnipro	UKR	100	96	-9.4	10.2	
African Oxygen Limited	Johannesburg	ZAF	56		258.4	39.0	
AFROX (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		-	-	
AFROX AFRICAN INVESTMENTS (PTY) LIMITED	Johannesburg	ZAF	100		12.4	13.2	d
AFROX EDUCATIONAL SERVICES (PROPRIETARY) LTD	Johannesburg	ZAF	100		-	-	
AFROX PROPERTIES (PTY) LIMITED	Johannesburg	ZAF	100		-	-0.1	
AMALGAMATED GAS AND WELDING (PTY) LIMITED	Johannesburg	ZAF	100		-	-	
AMALGAMATED WELDING AND CUTTING HOLDINGS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		-	-	
AWCE (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		-	-	c
HUMAN PERFORMANCE SYSTEMS (PTY) LIMITED	Johannesburg	ZAF	100		-	-	
INDUSTRIAL RESEARCH AND DEVELOPMENT (PTY) LIMITED	Johannesburg	ZAF	100		0.2	-	
ISAS TRUST	Johannesburg	ZAF	100		16.6	1.1	
NASIONALE SWEISWARE (PTY) LTD	Johannesburg	ZAF	100		-	-	
NICOWELD (PTY) LIMITED	Sandton	ZAF	100		-	-	
PPE-ISIZO (PTY) LIMITED	Johannesburg	ZAF	100		-	-	
SAFETY GAS (PROPRIETARY) LIMITED	Johannesburg	ZAF	100		-	-	
AFROX ZAMBIA LIMITED	Ndola	ZMB	70		8.3	2.1	
BOC Zimbabwe (Private) Limited	Harare	ZWE	100		29.4	3.6	
<i>Asia/Pacific</i>							
AUSCOM HOLDINGS PTY LIMITED	North Ryde	AUS	100		0.9	-	
BOC CUSTOMER ENGINEERING PTY LTD	North Ryde	AUS	100		8.1	-	

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

34

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
BOC GASES FINANCE LIMITED	North Ryde	AUS	100		46.6	47.5	
BOC GROUP PTY LIMITED	North Ryde	AUS	100		-4.4	-	
BOC Limited	North Ryde	AUS	100		258.9	100.3	
BOGGY CREEK PTY LIMITED	North Ryde	AUS	100		5.2	0.5	
ELGAS AUTOGAS PTY LIMITED	North Ryde	AUS	100		-10.7	-	
ELGAS LIMITED	North Ryde	AUS	100		234.5	70.1	
ELGAS RETICULATION PTY LIMITED	North Ryde	AUS	100		5.1	0.3	
PACIFIC ENGINEERING SUPPLIES PTY LIMITED	North Ryde	AUS	100		-1.4	-	
SOUTH PACIFIC WELDING GROUP PTY LIMITED	North Ryde	AUS	100		4.1	1.1	
TIAMONT PTY LIMITED	North Ryde	AUS	100		6.0	0.7	
UNIGAS JOINT VENTURE PARTNERSHIP	Mulgrave	AUS	100		21.2	-0.3	
UNIGAS TRANSPORT FUELS PTY LTD	North Ryde	AUS	100		0.2	-	
Linde Bangladesh Limited	Dhaka	BGD	60		37.3	10.7	
Anhui JuLan Industrial Gases Co., Ltd.	Lu'an	CHN	100		0.4	-0.7	
ASIA UNION (SHANGHAI) ELECTRONIC CHEMICAL COMPANY LIMITED	Shanghai	CHN	100		-	-	
AUECC Shanghai	Shanghai	CHN	100		-	-2.1	
AUECC Shanghai Co. Ltd.	Shanghai	CHN	100		13.5	-	
BOC (China) Holdings Co., Ltd.	Shanghai	CHN	100		203.9	18.3	
BOC Gases (Nanjing) Company Limited	Nanjing	CHN	100		6.7	0.1	
BOC Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100		51.5	1.5	
BOC Gases (Tianjin) Company Limited	Tianjin	CHN	100		4.3	-2.6	
BOCLH Industrial Gases (Chengdu) Co., Ltd	Chengdu	CHN	100		15.6	0.2	
BOCLH Industrial Gases (DaLian) Co., Ltd.	Dalian	CHN	100		24.8	3.6	
BOCLH Industrial Gases (Shanghai) Co., Ltd.	Shanghai	CHN	100		12.4	1.3	
BOCLH Industrial Gases (Songjiang) Co., Ltd.	Shanghai	CHN	100		7.4	2.8	
BOCLH Industrial Gases (Suzhou) Co., Ltd.	Suzhou	CHN	100		38.2	4.3	
BOCLH Industrial Gases (Waigaoqiao) Co., Ltd.	Shanghai	CHN	100		2.6	1.2	
BOCLH Industrial Gases (Xiamen) Co., Ltd.	Xiamen	CHN	100		5.5	-1.0	
BOC-TISCO GASES CO., Ltd	Taiyuan	CHN	50		121.5	27.3	f, i
Dalian Xizhong Island Linde Industrial Gases Co., Ltd.	Dalian	CHN	70		0.1	-	
Fuzhou Linde Lienhwa Gases Co., Ltd	Fuqing	CHN	100		13.1	0.8	
Guangkong Industrial Gases Company Limited	Guangzhou	CHN	50		31.3	1.4	f, i
Guangzhou Pearl River Industrial Gases Company Limited	Guangzhou	CHN	50		6.4	-0.1	f, i
Jianyang Linde Medical Gases Company Limited	Jianyang	CHN	100		1.4	0.1	
KunShan Asia Union Electronic Chemical Corp. Co., Ltd.	Kunshan	CHN	65		12.7	-	
Linde (Quanzhou) Carbon Dioxide Co. Ltd.	Quanzhou	CHN	100		1.0	-0.1	
Linde Arooxy (Xi'an) Life Science Co., Ltd.	Xi'an	CHN	65		1.9	0.2	
Linde Carbonic (Wuhu) Company Ltd.	Wuhu	CHN	60		-0.9	-3.9	i
Linde Carbonic Company Ltd., Shanghai	Shanghai	CHN	60	46	7.5	-1.9	i
Linde Dahua (Dalian) Gases Co., Ltd	Dalian	CHN	50		35.8	0.4	f, i
Linde Electronics & Specialty Gases (Suzhou) Co Ltd.	Suzhou	CHN	100	100	10.7	-1.0	
Linde Gas Ningbo Ltd.	Ningbo	CHN	100		120.2	8.0	
Linde Gas Shenzhen Ltd.	Shenzhen	CHN	100		4.8	0.5	
Linde Gas Southeast (Xiamen) Ltd.	Xiamen	CHN	100		3.7	0.5	
Linde Gas Xiamen Ltd.	Xiamen	CHN	100	100	37.8	3.2	
Linde Gas Zhenhai Ltd.	Ningbo	CHN	100		6.1	1.0	
Linde Gases (Changzhou) Company Limited	Changzhou	CHN	100		12.8	2.4	

