LINDE PLC

HALF-YEAR FINANCIAL REPORT
1 JANUARY - 30 JUNE
2019

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and similar expressions. They are based on management’s reasonable expectations and assumptions as of the date the statements are made but involve risks and uncertainties. These risks and uncertainties include, without limitation: the ability to successfully integrate the Praxair and Linde AG businesses; regulatory or other limitations and requirements imposed as a result of the business combination of Praxair and Linde AG that could reduce anticipated benefits of the transaction; the risk that Linde plc may be unable to achieve expected synergies or that it may take longer or be more costly than expected to achieve those synergies; the performance of stock markets generally; developments in worldwide and national economies and other international events and circumstances, including trade conflicts and tariffs; changes in foreign currencies and in interest rates; the cost and availability of electric power, natural gas and other raw materials; the ability to achieve price increases to offset cost increases; catastrophic events including natural disasters, epidemics and acts of war and terrorism; the ability to attract, hire, and retain qualified personnel; the impact of changes in financial accounting standards; the impact of changes in pension plan liabilities; the impact of tax, environmental, healthcare and other legislation and government regulation in jurisdictions in which the company operates, including the impact of the U.S. Tax Cuts and Jobs Act of 2017; the cost and outcomes of investigations, litigation and regulatory proceedings; the impact of potential unusual or non-recurring items; continued timely development and market acceptance of new products and applications; the impact of competitive products and pricing; future financial and operating performance of major customers and industries served; the impact of information technology system failures, network disruptions and breaches in data security; and the effectiveness and speed of integrating new acquisitions into the business. These risks and uncertainties may cause actual future results or circumstances to differ materially from accounting standards generally accepted in the United States ("U.S. GAAP"), International Financial Reporting Standards ("IFRS") or adjusted projections, estimates or other forward-looking statements.

Linde plc assumes no obligation to update or provide revisions to any forward-looking statement in response to changing circumstances. The above listed risks and uncertainties are further described in the Principal Risks and Uncertainties section of the Linde plc 2018 Directors' Report and Financial Statements, which should be reviewed carefully. Please consider Linde plc’s forward-looking statements in light of those risks.

BUSINESS PERFORMANCE OVERVIEW

CONSOLIDATED RESULTS OF OPERATIONS

On 31 October 2018 Praxair, Inc. ("Praxair") and Linde Aktiengesellschaft ("Linde AG") combined their respective businesses through an all-stock merger transaction, and became subsidiaries of Linde plc ("Linde" or "the company"). The results of Linde AG are included in Linde's consolidated results from the merger date forward. Accordingly, the results for the period ended 30 June 2019 reflect the combined company including the impacts of acquisition ("purchase") accounting (see Note 2 to the condensed consolidated financial statements). The period ended 30 June 2018 reflects only the results of Praxair.

The following table provides summary results of operations of Linde for the six month periods ended 30 June 2019 and 2018:

(Millions of dollars) **Six Months Ended 30 June**	**2019**	**2018**	**Variance**	
Revenue	$ 14,428	$ 6,027	$ 8,401	139 %
Cost of sales (includes depreciation)	10,526	3,898	6,628	170 %
Marketing and selling expenses, administrative expense and research and development costs (includes depreciation and amortization)	2,602	807	1,795	222 %
Other operating income and (expenses) - net	29	12	17	142 %
Operating profit from continuing operations	**1,329**	**1,334**	**(5)**	— %
Operating margin	*9.2%*	*22.1%*		
Financial expenses - net	59	105	(46)	(44)%
Share of profit and loss from associates and joint ventures (at equity)	33	29	4	14 %
Income tax expense	338	317	21	7 %
PROFIT FROM CONTINUING OPERATIONS	**$ 965**	**$ 941**	**$ 24**	3 %
attributable to Linde plc shareholders	$ 893	$ 912	(19)	(2)%
attributable to noncontrolling interests	$ 72	$ 29	$ 43	148 %
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS - LINDE PLC SHAREHOLDERS	$ 1.63	$ 3.13	$ (1.50)	(48)%

Results of Operations, For the Six Months Ended 30 June 2019 Compared With 2018

Revenue increased 139% to $14,428 million in 2019 compared to $6,027 million in 2018 primarily reflecting the merger with Linde AG, partially offset by the impact of Praxair merger-related divestitures, the net of which contributed 137% to revenues. Excluding this impact volume increased revenues by 2% primarily driven by higher volumes in the APAC segment, including new project start-ups. Higher pricing, primarily in the Americas and Asia/Pacific ("APAC") segments contributed 3% to revenues. Currency translation decreased revenues by 3%, driven by the weakening of the Brazilian real, Argentine peso, Canadian dollar and Chinese yuan against the U.S. dollar.

Cost of sales increased $6,628 million versus 2018 primarily due to the merger and related purchase accounting impacts, partially offset by the impact of Praxair merger-related divestitures. Cost of sales for the period ended 30 June 2019 was negatively impacted by $703 million for additional depreciation and amortization related to purchase accounting and a $9 million charge for the fair value step-up of inventories acquired in the merger.

Marketing and selling expenses, administrative and research and development costs ("SG&A/R&D") increased $1,795 million in 2019 to $2,602 million, primarily due to the merger, partially offset by the impact of Praxair merger-related divestitures. SG&A/R&D for 2019 includes $398 million for additional depreciation and amortization related to the required purchase accounting. Also, SG&A/R&D includes cost reduction programs and other charges of $179 million in 2019 and $43 million in 2018, primarily related to merger transaction costs and the costs associated with executing planned synergies.

Other operating income and (expenses) - net in 2019 was a net benefit of $29 million versus a net benefit of $12 million in 2018.

Operating profit from continuing operations of $1,329 million in 2019 was $5 million lower than operating profit of $1,334 million in 2018. 2019 includes cost reduction programs and other charges of $230 million, and purchase accounting impacts of $1,110 million related to the Linde AG merger (see Notes 1, 2, and 3 to the condensed consolidated financial statements). 2018 included transaction costs of $43 million. Excluding the impact of these items, adjusted operating profit of $2,669 million in 2019 was $1,292 million, or 94%, higher than adjusted operating profit of $1,377 million in 2018 driven primarily by the merger, partially offset by the impact of Praxair-merger related divestitures. Excluding these impacts the operating margin was 18.5% in 2019 versus 22.8% in 2018 also reflecting the net impact of the merger and Praxair merger-related divestitures. Excluding these impacts operating profit increased as the impacts of higher pricing and volumes were partially offset by unfavorable currency impacts and cost inflation. A discussion of operating profit by segment is included in the segment discussion that follows.

Financial expense – net in 2019 decreased $46 million, or 44%, versus 2018. 2019 included a decrease of $52 million related to purchase accounting impacts related to the fair value of debt acquired in the merger (see Note 2 to the condensed consolidated financial statements).

Share of profit and loss from associates and joint ventures (at equity) increased $4 million in 2019 versus 2018 primarily driven by income from equity investments acquired in the merger, primarily in APAC and Europe/Middle East/Africa ("EMEA").

The reported effective tax rate ("ETR") for 2019 was 25.9% versus 25.2% in 2018.

Profit from continuing operations for 2019 was $965 million, $24 million or 3% higher than $941 million in 2018. This is primarily driven by lower financial expense-net, partially offset by slightly lower operating profit and a higher effective tax rate.

Diluted earnings per share from continuing operations - Linde plc shareholders ("EPS") of $1.63 in 2019 decreased $1.50 per diluted share, or 48% from $3.13 in 2018 driven by an increase in diluted shares resulting from equity acquired in the merger, partially offset by the increase in income from continuing operations.

SEGMENT DISCUSSION

Through 31 October 2018 the company's operations were organized into five reportable segments, four of which have been determined on a geographic basis of segmentation: North America, Europe, South America and Asia. The company's surface technologies business represented the fifth reportable segment. As a result of the merger and effective with the lifting of the "Hold Separate Order" on 1 March 2019 new operating segments were created which are used by the company's Chief Operating Decision Maker ("CODM") to allocate company resources and assess performance. Linde's operations consist of two major product lines: industrial gases and engineering/other. As further described in the following paragraph, Linde's industrial gases operations are managed on a geographic basis, which represents three of the company's new operating segments - Americas, EMEA (Europe/Middle East/Africa), and APAC (Asia/Pacific); a fourth operating segment which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis. Each of these operating segments is a separate reporting segment for financial reporting purposes. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