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

34

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
Linde Gases (Chengdu) Co., Ltd.	Chengdu	CHN	100		12.0	0.5	
Linde Gases (Fushun) Co., Ltd.	Fushun	CHN	100		1.4	-0.2	
Linde Gases (Hefei) Co., Ltd.	Hefei	CHN	100		12.2	0.4	
Linde Gases (Huizhou) Co., Ltd.	Huizhou	CHN	100		3.2	-0.1	
Linde Gases (Langfang) Co., Ltd.	Langfang	CHN	100		15.2	3.6	
Linde Gases (Meishan) Co., Ltd.	Meishan	CHN	100		5.0	-5.4	
Linde Gases (Nanjing) Company Limited	Nanjing	CHN	100		-4.9	-0.5	
Linde Gases (Shanghai) Co., Ltd.	Shanghai	CHN	100		18.9	1.3	
Linde Gases (Suzhou) Company Limited	Suzhou	CHN	100		9.9	0.4	
Linde Gases (Taixing) Co., Ltd.	Taixing	CHN	100		10.2	-	
Linde Gases (Xuzhou) Company Limited	Xuzhou	CHN	100		18.6	1.1	
Linde Gases (Yantai) Co., Ltd.	Yantai	CHN	90		43.7	6.0	
Linde Gases (Zhangzhou) Co., Ltd.	Zhangzhou	CHN	100		19.2	2.6	
Linde Gases Daxie Company Limited	Ningbo	CHN	100		16.7	3.8	
Linde GISE Gas (Guangzhou) Co., Ltd.	Guangzhou	CHN	50		39.9	5.9	f, i
Linde GISE Gas (Shenzhen) Co., Ltd.	Shenzhen	CHN	50		23.1	1.3	f, i
Linde Huachang (Zhangjiagang) Gas Co. Ltd.	Zhangjiagang	CHN	75		5.1	0.4	i
Linde Lienhwa China Holding Co., Ltd.	Shanghai	CHN	100		26.2	-0.5	
Linde Lienhwa Gases (Beijing) Co., Ltd.	Beijing	CHN	100		16.4	1.4	
Linde Lienhwa Gases (Chengdu) Co., Ltd.	Chengdu	CHN	100		13.8	-0.2	
Linde Lienhwa Gases (Wuhan) Co., Ltd.	Wuhan	CHN	100		1.3	0.7	
Linde Lienhwa Industrial Gases (Xianyang) Co., Ltd.	Xianyang	CHN	100		7.8	-0.1	
Linde Nanjing Chemical Industrial Park Gases Co., Ltd.	Nanjing	CHN	100		7.0	-0.3	
Linde Qiangsheng Gases (Nanjing) Co., Ltd.	Nanjing	CHN	100		2.2	-0.1	
Ma'anshan BOC-Ma Steel Gases Company Limited	Ma'anshan	CHN	50		91.6	22.6	f, i
Shanghai BOC Gases Co., Ltd.	Shanghai	CHN	100		-1.0	-1.9	
Shanghai BOC Huayang Carbon Dioxide Co., Ltd.	Shanghai	CHN	80		-0.7	-0.6	
Shanghai HuaLin Industrial Gases Co. Ltd.	Shanghai	CHN	50		87.7	22.2	f, i
Shanghai Linhua Gas Transportation Co., Ltd.	Shanghai	CHN	100		0.6	-	
Shenzhen Feiying Industrial Gases Company Limited	Shenzhen	CHN	90		-0.7	-1.7	
ZHENJIANG XINHUA INDUSTRIAL GASES CO., LTD.	Zhenjiang	CHN	100		0.1	-	
HKO DEVELOPMENT COMPANY LIMITED	Kowloon	HKG	100		-	-	
LIEN HWA INDUSTRIAL GASES (HK) LIMITED	Wan Chai	HKG	100		-1.1	-	c
Linde Gas (H.K.) Limited	Hong Kong	HKG	100	100	462.9	21.5	
Linde GISE Gases (Hong Kong) Company Limited	Hong Kong	HKG	50		-	-	f, i
Linde HKO Limited	Hong Kong	HKG	100		90.4	62.0	
NEW SINO GASES COMPANY LIMITED	Tai Po	HKG	100		1.4	0.9	
P.T. Gresik Gases Indonesia	Jakarta	IDN	93		11.1	1.2	
P.T. Gresik Power Indonesia	Jakarta	IDN	92		-2.0	-2.8	
P.T. Townsville Welding Supplies	Jakarta	IDN	100		-0.3	-0.3	
PT. LINDE INDONESIA	Jakarta	IDN	100		10.5	-16.8	
BELLARY OXYGEN COMPANY PRIVATE LIMITED	Bellary	IND	50		14.3	1.8	f, i
LINDE INDIA LIMITED	Calcutta	IND	75		174.0	1.3	
Linde Korea Co., Ltd.	Pohang	KOR	100		365.5	36.1	
PS Chem Co., Ltd.	South Gyeong-sangnam Province	KOR	100		6.8	1.3	
PSG Co., Ltd.	Busan	KOR	51		38.5	4.3	i
Sam Kwang Gas Tech Co., Ltd.	Seoul	KOR	100		5.3	1.6	
Ceylon Oxygen Ltd.	Colombo	LKA	100	100	17.0	-0.1	
Linde EOX Sdn. Bhd.	Petaling Jaya	MYS	100		21.7	1.8	

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
Linde Gas Products Malaysia Sdn. Bhd.	Petaling Jaya	MYS	100	100	20.0	-1.8	
LINDE INDUSTRIAL GASES (MALAYSIA) SDN. BHD.	Petaling Jaya	MYS	80	80	7.6	-	
LINDE MALAYSIA HOLDINGS BERHAD	Petaling Jaya	MYS	100		92.3	5.7	
LINDE MALAYSIA SDN. BHD.	Petaling Jaya	MYS	100		164.8	31.1	
LINDE ROC SDN. BHD.	Petaling Jaya	MYS	100		0.7	0.1	
LINDE WELDING PRODUCTS SDN. BHD.	Petaling Jaya	MYS	100		0.5	-0.1	
BOC LIMITED	Auckland	NZL	100		56.5	28.2	
BOC NEW ZEALAND HOLDINGS LIMITED	Auckland	NZL	100		35.9	22.0	
ELGAS LIMITED	Auckland	NZL	100		20.4	3.2	
SOUTH PACIFIC WELDING GROUP (NZ) LIMITED	Auckland	NZL	100		0.1	-	
Linde Pakistan Limited	Karachi	PAK	60		14.9	2.1	
BATAAN INDUSTRIAL GASES, INC.	Pasig	PHL	100		0.6	-	
BOC (PHILS.) HOLDINGS, INC.	Pasig	PHL	100		20.8	0.5	
CHATSWOOD INC.	Makati	PHL	62		-	-	c
CIGC CORPORATION	Pasig	PHL	100		1.3	0.1	
CRYO INDUSTRIAL GASES, INC	Pasig	PHL	100		0.3	-0.1	
DAVAO OXYGEN CORPORATION	Mandaue	PHL	100		-	-	c
GRANDPLAINS PROPERTIES, INC.	Pasig	PHL	40		2.1	-0.1	f, i
LINDE PHILIPPINES (SOUTH), INC.	Mandaue	PHL	100		23.3	0.3	
LINDE PHILIPPINES, INC.	Pasig	PHL	100		25.5	0.3	
ROYAL SOUTHMEADOWS, INC.	Mandaue	PHL	40		0.9	0.1	f, i
BOC Papua New Guinea Limited	Lae	PNG	74		26.2	2.6	
Linde Gas Asia Pte Ltd	Singapore	SGP	100		0.4	3.9	
Linde Gas Singapore Pte. Ltd.	Singapore	SGP	100	100	38.6	8.2	
LINDE TREASURY ASIA PACIFIC PTE.LTD.	Singapore	SGP	100		0.5	0.1	
BOC GASES SOLOMON ISLANDS LIMITED	Honiara	SLB	100		3.8	0.4	
KTPV (THAILAND) LIMITED	Chachoengsao	THA	100		13.0	-	
Linde (Thailand) Public Company Limited	Samut Prakan	THA	100		172.4	10.9	
Linde Air Chemicals Limited	Samut Prakan	THA	99		37.2	6.7	
Linde HyCO Limited	Samut Prakan	THA	100		20.0	-0.2	
MIG Production Company Limited	Samut Prakan	THA	54		62.7	9.7	
RAYONG ACETYLENE LIMITED	Samut Prakan	THA	87		2.9	0.1	
SKTY (Thailand) Limited	Chachoengsao	THA	100		-23.1	86.1	
T.I.G. TRADING LIMITED	Samut Prakan	THA	100		5.1	0.2	
ASIA UNION ELECTRONIC CHEMICAL CORPORATION	Taipei	TWN	70		33.8	3.3	
CONFEDERATE TECHNOLOGY COMPANY LIMITED	Taichung	TWN	91		11.9	3.1	c
FAR EASTERN INDUSTRIAL GASES COMPANY LIMITED	Kaohsiung	TWN	55		10.4	1.6	c
LIEN CHIA INDUSTRIAL GASES COMPANY LIMITED	Chiayi	TWN	100		0.1	-	c
LIEN CHUAN INDUSTRIAL GASES COMPANY LIMITED	Zhongli	TWN	100		0.2	0.1	c
LIEN FUNG PRECISION TECHNOLOGY DEVELOPMENT CO., LTD	Taichung	TWN	100		4.3	0.8	c
LIEN HWA COMMONWEALTH CORPORATION	Taipei	TWN	100		2.6	1.5	c
LIEN HWA LOX CRYOGENIC EQUIPMENT CORPORATION	Taipei	TWN	89		2.9	0.5	c
LIEN JIAN LPG COMPANY LIMITED	Su'ao	TWN	60		0.3	-	c
LIEN SHENG INDUSTRIAL GASES COMPANY LIMITED	Hsinchu	TWN	100		0.3	0.2	c
LIEN TONG GASES COMPANY LIMITED	Kaohsiung	TWN	55		-	-0.2	c
LIEN YANG INDUSTRIAL GASES COMPANY LIMITED	Yilan	TWN	100		0.8	0.4	c
LIEN YI LPG COMPANY LIMITED	Taoyuan	TWN	60		1.9	-	c, d
LIENHWA UNITED LPG COMPANY LIMITED	Taipei	TWN	56		9.0	0.6	c