Historically and through 2019, Linde assessed the performance of the operating segments determined in accordance with U.S. GAAP. Accordingly, the analysis of key performance indicators and the associated segment discussion that follows are based on U.S. GAAP results. A reconciliation from U.S. GAAP results to those determined under EU-International Financial Reporting Standards ("IFRS") for the six months ended 30 June 2019 and 2018 is also provided. The following summary of U.S. GAAP sales and operating profit by segment provides a basis for the discussion that follows (for additional information concerning Linde's segments, see Note 11 to the condensed consolidated financial statements). Linde evaluates the performance of its operating segments based on operating profit, excluding the items not indicative of ongoing business trends ("Segment operating profit").

(Millions of dollars) Six Months Ended 30 June	2019	2018	Variance	
Sales				
Americas	$ 5,485	$ 3,715	$ 1,770	48 %
EMEA	3,355	850	2,505	295 %
APAC	2,965	895	2,070	231 %
Engineering	1,388	—	1,388	N/M
Other	955	567	388	68 %
Total U.S. GAAP Sales	14,148	6,027	8,121	135 %
GAAP adjustments [1]	280	—	280	
Total IFRS Sales	$ 14,428	$ 6,027	$ 8,401	139 %
Operating Profit				
Americas	$ 1,231	$ 993	$ 238	24 %
EMEA	679	180	499	277 %
APAC	588	214	374	175 %
Engineering	177	—	177	N/M
Other	(121)	(2)	(119)	N/M
U.S. GAAP segment operating profit	2,554	1,385	1,169	84 %
Reconciliation to consolidated operating profit:				
Cost reduction programs and other charges [2]	(230)	(43)	(187)	
Purchase accounting impacts - Linde AG [3]	(1,046)	—	(1,046)	
U.S. GAAP consolidated operating profit	1,278	1,342	(64)	(5)%
GAAP adjustments [4]	51	(8)	59	
IFRS consolidated operating profit	$ 1,329	$ 1,334	$ (5)	— %

(1) Primarily related to consolidation of certain entities acquired as part of the business combination during the fourth quarter of 2018 for IFRS versus equity method accounting for U.S. GAAP.
(2) Primarily related to merger transaction costs and restructuring activities, see Note 11 to the condensed consolidated financial statements.
(3) Impacts of the required purchase accounting related to the merger transaction, primarily the increased depreciation and amortization of assets recorded at fair value (see Note 2 to the condensed consolidated financial statements).
(4) Primarily related to consolidation of certain entities acquired as part of the business combination during the fourth quarter of 2018 for IFRS versus equity method for U.S. GAAP and pension accounting.

Americas

The Americas segment includes Linde's industrial gases operations in approximately 20 Americas countries including the United States, Canada, Mexico and Brazil.

Sales

Sales for the Americas segment increased $1,770 million, or 48%, for the six months ended 30 June 2019 versus the respective 2018 period, primarily due to the merger. Higher pricing contributed 3% to sales while currency translation decreased sales by 3%, primarily driven by the weakening of the Brazilian real, Argentine peso and Canadian dollar against the U.S. Dollar.

Operating profit

Operating profit in the Americas segment increased $238 million, or 24%, for the six months ended 30 June 2019 versus the respective 2018 period largely driven by the merger and higher pricing, partially offset by unfavorable currency translation impacts of 3%. 2018 operating profit also included net gains on asset disposals of $13 million.

EMEA

The EMEA segment includes Linde's industrial gases operations in approximately 45 European, Middle Eastern and African countries including Germany, France, Sweden, the Republic of South Africa, and the United Kingdom.

Sales
EMEA segment sales increased $2,505 million, or 295%, in the six months ended 30 June 2019 as compared to the respective 2018 period driven by the net impact of the merger with Linde AG and the related divestiture of Praxair's European gases business in the fourth quarter of 2018.

Operating profit
Operating profit for the EMEA segment increased $499 million, or 277%, in the six months ended 30 June 2019 as compared to the respective 2018 period driven by the net impact of the merger with Linde AG and the related divestiture of Praxair's European gases business in the fourth quarter of 2018.

APAC

The APAC segment includes Linde's industrial gases operations in approximately 20 Asian and South Pacific countries including China, Australia, India, South Korea and Taiwan.

Sales
Sales for the APAC segment increased $2,070 million, or 231%, for the six months ended 30 June 2019 versus the respective 2018 period driven primarily by the merger. Unfavorable currency translation decreased sales by 5%, driven primarily by the weakening of the Chinese yuan, Korean won, India rupee and Australian dollar against the U.S. Dollar. Excluding the impacts of the merger and currency, sales increased 11%, driven by higher base volumes and new project start-ups and higher price.

Operating profit
Operating profit in the APAC segment increased $374 million, or 175%, for the six months ended 30 June 2019 versus the respective 2018 period due primarily to the merger. Unfavorable currency translation decreased operating profit by 5%. Excluding the merger and currency impacts, operating profit growth was driven by price and cost reduction programs.

Engineering

Sales
Engineering segment sales increased $1,388 million, or 100%, for the six months ended 30 June 2019 as compared to the respective 2018 period due entirely to the acquisition of the Linde Engineering business.

Operating profit
Engineering segment operating profit increased $177 million, or 100%, for the six months ended 30 June 2019 as compared to the respective 2018 period due entirely to the acquisition of the Linde Engineering business.

Other

Other consists of corporate costs and a few smaller businesses including: Surface Technologies, GIST, global helium wholesale, and Electronic Materials; which individually do not meet the quantitative thresholds for separate presentation.

Sales
Sales for Other increased $388 million, or 68%, in the six months ended 30 June 2019, versus the respective 2018 period primarily due to the merger, which increased sales by 61%. Higher volumes and price increased sales by 11% including higher surface technologies volumes to the aerospace and manufacturing end-markets and higher price. Cost pass through decreased reported sales by 1% with minimal impact on operating profit. Currency translation decreased sales by 3%.

Operating profit
Operating profit in Other decreased $119 million for the six months ended 30 June 2019 versus the respective 2018 period due primarily to the merger as operating profit increases from higher volumes and price were more than offset by the Linde AG corporate costs acquired.

CONSOLIDATED FINANCIAL POSITION

The following table provides a summary of consolidated financial position of Linde as of 30 June 2019 and 31 December 2018:

(Millions of dollars)	30/06/2019	31/12/2018	Variance	
Goodwill	$ 26,694	$ 26,738	$ (44)	— %
Other intangible assets	16,829	17,281	(452)	(3)%
Tangible assets	30,350	30,693	(343)	(1)%
Other assets	11,175	9,668	1,507	16 %
Non-current assets classified as held for sale	476	5,670	(5,194)	N/M
Cash and cash equivalents	2,767	4,533	(1,766)	(39)%
TOTAL ASSETS	**$ 88,291**	**$ 94,583**	**$ (6,292)**	**(7)%**
Equity	53,275	57,789	(4,514)	(8)%
Pension obligations and other provisions	3,479	3,098	381	12 %
Financial debt	13,862	15,289	(1,427)	(9)%
Other liabilities	17,580	17,544	36	— %
Liabilities in connection with non-current assets classified as held for sale	95	863	(768)	N/M
TOTAL EQUITY AND LIABILITIES	**$ 88,291**	**$ 94,583**	**$ (6,292)**	**(7)%**

Goodwill decreased $44 million to $26,694 million as of 30 June 2019 from $26,738 million as of 31 December 2018. This decrease is primarily related to the impact of negative currency translation which was largely offset by acquisitions and measurement period adjustments made during the six months ended 30 June 2019 (see Notes 2 and 6 to the condensed consolidated financial statements).

Other intangible assets – net decreased $452 million to $16,829 million as of 30 June 2019 from $17,281 million as of 31 December 2018. This decrease is primarily related to the amortization of finite lived intangible assets and the impact of negative currency translation, partially offset by acquisitions (see Notes 2 and 6 to the condensed consolidated financial statements).

Tangible assets (property, plant and equipment – net) decreased $343 million to $30,350 million as of 30 June 2019 from $30,693 million as of 31 December 2018. This decrease is primarily related to the depreciation of the tangible assets partly offset by capital expenditures during the six months ended 30 June 2019 (see Notes 2 and 6 to the condensed consolidated financial statements).