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

	Registered office	Country	Participating interest <i>in percent</i>	Thereof Linde AG <i>in percent</i>	Equity <i>in EUR m</i>	Profit/loss for the year <i>in EUR m</i>	Note
LINDE LIENHWA INDUSTRIAL GASES CO. LTD.	Taipei	TWN	50		293.9	73.6	c, f, i
LUCK STREAM Co., Ltd.	Kaohsiung	TWN	100	100	2.0	-	
ASIA UNION ELECTRONIC CHEMICALS – RENO, INC.	Reno	USA	100		4.8	-0.2	
TUNG BAO CORPORATION	New Taipei City	TWN	51		23.3	-0.3	c
UNITED INDUSTRIAL GASES COMPANY LIMITED	Hsinchu	TWN	56		153.4	46.1	c
YUAN RONG INDUSTRIAL GASES COMPANY LIMITED	Taipei	TWN	60		12.7	1.3	c
AUECC (BVI) HOLDINGS LIMITED	Road Town	VGB	100		13.5	-0.3	
BOC LIENHWA (BVI) HOLDING Co., Ltd.	Road Town	VGB	100		159.7	0.1	
KEY PROOF INVESTMENTS LIMITED	Road Town	VGB	100		1.6	-	
PURE QUALITY TECHNOLOGY LIMITED	Road Town	VGB	100		-	-	c
SHINE SKY INTERNATIONAL COMPANY LIMITED	Road Town	VGB	100		13.5	-0.3	
SKY WALKER GROUP LIMITED	Road Town	VGB	100		1.5	-0.3	c
Linde Gas Vietnam Limited	Bà Rịa	VNM	100	100	2.4	-0.8	
Linde Vietnam Limited Company	Bà Rịa	VNM	100		28.1	0.7	
<b>Americas</b>							
BOC GASES ARUBA N.V.	Santa Cruz	ABW	100		3.0	-0.1	
Grupo Linde Gas Argentina S.A.	Buenos Aires	ARG	100	70	25.4	4.2	
Linde Salud S.A.	Buenos Aires	ARG	100	90	1.4	0.3	
The Hydrogen Company of Paraguana Ltd.	Hamilton	BMU	100		23.0	4.7	
Linde Gases Ltda.	Barueri	BRA	100		159.2	19.7	
LINDE-BOC GASES LIMITADA	Barueri	BRA	100		11.9	1.6	
177470 CANADA INC.	Mississauga	CAN	100		0.9	-	
177472 CANADA INC.	Mississauga	CAN	100		2.4	-	
44001 ONTARIO LIMITED	Mississauga	CAN	100		1.1	-	
BOC de Chile S.A.	Providencia	CHL	100		6.7	-0.4	
Linde Gas Chile S.A.	Santiago	CHL	100		126.8	-1.9	
Spectra Gases (Shanghai) Trading Co., LTD.	Shanghai	CHN	100		5.7	1.7	
Linde Colombia S.A.	Bogotá	COL	100		72.4	0.5	
REMEO Medical Services S.A.S.	Bogotá	COL	100		0.7	0.5	
Linde Gas Curaçao N.V.	Willemstad	CUW	100		1.4	0.2	
LINDE GAS DOMINICANA, S.R.L.	Santo Domingo	DOM	100		6.8	1.8	
Agua y Gas de Sillunchi S.A.	Quito	ECU	100		1.1	0.1	
Linde Ecuador S.A.	Quito	ECU	100		58.8	-3.1	
Spectra Gases Limited	Guildford	GBR	100		1.0	-	
BOC GASES DE MEXICO, S.A. DE C.V.	Mexico City	MEX	100		-	-	
Compañía de Nitrógeno de Cantarell, S.A. de C.V.	Santa Fe	MEX	100		43.5	88.4	
Compañía de Operaciones de Nitrógeno, S.A. de C.V.	Santa Fe	MEX	100		7.6	2.5	c
SERVICIOS DE OPERACIONES DE NITRÓGENO, S.A. DE C.V.	Santa Fe	MEX	100		1.4	0.2	c
Linde Gas Perú S.A.	Callao	PER	100		9.2	-2.2	
Linde Gas Puerto Rico, Inc.	Cataño	PRI	100		-4.0	-2.4	
AGA S.A.	Montevideo	URY	100		11.4	0.2	
East Coast Oxygen Company	Bethlehem	USA	50		5.8	-1.4	f, i
Holox Inc.	Norcross	USA	100		-	-	
LAG Methanol LLC	Wilmington	USA	100		-	-	
Lincare (consolidated financial statements) including:					864.4	114.4	
1536502 Ontario Inc.	Hamilton	USA	100				h
AHP Alliance of Columbia	Columbia	USA	100				h
AHP Delmarva, LLP	Lutherville Timonium	USA	50				h
AHP Home Care Alliance of Gainesville	Gainesville	USA	100				h
AHP Home Care Alliance of Tennessee	Brentwood	USA	100				h



COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
AHP Home Care Alliance of Virginia	Richmond	USA	100				h
AHP Home Medical Equipment Partnership of Texas	Dallas	USA	100				h
AHP Knoxville Partnership	Knoxville	USA	100				h
AHP-MHR Home Care, LLP	Omaha	USA	50				h
ALPHA RESPIRATORY INC.	Wilmington	USA	100				h
American HomePatient Arkansas Ventures, Inc.	Dover	USA	100				h
American HomePatient Delaware Ventures, Inc.	Dover	USA	100				h
American HomePatient of Kingstree, LLC	Columbia	USA	100				h
American HomePatient of New York, Inc.	New York	USA	100				h
American HomePatient of Sanford, LLC	Sanford	USA	50				h
American HomePatient of Texas, LLC	Dallas	USA	100				h
American HomePatient of Unifour, LLC	Hickory	USA	50				h
American HomePatient Tennessee Ventures, Inc.	Dover	USA	100				h
American HomePatient Ventures, Inc.	Knoxville	USA	100				h
AMERICAN HOMEPATIENT, INC.	Wilmington	USA	100				h
American HomePatient, Inc.	Knoxville	USA	100				h
American HomePatient, Inc. (f/k/a AHP NV Corp.)	Carson City	USA	100				h
Baptist Ventures – AHP Homecare Alliance of Montgomery	Montgomery	USA	50				h
Blue Ridge Home Care	Brentwood	USA	50				h
CARING RESPONDERS LLC	Wilmington	USA	100				h
Catholic Health Home Respiratory, LLC	Williamsville	USA	50				h
Coastal Home Care	Conway	USA	70				h
Colorado Home Medical Equipment Alliance, LLC	Centennial	USA	100				h
Complete Infusion Services, LLC	Bingham Farms	USA	100				h
CONVACARE SERVICES, INC.	Bloomington	USA	100				h
CPAP SUPPLY USA LLC	Wilmington	USA	100				h
Designated Companies, Inc.	New York	USA	100				h
DME Supply USA, LLC	Wilmington	USA	100				h
Gamma Acquisition Inc.	Wilmington	USA	100				h
HCS TENS Services LLC	Wilmington	USA	100				h
HEALTH CARE SOLUTIONS AT HOME INC.	Wilmington	USA	100				h
HealthCare Solutions IV LLC	Wilmington	USA	100				h
HOME-CARE EQUIPMENT NETWORK INC.	Plantation	USA	100				h
Homelink Home Health Care	Little Rock	USA	50				h
LINCARE EQUIPMENT LLC	Wilmington	USA	100				h
LINCARE HOLDINGS INC.	Wilmington	USA	100				h
LINCARE INC.	Wilmington	USA	100				h
LINCARE LEASING LLC	Wilmington	USA	100				h
LINCARE LICENSING INC.	Wilmington	USA	100				h
LINCARE OF CANADA ACQUISITIONS INC.	Wilmington	USA	100				h
LINCARE OF CANADA INC.	Toronto	USA	100				h
LINCARE OF NEW YORK, INC.	New York	USA	100				h
LINCARE PHARMACY SERVICES INC.	Wilmington	USA	100				h
LINCARE PROCUREMENT INC.	Wilmington	USA	100				h
LINCARE PULMONARY REHAB MANAGEMENT, LLC	Wilmington	USA	100				h
Lincare Pulmonary Rehab Services of Missouri, LLC	Clayton	USA	100				h
LINCARE PULMONARY REHAB SERVICES OF OHIO, LLC	Cleveland	USA	100				h
Linde RSS LLC	Wilmington	USA	100				h

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

	Registered office	Country	Participating interest <i>in percent</i>	Thereof Linde AG <i>in percent</i>	Equity <i>in EUR m</i>	Profit/loss for the year <i>in EUR m</i>	Note
mdINR, LLC	Wilmington	USA	100				h
MED 4 HOME INC.	Wilmington	USA	100				h
MediLink HomeCare, Inc.	Trenton	USA	100				h
MEDIMATICS LLC	Wilmington	USA	100				h
MidSouth Distribution, Inc.	Texarkana	USA	100				h
MRB ACQUISITION CORP.	Plantation	USA	100				h
Northeast Pennsylvania Alliance, LLC	Hazleton	USA	100				h
Northwest Washington Alliance, LLC	Olympia	USA	100				h
OCT Pharmacy, L.L.C.	Bingham Farms	USA	100				h
OPTIGEN, INC.	Plantation	USA	100				h
Patient Support Services, Inc.	Texarkana	USA	100				h
Piedmont Medical Equipment	Rock Hill	USA	50				h
Promed Home Care	Union	USA	70				h
PULMOREHAB LLC	Wilmington	USA	100				h
Raytel Cardiac Services, Inc.	Wilmington	USA	100				h
Shared Care of West Branch, LLC	West Branch	USA	50				h
Sleepcair, Inc.	Topeka	USA	100				h
The National Medical Rentals, Inc.	Little Rock	USA	100				h
Total Home Care of East Alabama, L.L.C.	Montgomery	USA	100				h
Linde Canada Investments LLC	Wilmington	USA	100		268.3	-	
Linde Delaware Investments Inc.	Wilmington	USA	100		297.2	128.4	
Linde Energy Services, Inc	Wilmington	USA	100		-0.5	-0.1	
Linde Gas North America LLC	Wilmington	USA	100		855.6	165.8	
Linde Merchant Production, Inc	Wilmington	USA	100		145.5	-0.8	
Linde North America, Inc.	Wilmington	USA	100	<0.1	-	231.8	
AGA Gas C.A.	Caracas	VEN	100		-0.9	-1.2	g
BOC GASES DE VENEZUELA, C.A.	Caracas	VEN	100		-1.1	-1.1	
PRODUCTORA DE GAS CARBONICO SA	Caracas	VEN	100		-	-	
General Gases of the Virgin Islands, Inc.	Saint Croix	VIR	100		4.8	0.1	
<b>Engineering Division</b>							
Linde Engineering Middle East LLC	Abu Dhabi	ARE	49	29	3.4	-1.1	f
Linde (Australia) Pty. Ltd.	North Ryde	AUS	100	100	1.0	-	
Cryostar do Brasil Equipamentos Rotativos & Criogenicos Ltda.	Vinhedo	BRA	100	90	-0.3	0.5	
Linde Process Plants Canada Inc.	Calgary	CAN	100		-27.1	-3.1	
Arboliana Holding AG	Pfungen	CHE	100		4.3	-	
Bertrams Heatec AG in Liquidation	Pratteln	CHE	100		0.5	-0.9	
Linde Kryotechnik AG	Pfungen	CHE	100		9.2	3.4	
Cryostar Cryogenic Equipments (Hangzhou) Co. Ltd.	Hangzhou	CHN	100	100	15.2	2.2	
Hangzhou Linde International Trading Co., Ltd.	Hangzhou	CHN	100		0.3	-	
Linde Engineering (Dalian) Co. Ltd.	Dalian	CHN	56	56	56.0	8.3	
Linde Engineering (Hangzhou) Co. Ltd.	Hangzhou	CHN	75	75	34.0	15.0	
Selas-Linde GmbH	Pullach	DEU	100	100	11.2	-	a
CRYOSTAR SAS	Hésingue	FRA	100		50.3	24.9	
LINDE CRYOPLANTS LIMITED	Guildford	GBR	100		7.8	1.2	
Linde Engineering India Private Limited	New Delhi	IND	100	100	36.0	3.8	
LPM, S.A. de C.V.	Mexico City	MEX	100	90	7.9	0.2	
Linde Engineering (Malaysia) Sdn. Bhd.	Kuala Lumpur	MYS	100	100	3.0	1.5	