Other assets increased $1,507 million to $11,175 million as of 30 June 2019 from $9,668 million as of 31 December 2018. This increase is primarily related to the recognition in the condensed consolidated statement of financial position of the right of use assets of $1,152 million as required under IFRS 16 (see Notes 2 and 9 to the condensed consolidated financial statements).

Non-current assets classified as held for sale net of liabilities in connection with non-current assets classified as held for sale was $381 million at 30 June 2019 versus $4,807 million at 31 December 2018. The reduction was primarily driven by the Linde AG merger-related divestitures in the Americas and South Korea completed during 2019 (see Note 3 to the condensed consolidated financial statements).

Cash and cash equivalents decreased $1,766 million to $2,767 million as of 30 June 2019 from $4,533 million as of 31 December 2018. Operating cash flow of $2,251 million and cash inflows from investing activities of $2,828 million were more than offset by cash outflows for financing activities of $6,794 million. See the "Liquidity and Capital Resources" discussion below for further detail. The cash is available for corporate uses, including among others capital expenditures and share repurchases.

Equity decreased $4,514 million to $53,275 million as of 30 June 2019 from $57,789 million as of 31 December 2018. This decrease was primarily driven by the completion of the cash merger squeeze-out of the remaining 8% Linde AG shareholders in April 2019 which reduced equity by $3.2 billion, net share repurchases of $1,195 million and $951 million of dividend payments to Linde plc shareholders, partially offset by net income of $1,047 million (see the condensed statement of changes in consolidated equity and Note 7 to the condensed consolidated financial statements).

Pension obligations and other provisions increased $381 million to $3,479 million as of 30 June 2019 from $3,098 million as of 31 December 2018. This increase is primarily related to the revaluation of pension obligations which was negatively impacted by a reduction in discount rates, most significantly in EMEA.

Financial debt (the sum of short-term debt, current portion of long-term debt and long-term debt), decreased $1,427 million to $13,862 million as of 30 June 2019 from $15,289 million as of 31 December 2018 driven primarily by debt repayments-net during 2019 (see "Liquidity and Capital Resources" discussion below and Note 8 to the condensed consolidated financial statements).

Other liabilities increased $36 million to $17,580 million as of 30 June 2019 from $17,544 million as of 31 December 2018. This increase is driven by the recognition in the condensed consolidated statement of financial position of lease liability of $1,170 million as required under IFRS 16 (see Notes 2 and 9 to the condensed consolidated financial statements), which was largely offset by timing of accruals related to incentives and taxes, and the impact of currency translation.

LIQUIDITY AND CAPITAL RESOURCES

Following is a summary of the consolidated statement of cash flows:

(Millions of dollars)

Six Months Ended 30 June	**2019**	**2018**	**Variance**
Cash flow from operating activities	$ 2,251	$ 1,477	$ 774
Cash flow (for)/from investing activities	2,828	(607)	3,435
Cash flow for financing activities	(6,794)	(945)	(5,849)
Other cash activity	(51)	(64)	13
Change in cash and cash equivalents	(1,766)	(139)	(1,627)
Cash and cash equivalents, beginning -of-period	4,533	617	3,916
Cash and cash equivalents, end-of-period	$ 2,767	$ 478	$ 2,289

Cash flow from operating activities

Cash flows from operations was $2,251 million, or 16% of sales, an increase of $774 million from $1,477 million, or 25% of sales in 2018. The increase was driven by higher profit adjusted for non-cash charges primarily attributable to the merger, partially offset by higher working capital requirements and unfavorable changes in other long-term assets and liabilities.

Cash flow (for)/from investing activities

Net cash from by investing activities of $2,828 million increased $3,435 million from a use of $607 million in 2018, primarily driven by proceeds from merger-related divestitures, partially offset by higher capital expenditures and acquisitions.

Capital expenditures for the six months ended 30 June 2019 were $1,721 million, $1,045 million higher than the prior year driven primarily by the merger.

Acquisition expenditures in 2019 were $140 million and relate primarily to acquisitions in the Americas (see Note 2 to the condensed consolidated financial statements). Acquisition expenditures were immaterial for 2018.