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
OOO "Linde Engineering Rus"	Samara	RUS	100	100	10.2	5.7	
Linde Arabian Contracting Co., Ltd.	Riyadh	SAU	100	90	11.3	2.9	
Cryostar Singapore Pte Ltd	Singapore	SGP	100	100	11.7	5.1	
CRYO Aktiebolag	Gothenburg	SWE	100		-	-	
Cryostar USA LLC	Wilmington	USA	100		-0.4	0.1	
Linde Engineering North America Inc.	Wilmington	USA	100		18.3	-91.1	
Linde Engineering South Africa (Pty) Ltd.	Johannesburg	ZAF	100	100	15.7	0.4	
<b>Other Activities &amp; Corporate Activities</b>							
BOC AIP Limited Partnership	North Ryde	AUS	100		895.5	125.8	
BOC Australia Pty Limited	North Ryde	AUS	100		66.0	26.0	
Gist Österreich GmbH	Wallern an der Trattnach	AUT	100		-0.3	-0.1	c
Linde Österreich Holding GmbH	Stadl-Paura	AUT	100	62	753.7	161.4	
Gist Belgium BVBA	Lochristi	BEL	100		-	-	
PRIESTLEY COMPANY LIMITED	Hamilton	BMU	100		22.7	-	
Linde Canada Limited	Mississauga	CAN	100		227.2	32.6	
Linde Holding AG	Dagmersellen	CHE	100	100	22.8	3.6	
GISTRANS Czech Republic s.r.o.	Olomouc	CZE	100		6.7	0.9	
Commercium Immobilien- und Beteiligungs-GmbH	Munich	DEU	100	100	2,220.4	-	a
Linde US Beteiligungs GmbH	Munich	DEU	100		503.2	7.7	
LINDE INVESTMENTS FINLAND OY	Helsinki	FIN	100		0.9	-	
GIST FRANCE S.A.R.L.	Garges-lès-Gonesse	FRA	100		-0.2	-0.2	c
Linde Holdings SAS	Saint-Priest	FRA	100		415.2	43.2	
The Boc Group S.A.S.	Hésingue	FRA	100		56.4	24.9	
AIRCO COATING TECHNOLOGY LIMITED	Guildford	GBR	100		-	-	
BOC CHILE HOLDINGS LIMITED	Guildford	GBR	100		41.1	-	
BOC DISTRIBUTION SERVICES LIMITED	Guildford	GBR	100		0.1	-	
BOC DUTCH FINANCE	Guildford	GBR	100		0.6	-	
BOC GASES LIMITED	Guildford	GBR	100		38.5	0.1	
BOC HELEX	Guildford	GBR	100		4,507.4	154.4	
BOC HOLDINGS	Guildford	GBR	100		4,574.7	683.3	
BOC INVESTMENT HOLDINGS LIMITED	Guildford	GBR	100		711.9	100.6	
BOC INVESTMENTS (LUXEMBOURG) LIMITED	Guildford	GBR	100		-	-	
BOC INVESTMENTS NO.1 LIMITED	Guildford	GBR	100		178.2	23.3	
BOC INVESTMENTS NO.5	Guildford	GBR	100		74.6	10.5	
BOC INVESTMENTS NO.7	Guildford	GBR	100		-	-	
BOC JAPAN	Guildford	GBR	100		-	-	
BOC KOREA HOLDINGS LIMITED	Guildford	GBR	100		110.7	4.7	
BOC LIMITED	Guildford	GBR	100		712.2	172.8	
BOC LUXEMBOURG FINANCE	Guildford	GBR	100		-	-	
BOC NETHERLANDS HOLDINGS LIMITED	Guildford	GBR	100		536.2	145.0	
BOC NOMINEES LIMITED	Guildford	GBR	100		-	-	
BOC PENSION SCHEME TRUSTEES LIMITED	Guildford	GBR	100		-	-	
BOC PENSIONS LIMITED	Guildford	GBR	100		-	-	
BOC RSP TRUSTEES LIMITED	Guildford	GBR	100		-	-	
BOC SEPS TRUSTEES LIMITED	Guildford	GBR	100		-	-	
BOC SERVICES LIMITED	Guildford	GBR	100		-	-	

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
BRITISH INDUSTRIAL GASES LIMITED	Guildford	GBR	100		-	-	
CRYOSTAR LIMITED	Guildford	GBR	100		-	-	
EHVIL DISSENTIENTS LIMITED	Guildford	GBR	100		-	-	
G.L BAKER (TRANSPORT) LIMITED	Guildford	GBR	100		-12.0	0.2	
GIST LIMITED	Guildford	GBR	100		151.4	11.4	
HANDIGAS LIMITED	Guildford	GBR	100		15.6	-0.1	
HICK, HARGREAVES AND COMPANY LIMITED	Guildford	GBR	100		-	-	
INDONESIA POWER HOLDINGS LIMITED	Guildford	GBR	100		14.2	-	
LANSING GROUP LIMITED	Guildford	GBR	100	100	10.1	-	
LINDE CANADA HOLDINGS LIMITED	Guildford	GBR	100		152.7	237.4	
LINDE CRYOGENICS LIMITED	Guildford	GBR	100		0.8	10.9	
LINDE FINANCE	Guildford	GBR	100		-	-	
LINDE INVESTMENTS No.1 LIMITED	Guildford	GBR	100		4,079.6	605.5	
LINDE NORTH AMERICA HOLDINGS LIMITED	Guildford	GBR	100		1,684.6	-0.2	
LINDE UK HOLDINGS LIMITED	Guildford	GBR	100	85	16,332.5	1,553.4	
LINDE UK PRIVATE MEDICAL TRUSTEES LIMITED	Guildford	GBR	100		-	-	
MEDISHIELD	Guildford	GBR	100		0.4	-	
MEDISPEED	Guildford	GBR	100		292.9	7.5	
RRS (FEBRUARY 2004) LIMITED	Guildford	GBR	100		-0.4	-	
SPALDING HAULAGE LIMITED	Guildford	GBR	100		3.6	-	
STORESHIELD LIMITED	Guildford	GBR	100		325.7	0.1	
THE BOC GROUP LIMITED	Guildford	GBR	100		10,159.1	1,510.0	
THE BRITISH OXYGEN COMPANY LIMITED	Guildford	GBR	100		0.1	-	
TRANSHIELD	Guildford	GBR	100		15.5	0.1	
WELDING PRODUCTS HOLDINGS LIMITED	Guildford	GBR	100		10.3	-	
BOC NO. 1 LIMITED	Saint Peter Port	GGY	100		1.2	-	
BOC NO. 2 LIMITED	Saint Peter Port	GGY	100		0.3	-	
BRITISH OXYGEN (HONG KONG) LIMITED	Hong Kong	HKG	100		8.6	-	
Linde Global Support Services Private Limited	Calcutta	IND	100		0.8	0.5	
BOC INVESTMENT HOLDING COMPANY (IRELAND) LIMITED	Dublin	IRL	100		13.7	-	
BOC Investments Ireland Unlimited Company	Dublin	IRL	100		3.1	-	
Gist Distribution Limited	Dublin	IRL	100		13.6	3.0	
PRIESTLEY DUBLIN BOC COMPANY LIMITED	Dublin	IRL	100		0.9	-0.1	
ALBOC (JERSEY) LIMITED	Saint Helier	JEY	100		1.7	-	
BOC AUSTRALIAN FINANCE LIMITED	Saint Helier	JEY	100		3.6	-	
BOC PREFERENCE LIMITED	Saint Helier	JEY	100		64.7	-	
BOC Europe Holdings B.V.	Dongen	NLD	100		409.4	19.4	
Gist Containers B.V.	Bleiswijk	NLD	100		-1.9	0.9	c
Gist Forwarding B.V.	Bleiswijk	NLD	100		-	-	
Gist Holding B.V.	Bleiswijk	NLD	100		-5.8	1.6	c
Gist Nederland B.V.	Bleiswijk	NLD	100		-8.8	2.0	c
Linde Finance B.V.	Amsterdam	NLD	100		321.8	5.8	
Linde Holdings Netherlands B.V.	Schiedam	NLD	100	100	1,123.5	56.5	
The BOC Group B.V.	Dongen	NLD	100		44.6	19.3	
Linde Holdings New Zealand Limited	Auckland	NZL	100		2.2	22.0	
BOC GIST INC	Makati	PHL	100		0.1	-	
Linde Global IT Services s.r.o.	Bratislava	SVK	100		0.9	0.1	
AGA Aktiebolag	Lidingö	SWE	100		1,454.3	63.6	

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS (IN ACCORDANCE WITH IFRS 10)

34

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
BOC Intressenter AB	Helsingborg	SWE	100		35.0	0.2	
LindeGas Holding Sweden AB	Lidingö	SWE	100	100	3,849.2	102.9	
DeVine Products, Inc.	Wilmington	USA	100		0.2	-3.1	
Gist USA LLC	Wilmington	USA	100		2.7	0.7	
Linde Holdings, LLC	Wilmington	USA	100		73.0	2.7	
LINDE INVESTMENTS LLC	Wilmington	USA	100		1,177.1	2.3	
Linde LLC	Wilmington	USA	100		820.6	162.0	

COMPANIES INCLUDED IN THE GROUP FINANCIAL STATEMENTS ON A LINE-BY-LINE BASIS (IN ACCORDANCE WITH IFRS 11)

35

	Registered office	Country	Participating interest	Thereof Linde AG	Equity	Profit/loss for the year	Note
			in percent	in percent	in EUR m	in EUR m	
<i>Gases Division</i>							
<i>EMEA</i>							
Adnoc Linde Industrial Gases Co. Limited (Elixier)	Abu Dhabi	ARE	49	49	125.4	5.6	
OOO "Linde Azot Togliatti"	Tolyatti	RUS	50		44.7	4.3	
<i>Asia/Pacific</i>							
BOC-SPC Gases Co., Ltd.	Shanghai	CHN	50		20.7	5.4	
Chongqing Linde-SVW Gas Co., Ltd.	Chongqing	CHN	50		15.3	2.7	
Ningbo Linde-ZRCC Gases Co., Ltd.	Ningbo	CHN	50		32.3	0.3	
Zibo BOC-QILU Gases Co., Ltd.	Zibo	CHN	50		26.3	6.1	
<i>Americas</i>							
East Coast Nitrogen Company LLC	Wilmington	USA	50		23.2	-	

## INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (IN ACCORDANCE WITH IAS 28)

36

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in EUR m	Profit/loss for the year in EUR m	Note
<b>Gases Division</b>							
<b>EMEA</b>							
Plyny Jehlár s.r.o.	Břest	CZE	34		0.2	-	c
H <sub>2</sub> Mobility Deutschland GmbH & Co. KG	Berlin	DEU	28	28	22.8	-1.8	b, c, d
HELISON PRODUCTION S.p.A.	Skikda	DZA	51	51	27.4	-0.5	b, f
Messer Algeria SPA	Algiers	DZA	40		2.8	1.4	b, c
Oxígeno de Sagunto, S.L.	Barcelona	ESP	50		13.0	-	c, e
Oy Innogas Ab	Kulloo	FIN	50		1.3	-	b, c
Parhaat Yhdessä koulutusyhdistys ry	Vantaa	FIN	25		0.2	-	c, d
LIDA S.A.S.	Saint-Quentin-Fallavier	FRA	22		0.2	0.2	b, c, d
LIMES SAS	Saint-Herblain	FRA	50		4.6	0.2	b, c, d
Helison Marketing Limited	Saint Helier	GBR	51		14.4	9.3	b, f
Company for Production of Carbon Dioxide Geli DOO Skopje	Skopje	MKD	50	50	0.6	-	b
LES GAZ INDUSTRIELS LIMITED	Port Louis	MUS	38		6.1	0.3	e
ENERGY SOLUTIONS (PTY) LIMITED	Windhoek	NAM	26		-	-	d
Tjeldbergodden Luftgassfabrikk DA	Aure	NOR	38		15.2	6.5	b, c, d
<b>Asia/Pacific</b>							
Beijing Fudong Gas Products Co., Ltd.	Beijing	CHN	60		0.4	-0.3	b, f
Fujian Linde-FPCL Gases Co., Ltd.	Quanzhou	CHN	50		77.8	15.5	b
Linde Carbonic Co. Ltd., Tangshan	Qian'an	CHN	80		-	-0.4	b, f
Linde-Huayi (Chongqing) Gases Co., Ltd	Chongqing	CHN	20		-37.5	-3.2	
Nanjing BOC-YPC Gases CO., LTD.	Nanjing	CHN	50		58.7	15.3	b
INDUSTRIAL GASES SOLUTIONS SDN BHD	Petaling Jaya	MYS	50		2.3	0.8	b
Kulim Industrial Gases Sdn. Bhd.	Kuala Lumpur	MYS	50		28.5	5.2	b, c, e
PENGERANG GAS SOLUTIONS SDN. BHD.	Kuala Lumpur	MYS	49		7.2	-0.4	b
Map Ta Phut Industrial Gases Company Limited	Bangkok	THA	40		8.6	0.1	b, c
Blue Ocean Industrial Gases Co., Ltd.	Taipei	TWN	50		32.4	3.2	b, c, e
<b>Americas</b>							
CLIFFSIDE HELIUM, L.L.C.	Wilmington	USA	26		0.1	-	b
Cliffside Refiners, L.P.	Wilmington	USA	27		4.4	2.1	b
High Mountain Fuels, LLC	Wilmington	USA	50		13.1	4.4	b
Hydrochlor LLC	Wilmington	USA	50		7.2	-1.7	b
Spectra Investors, LLC	Branchburg	USA	49		2.0	-	b
<b>Other Activities &amp; Corporate Activities</b>							
CAPTURE POWER LIMITED	London	GBR	33		-2.7	-	b

NON-CONSOLIDATED SUBSIDIARIES

37

	Registered office	Country	Participating interest in percent	Thereof Linde AG in percent	Equity in EUR m	Profit/loss for the year in EUR m	Note
<b>Gases Division</b>							
<b>EMEA</b>							
AUTOGAS (BOTSWANA) (PROPRIETARY) LIMITED	Gaborone	BWA	100		N/A	N/A	
Linde Schweiz AG	Dagmersellen	CHE	100		0.1	-	c
Blue LNG Beteiligungsgesellschaft mbH	Hamburg	DEU	90		-	-	c
Blue LNG GmbH & Co. KG	Hamburg	DEU	90		0.1	-	c
LINDE SPAIN SA	Puçol	ESP	100	100	0.1	-	c
ELECTROCHEM LIMITED	Guildford	GBR	100	100	-	-	c
GAS & EQUIPMENT LIMITED	Guildford	GBR	100		-	-	c
HYDROGEN SUPPLIES LIMITED	Guildford	GBR	100	100	0.9	-	c, d
INTELLEMETRICS LIMITED	Glasgow	GBR	100		-	-	c, d
Linde Delvar Afzar Gases Private Joint Stock Company	Tehran	IRN	51		N/A	N/A	k
Linde Gas Jordan Ltd	Zarqa	JOR	100		-0.5	-0.2	c, d
EAST AFRICAN OXYGEN LIMITED	Nairobi	KEN	100		-	-	c
KS Luftgassproduksjon	Oslo	NOR	100		-	-	c
Norgas AS	Oslo	NOR	100		0.1	-	c
OOO "Linde Gas Helium Rus"	Moscow	RUS	100	100	-	-	c
Linde Technické Plyn spol. s r.o.	Bratislava	SVK	100		0.1	-	c
Nynäshamns Gasterminal AB	Lidingö	SWE	100		-	-	c
<b>Asia/Pacific</b>							
BANGLADESH OXYGEN LIMITED	Dhaka	BGD	100		-	-	d
BOC Bangladesh Limited	Dhaka	BGD	100		-	-	d
Guangzhou GNIG Industrial Gases Company Limited	Guangzhou	CHN	60		-	-	c
BOC PAKISTAN (PVT.) LIMITED	Karachi	PAK	100		-	-	c, d
CIGI PROPERTIES, INC.	Mandaluyong	PHL	100		-	-	c
LIEN XIANG ENERGY CORPORATION LIMITED	Tainan	TWN	50		0.8	-	c
<b>Americas</b>							
LINDE ENERGY SERVICES S.A.S.E.S.P.	Bogotá	COL	100		-	-	
<b>Engineering Division</b>							
Linde Engenharia Do Brasil Ltda.	Barueri	BRA	100	90	0.5	-	c
Linde Engineering Korea Ltd.	Seoul	KOR	100	100	1.2	0.1	c
OOO "CRYOSTAR RUS"	Saint Petersburg	RUS	100	100	0.1	-	c
OOO "Linde Power machines"	Saint Petersburg	RUS	50	50	3.2	-0.2	c
Linde Engineering Taiwan Ltd.	Taipei	TWN	100		0.7	-	c
<b>Other Activities &amp; Corporate Activities</b>							
Linde Australia Holdings Pty Limited	North Ryde	AUS	100	100	-	-	c
GLPS TRUSTEES LIMITED	Guildford	GBR	100		-	-	c
Hong Kong Oxygen & Acetylene Company Limited	Kowloon	HKG	100		-	-	c
AIRCO PROPERTIES INC	Wilmington	USA	100		N/A	N/A	
SELOX, INC	Nashville	USA	100		N/A	N/A	

Key:  
a Profit/loss transfer agreement.  
b Joint venture.  
c Local GAAP.  
d Figures from financial years prior to 2017.  
e Financial year differs from the calendar year due to local circumstances.  
f Consolidation method differs from percentage of shares held due to de facto control or a contractual agreement.  
g The distribution of dividend for 2008 is subject to foreign exchange restrictions.  
h No preparation of individual financial statements under commercial law.  
i Distribution of dividend is subject to the approval of non-controlling interests.  
k Established in 2017.  
N/A = No financial data available.

## [31] Events after the balance sheet date

There were no significant events for Linde AG between the balance sheet date and 19 February 2018.

On 19 February 2018, the Executive Board of Linde AG released the financial statements for submission to the Supervisory Board. It is the responsibility of the Supervisory Board to examine the financial statements and to state whether it approves them. The statutory financial statements of Linde AG are published on 8 March 2018 after they have been approved at the Supervisory Board meeting on 7 March 2018.



## [32] Proposed appropriation of profit of Linde AG

The Executive Board recommends that, when the annual financial statements are approved at the meeting of the Supervisory Board on 7 March 2018, the Supervisory Board proposes that the appropriation of profit of EUR 1,299,466,497.00 (2016: EUR 686,860,862.70) be voted on at the Annual General Meeting on 3 May 2018:

- payment of a dividend of EUR 7.00 (2016: EUR 3.70) per no par-value share entitled to dividend. The total dividend payout for 185,638,071 (2016: 185,638,071) no par-value shares entitled to dividend amounts to EUR 1,299,466,497.00 (2016: EUR 686,860,862.70).

The 95,109 treasury shares held by the Company without any dividend entitlement at the time of the proposal for the appropriation of profit are not included in the calculation of the amount distributed.

MUNICH, 19 FEBRUARY 2018

PROFESSOR DR ALDO BELLONI  
[CHIEF EXECUTIVE OFFICER]

SANJIV LAMBA  
[MEMBER OF THE EXECUTIVE  
BOARD]

DR CHRISTIAN BRUCH  
[MEMBER OF THE EXECUTIVE  
BOARD]

DR SVEN SCHNEIDER  
[MEMBER OF THE EXECUTIVE  
BOARD]

BERND EULITZ  
[MEMBER OF THE EXECUTIVE  
BOARD]

# INDEPENDENT AUDITOR'S REPORT

To Linde Aktiengesellschaft, Munich

## Report on the Audit of the Annual Financial Statements and of the Management Report

### *Opinions*

We have audited the annual financial statements of Linde Aktiengesellschaft, Munich, which comprise the balance sheet as at 31 December 2017, and the statement of profit and loss for the financial year from 1 January 2017 to 31 December 2017, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of Linde Aktiengesellschaft combined with the management report of the company ("management report") for the financial year from 1 January 2017 to 31 December 2017.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of its financial performance for the financial year from 1 January 2017 to 31 December 2017 in compliance with German Legally Required Accounting Principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

### *Basis for the Opinions*

We conducted our audit of the annual financial statements and of the management report in accordance with Section 317 HGB and the EU Audit Regulation No. 537/2014 (referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

### *Key Audit Matters in the Audit of the Annual Financial Statements*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the financial year from 1 January 2017 to 31 December 2017. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

### **Recoverability of Investments in Affiliated Companies**

With respect to the accounting policies applied, we refer to the section "Accounting Policies" in the notes to the annual financial statements.

### **The Financial Statement Risk**

In the annual financial statements of Linde AG as at 31 December 2017, the investments in affiliated companies amount to EUR 17,236 million. Their share accounts for 82% of the balance sheet total and thereby has a significant influence on the Company's assets.

Investments in affiliated companies are presented on the balance sheet at acquisition costs or, in case of a reduction in value which is expected to be permanent, at their lower value. The Company determines the value of their investments in affiliated companies using the discounted earnings method.

The cash flows utilised for the discounted earnings method are based on entity specific projections for the

upcoming four years with a forward projection on the basis of assumed long-term growth rates. The discount rate is determined on country-specific basis. When the value is lower than the carrying amount, quantitative and qualitative criteria are assessed to determine whether the impairment is expected to be permanent in nature.

The calculation of the value using the discounted earnings approach is complex and, in terms of the assumptions made, heavily dependent on the Company's estimates and judgements. This is particularly the case for estimates of future cash flows and long-term growth rates, the determination of discount rates as well as the assessments with respect to the longevity of the impairment.

In the last two years the business prospects for some companies have permanently deteriorated. Therefore, in the 2017 financial year the Company recognised impairment on investments in affiliated companies in the amount of EUR 42 million. There is the financial statement risk that the carrying amount of the investments in affiliated companies may not be recoverable.

#### **Our Audit Approach**

We initially obtained an understanding of the Company's process for assessing the recoverability of the carrying amount of the investments in affiliated companies. This included an intensive review of the Company's approach to the determination of impairments and, based on the information obtained within the scope of our audit, an assessment as to whether there was an indication of the need to record an impairment not identified by the Company.

Subsequently, with the involvement of our valuation specialists, we assessed the appropriateness of the significant assumptions as well as of the valuation model underlying the company valuations as prepared by the Company. We discussed the expected cash flows as well as the assumed long-term growth rates with those responsible for the planning process. Moreover, we assessed the Company's planning accuracy by comparing projections for previous financial years with the actual results realised and analysed deviations. We also assessed the consistency of the assumptions with external market expectations.

We compared the assumptions and parameters underlying the discount rate – in particular the risk-free interest rate, the market risk premium and the beta factor – with own assumptions and data which is publicly available. To account for the uncertainty of forecast information, we then assessed reasonably possible changes in the discount rate, and in the long-term growth rate on the value by calculating alternative scenarios and comparing these with the Company's valuation results (sensitivity analysis). To provide for the mathematical accuracy of the valuation model utilised, we recalculated the Company's calculations on the basis of elements selected in a risk-orientated manner.

#### **Our Observations**

The underlying procedure for the impairment test of the investments in affiliated companies is appropriate and is in line with the applicable valuation principles. The assumptions, parameters and judgements applied by the Company are within an acceptable bandwidth and are, on the whole, balanced.

#### **Recoverability of work in progress related to long-term construction contracts, as well as completeness of the related provisions for expected losses**

With respect to the accounting policies applied, we refer to the section "Accounting Policies" in the notes to the annual financial statements.

#### **The Financial Statement Risk**

In the annual financial statements of Linde AG as at 31 December 2017, the work in progress amounts to EUR 2.509 million. A significant portion of this work in progress relates to long-term construction contracts in the Engineering Division of Linde AG.

The loss-free valuation of work in progress is performed for each project on the basis of a comparison between the realisable proceeds with the already capitalised production costs and costs still to be incurred through the end of the project. The costs still to be incurred include, in addition to the production costs from the project calculation, also surcharges for administrative and selling expenses.

If for an individual project a loss results from the comparison of the realisable proceeds with the already capitalised production costs and costs still to be incurred through the end of the project, then in a first step an impairment is recognised to the work in progress. In case that the capitalised production costs are not sufficient to cover the losses, a provision for expected losses is additionally recognised.

The continuously updated project calculations and planning are complex, especially in the large-scale plant construction, and contain to a large extent estimates and judgements.

There is the risk for the annual financial statements that the work in progress is overvalued or that expected losses are not identified on a timely basis and respective provisions are not recognised.

#### **Our Audit Approach**

We have assessed the reasonableness of the significant estimates and judgements with respect to the costs still to be incurred as well as follow-up costs which have been made by Linde AG in connection with long-term construction contracts. Our focus, among others, was on the assessment of the underlying current cost reports of the projects, the posting logic and on the estimates of those responsible for the projects. In connection with our audit, we assessed the procedures for the

contract calculations and the impairment test. Furthermore, we have evaluated the operating effectiveness of the internal controls in connection with the project calculations and, based on further risk considerations, performed for selected projects substantive test work. We have discussed these projects, including their inherent risks, with those responsible for the projects and with the management of Linde AG. Furthermore we have analysed the contract calculations, and for a selected project we have assured ourselves on site as to the stage of completion of the project. For the technical engineering assessment of contract calculations, project progress and project risks, we involved an external expert.

#### **Our Observations**

The process for the loss-free valuation of work in progress relating to long-term construction contracts and for the recognition of provisions for expected losses is appropriate. The assumptions made for the valuation and judgements exercised are reasonable.