Divestitures and asset sales for the six months ended 30 June 2019 and 2018 were $4,689 million and $69 million, respectively. The 2019 period includes net proceeds of $3.4 billion from the sale of Linde AG's Americas business and $1.2 billion from the sale of select assets of Linde AG Korea (see Note 3 to the condensed consolidated financial statements).

Cash flow for financing activities

Cash flow for financing activities was $6,794 million in 2019 compared to $945 million in 2018. The primary financing uses of cash were for cash dividends, net repurchases of Linde ordinary shares and the squeeze out of the remaining 8% Linde AG shareholders, and debt repayments-net.

Cash dividends of $951 million increased $477 million from 2018 driven primarily by higher shares outstanding after the merger and a 6% increase in dividends per share from $1.65 to $1.75 for the six month ended 30 June 2019 and 2018, respectively.

Net purchases of ordinary shares were $1,195 million in 2019 versus net issuances of ordinary shares of $43 million in 2018 driven by increased share repurchases. Noncontrolling interest transactions and other payments was $3,236 million in 2019 versus $22 million in 2018, driven by the squeeze out payment to the 8% Linde AG noncontrolling interests.

The cash used for debt repayments-net of $1,311 million increased $819 million from $492 million during 2018 and consisted of the following repayments of notes: in February 2019 Linde repaid $500 million of 1.90% notes that became due; in May 2019 Linde repaid $150 million of variable rate notes that became due; in June 2019 Linde repaid €500 million of 1.75% notes that became due and the associated interest rate swap was settled; in June 2019 Linde settled AUD100 million of variable rate notes that became due.

Effective 29 March 2019, the company and certain of its subsidiaries entered into an unsecured revolving credit agreement with a syndicate of banking institutions (the "Credit Agreement"). The Credit Agreement provides for total commitments of $5.0 billion, which may be increased up to $6.5 billion subject to receipt of additional commitments and satisfaction of customary conditions. There are no financial maintenance covenants contained within the Credit Agreement. The revolving credit facility expires on March 26, 2024 with the option to request two one-year extensions of the expiration date. In connection with the effectiveness of the Credit Agreement, Praxair and Linde AG terminated their respective existing revolving credit facilities.

Other cash activity

Other cash activity includes the effects of currency translation on cash and cash flows from discontinued operations.

PRINCIPAL RISKS AND UNCERTAINTIES

Due to the size and geographic reach of the company’s operations, a wide range of factors, many of which are outside of the company’s control, could materially affect the company’s future operations and financial performance. Management believes the risks that may significantly impact the company have not changed since 31 December 2018. Refer to the Principal Risks and Uncertainties section of the Linde plc 2018 Directors' Report and Financial Statements for further information.

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- the interim business performance overview includes a fair review of the information required by: - Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and - Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Approved by the Board of Directors and signed on its behalf on 27 September 2019 by:

/S/ Stephen F. Angel	*/S/ Prof.Dr. Clemens Börsig*
Stephen F. Angel	Prof. Dr. Clemens Börsig
Chief Executive Officer and Director	*Director*

Independent review report to Linde plc

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Linde plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Financial Report of Linde plc for the six month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

What we have reviewed

The interim financial statements, comprise:

- the condensed consolidated statement of financial position as at 30 June 2019;
- the condensed consolidated statement of profit and loss and condensed consolidated statement of comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed statement of changes in consolidated equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom and Ireland. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers
Chartered Accountants
27 September 2019
Dublin

(a) *The maintenance and integrity of the Linde plc website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.*
(b) *Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.*

Condensed Consolidated Financial Statements (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS (UNAUDITED)