#### ***Responsibilities of the Executive Board and the Supervisory Board for the Annual Financial Statements and the Management Report***

The Executive Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Executive Board is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Executive Board is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Executive Board is responsible for such arrangements and measures (systems) as they have

considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The supervisory board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

#### ***Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Management Report***

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by the Executive Board and related disclosures.
- Conclude on the appropriateness of the Executive Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by the Executive Board in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Executive Board as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant

independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

## Other Legal and Regulatory Requirements

### *Further Information pursuant to Article 10 of the EU Audit Regulation*

We were elected as auditor by the annual general meeting on 10 May 2017. We were engaged by the supervisory board on 10 May 2017. We have been the auditor of the Linde Aktiengesellschaft without interruption for more than 24 years.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

### *German Public Auditor Responsible for the Engagement*

The German Public Auditor responsible for the engagement is Harald v. Heynitz.

MUNICH, 19 FEBRUARY 2018

KPMG AG  
WIRTSCHAFTSPRÜFUNGS-  
GESELLSCHAFT

[ORIGINAL GERMAN VERSION  
SIGNED BY:]

BECKER	V. HEYNITZ
WIRTSCHAFTS- PRÜFER	WIRTSCHAFTS- PRÜFER
[GERMAN PUBLIC AUDITOR]	[GERMAN PUBLIC AUDITOR]

54	Responsibility statement
55	Financial calendar
56	Tables

# Further Information

## SECTION 2

# RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of the Company, and the combined management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal opportunities and risks associated with the expected development of the Company.

MUNICH, 19 FEBRUARY 2018

PROFESSOR DR ALDO BELLONI  
[CHIEF EXECUTIVE OFFICER]

SANJIV LAMBA  
[MEMBER OF THE EXECUTIVE  
BOARD]

DR CHRISTIAN BRUCH  
[MEMBER OF THE EXECUTIVE  
BOARD]

DR SVEN SCHNEIDER  
[MEMBER OF THE EXECUTIVE  
BOARD]

BERND EULITZ  
[MEMBER OF THE EXECUTIVE  
BOARD]



# FINANCIAL CALENDAR

[ 1 ]  
PRESS CONFERENCE ON  
THE ANNUAL RESULTS  
PUBLICATION OF THE GROUP  
FINANCIAL STATEMENTS  
8 March 2018  
Carl von Linde Haus, Munich,  
Germany

[ 2 ]  
INTERIM REPORT  
JANUARY TO MARCH 2018  
25 April 2018

[ 3 ]  
ANNUAL GENERAL MEETING  
2018  
3 May 2018, 10 a.m.  
International Congress Centre, Munich,  
Germany

[ 4 ]  
DIVIDEND PAYMENT  
8 May 2018

[ 5 ]  
ANNUAL GENERAL MEETING  
2019  
9 May 2019, 10 a.m.  
International Congress Centre, Munich,  
Germany

## STATEMENTS RELATING TO THE FUTURE

This Annual Report contains statements relating to the future which are based on the management's current estimates about future developments. These statements are not to be understood as guarantees that these expectations will prove to be true. The future development and the results actually achieved by The Linde Group and its affiliated companies are dependent on a number of risks and uncertainties and may therefore deviate significantly from the statements relating to the future. Linde has no plans to update its statements relating to the future, nor does it accept any obligation to do so.

# TABLES

<p>① Balance sheet of Linde AG – Assets <i>PAGE 2</i></p> <p>② Balance sheet of Linde AG – Equity and liabilities <i>PAGE 2</i></p> <p>③ Income statement of Linde AG <i>PAGE 3</i></p> <p>④ Statement of non-current asset movements in Linde AG <i>PAGE 6</i></p> <p>⑤ Statement of non-current asset movements in Linde AG <i>PAGE 7</i></p> <p>⑥ Inventories <i>PAGE 8</i></p> <p>⑦ Receivables and other assets <i>PAGE 8</i></p> <p>⑧ Equity <i>PAGE 9</i></p> <p>⑨ Number of shares <i>PAGE 9</i></p> <p>⑩ Statement of changes in equity in Linde AG <i>PAGE 13</i></p> <p>⑪ Provision for pensions <i>PAGE 13</i></p>	<p>⑫ Obligation from Linde Pension Plan <i>PAGE 13</i></p> <p>⑬ Other provisions <i>PAGE 14</i></p> <p>⑭ Liabilities <i>PAGE 14</i></p> <p>⑮ Revenue – Analysis by division <i>PAGE 15</i></p> <p>⑯ Revenue – Analysis by geographical region <i>PAGE 15</i></p> <p>⑰ Other operating income <i>PAGE 15</i></p> <p>⑱ Other operating expenses <i>PAGE 15</i></p> <p>⑲ Investment income <i>PAGE 16</i></p> <p>⑳ Other interest and similar income and charges <i>PAGE 16</i></p> <p>㉑ Contingent liabilities <i>PAGE 17</i></p> <p>㉒ Obligations under non-cancellable operating leases <i>PAGE 17</i></p> <p>㉓ Cost of materials <i>PAGE 18</i></p> <p>㉔ Personnel expenses <i>PAGE 18</i></p> <p>㉕ Average number of employees <i>PAGE 19</i></p> <p>㉖ Options – Long Term Incentive Plan 2012 <i>PAGE 21</i></p>	<p>㉗ Matching shares – Long Term Incentive Plan 2012 <i>PAGE 21</i></p> <p>㉘ Derivatives and hedge relationships– 2016 <i>PAGE 24</i></p> <p>㉙ Derivatives and hedge relationships – 2017 <i>PAGE 25</i></p> <p>㉚ Emoluments of the Supervisory Board (incl. VAT) <i>PAGE 26</i></p> <p>㉛ Emoluments of the Executive Board in accordance with the German Commercial Code (HGB) <i>PAGE 26</i></p> <p>㉜ Shares granted from share-based payments <i>PAGE 26</i></p> <p>㉝ Amounts barred from distribution <i>PAGE 30</i></p> <p>㉞ Companies included in the Group financial statements (in accordance with IFRS 10) <i>PAGE 31</i></p> <p>㉟ Companies included in the Group financial statements on a line-by-line basis (in accordance with IFRS 11) <i>PAGE 43</i></p> <p>㊱ Investments accounted for using the equity method (in accordance with IAS 28) <i>PAGE 44</i></p> <p>㊲ Non-consolidated subsidiaries <i>PAGE 45</i></p>
--	---	--

# IMPRINT

## [ PUBLISHED BY ]

LINDE AG  
KLOSTERHOFSTRASSE 1  
80331 MUNICH  
GERMANY

## [ CONCEPT, DESIGN, PRODUCTION ]

HW.DESIGN, MUNICH  
GERMANY

## [ TEXT ]

LINDE AG

## [ CONTACT ]

LINDE AG  
KLOSTERHOFSTRASSE 1  
80331 MUNICH  
GERMANY

PHONE: +49.89.35757-01

FAX: +49.89.35757-1075

WWW.LINDE.COM

## [ PRINTED BY ]

G. PESCHKE DRUCKEREI GMBH  
85599 PARSDORF/MUNICH  
GERMANY

CURIOUS MATTER  
GOYA WHITE [COVER]

METAPAPER  
SMOOTH WHITE [CONTENT]

## [ 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

## [ CONTACT DETAILS FOR NOTIFICATION OF VOTING RIGHTS ]

FAX: +49.89.35757-1007

The Annual Report of The Linde Group is available in both German and English and can be downloaded from our website at ► [WWW.LINDE.COM](http://WWW.LINDE.COM). In addition, an interactive online version of the Annual Report is available at this address. The Annual Report comprises the Financial Report of The Linde Group and the Annual. Supplementary information about Linde can be obtained from us free of charge.

## [ DATE OF PUBLICATION ]

8 MARCH 2018

ClimatePartner<sup>o</sup>  
climate neutral

Print | ID 53152-1802-1008