For The Six Months Ended 30 June *(Millions of dollars)*	*Note*	2019	2018
Revenue	[4]	$ 14,428	$ 6,027
Cost of sales		10,526	3,898
Marketing and selling expenses		1,243	313
Research and development costs		147	51
Administration expenses		1,106	430
Impairment losses on receivables and contract assets		106	13
Other operating income		147	57
Other operating expenses		118	45
OPERATING PROFIT FROM CONTINUING OPERATIONS		**$ 1,329**	**$ 1,334**
Financial income		195	37
Financial expenses		254	142
Share of profit and loss from associates and joint ventures (at equity)		33	29
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**$ 1,303**	**$ 1,258**
Income tax expense		338	317
PROFIT FROM CONTINUING OPERATIONS		**$ 965**	**$ 941**
PROFIT FROM DISCONTINUED OPERATIONS, NET OF TAX		**82**	**—**
PROFIT		**$ 1,047**	**$ 941**
attributable to Linde plc shareholders		968	912
attributable to noncontrolling interests of continuing operations		72	29
attributable to noncontrolling interests of discontinued operations		7	—
PROFIT - LINDE PLC SHAREHOLDERS			
Income from continuing operations		$ 893	$ 912
Income from discontinued operations		$ 75	$ 0
EARNINGS PER SHARE – CONTINUING OPERATIONS LINDE PLC SHAREHOLDERS	[5]		
Earnings per share in USD – undiluted		$ 1.64	$ 3.17
Earnings per share in USD – diluted		$ 1.63	$ 3.13
EARNINGS PER SHARE – DISCONTINUED OPERATIONS LINDE PLC SHAREHOLDERS	[5]		
Earnings per share in USD – undiluted		$ 0.14	$ —
Earnings per share in USD – diluted		$ 0.14	$ —

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

Six Month Period Ended 30 June *(Millions of dollars)*	**2019**	**2018**
PROFIT	$ 1,047	$ 941
OTHER COMPREHENSIVE INCOME (LOSS)		
ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS		
Currency translation adjustments		
Foreign currency translation adjustments	(44)	(545)
Reclassifications to net income	12	—
Income taxes	5	6
Currency translation adjustments	(27)	(539)
Derivative instruments		
Current year unrealized (loss)	(20)	—
Reclassifications to net income	—	—
Income taxes	4	—
Derivative instruments	(16)	—
Securities		
Current year unrealized gain (loss)	1	—
Reclassifications to net income	—	—
Income taxes	—	—
Securities	1	—
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT AND LOSS		
Funded status - retirement obligation remeasurement	(408)	165
Income taxes	85	(41)
Funded status - retirement obligations	(323)	124
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	$ (365)	$ (415)
COMPREHENSIVE INCOME (INCLUDING NONCONTROLLING INTERESTS)	$ 682	$ 526
Less: noncontrolling interests	11	(19)
COMPREHENSIVE INCOME - LINDE PLC	$ 693	$ 507

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(Millions of dollars)	*Note*	30/06/2019	31/12/2018
Assets			
Goodwill	[6]	$ 26,694	$ 26,738
Other intangible assets	[6]	16,829	17,281
Tangible assets	[6]	30,350	30,693
Right of use assets	[9]	1,152	—
Investments in associates and joint ventures (at equity)		946	980
Other financial assets	[10]	87	87
Receivables from finance leases		47	52
Trade receivables		4	7
Miscellaneous other receivables and other assets		737	777
Deferred tax assets		513	517
NON-CURRENT ASSETS		**77,359**	**77,132**
Inventories		1,719	1,658
Receivables from finance leases		15	23
Trade receivables		4,295	4,104
Contract Assets	[4]	406	267
Miscellaneous other receivables and other assets		1,103	1,024
Income tax receivables		151	172
Cash and cash equivalents		2,767	4,533
Non-current assets classified as held for sale	[3]	476	5,670
CURRENT ASSETS		**10,932**	**17,451**
TOTAL ASSETS		**$ 88,291**	**$ 94,583**

(Millions of dollars)	*Note*	**30/06/2019**	**31/12/2018**
EQUITY AND LIABILITIES			
Called-up share capital presented as equity		$ 1	$ 1
Share premium		55	—
Retained earnings	[7]	52,131	52,448
Treasury shares	[7]	(1,772)	(629)
Other reserves		(79)	(125)
TOTAL EQUITY ATTRIBUTABLE TO LINDE PLC SHAREHOLDERS		**$ 50,336**	**$ 51,695**
Noncontrolling interests	[7]	2,939	6,094
TOTAL EQUITY		**$ 53,275**	**$ 57,789**
Long-term pensions and similar obligations		2,449	2,007
Other non-current provisions		584	535
Deferred tax liabilities		7,326	7,726
Financial liabilities	[8,10]	12,190	12,276
Liabilities from leases	[9]	879	59
Trade payables		1	1
Contract liabilities	[4]	134	154
Income tax liabilities		239	266
Other non-current liabilities		347	433
NON-CURRENT LIABILITIES		**$ 24,149**	**$ 23,457**
Current pensions and similar obligations		13	104
Current provisions		433	452
Financial liabilities	[8,10]	1,672	3,013
Liabilities from leases	[9]	291	19
Trade payables		4,038	4,095
Contract liabilities	[4]	1,754	1,709
Other current liabilities		1,844	2,187
Income tax liabilities		727	895
Liabilities in connection with non-current assets classified as held for sale	[3]	95	863
CURRENT LIABILITIES		**$ 10,867**	**$ 13,337**
TOTAL EQUITY AND LIABILITIES		**$ 88,291**	**$ 94,583**

CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY (UNAUDITED)

(Millions of dollars)	Called-up share capital	Share premium	Retained earnings (including remeasurement of defined benefit plans)	Other reserves Currency translation differences	 Hedging instruments	Treasury shares	Total equity attributable to Linde plc shareholders	Non-controlling interests	Total equity
AS AT 01/01/2018	**$ 4**	**$ 4,207**	**$ 8,607**	**$ 502**	**$ (1)**	**$ (7,196)**	**$ 6,123**	**$ 493**	**$ 6,616**
Profit	–	–	912	—	—	—	912	27	939
Other comprehensive income (net of tax)	–	–	124	(529)		—	(405)	(10)	(415)
TOTAL COMPREHENSIVE INCOME	**—**	**—**	**1,036**	**(529)**	**—**	**—**	**507**	**17**	**524**
Dividend payments	–	–	(474)	—	—	—	(474)	(16)	(490)
Changes as a result of share option schemes and stock purchase plans	–	44	(53)	—	—	60	51		51
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY	**—**	**44**	**(527)**	**—**	**—**	**60**	**(423)**	**(16)**	**(439)**
Acquisition/disposal of a subsidiary with noncontrolling interests	—	—	—	—	—	—	—	7	7
OTHER CHANGES	—	—	—	—	1	(1)	—		—
AT 30/06/2018	**$ 4**	**$ 4,251**	**$ 9,116**	**$ (27)**	**$ —**	**$ (7,137)**	**$ 6,207**	**$ 501**	**$ 6,708**
AS AT 01/01/2019	**$ 1**	**$ —**	**$ 52,448**	**$ (123)**	**$ (2)**	**$ (629)**	**$ 51,695**	**$ 6,094**	**$ 57,789**
Profit	–	—	968	—	—	—	968	78	1,046
Other comprehensive income (net of tax)	–	—	(322)	62	(16)	—	(276)	(89)	(365)
TOTAL COMPREHENSIVE INCOME	**—**	**—**	**646**	**62**	**(16)**	**—**	**692**	**(11)**	**681**
Dividend payments	–	—	(951)	—	—	—	(951)	(92)	(1,043)
Changes as a result of share option schemes and stock purchase plans	–	55	(12)	—	—	(1,143)	(1,100)	—	(1,100)
TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS OF THE COMPANY	**—**	**55**	**(963)**	**—**	**—**	**(1,143)**	**(2,051)**	**(92)**	**(2,143)**
Additions (reductions) to noncontrolling interests	—	—	—	—	—	—	—	(3,052)	(3,052)
AT 30/06/2019	**$ 1**	**$ 55**	**$ 52,131**	**$ (61)**	**$ (18)**	**$ (1,772)**	**$ 50,336**	**$ 2,939**	**$ 53,275**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For The Six Months Ended 30 June *(Millions of dollars)*	*Note*	2019	2018
Profit attributable to Linde plc shareholders		$ 968	$ 912
Less: Profit from discontinued operations		(75)	—
Add: Profit from continuing operations attributable to noncontrolling interests		72	29
Profit from continuing operations		965	941
Adjustments to profit after tax to calculate cash flow from operating activities – continuing operations			
Cost reduction programs and other charges, net of payments		(286)	15
Amortization of intangible assets/depreciation of tangible assets	[6]	2,612	622
Amortization of merger-related inventory step-up		9	—
Deferred income taxes		(130)	5
Share based compensation		38	21
Changes in assets and liabilities			
Change in trade receivables		(194)	(147)
Change in contract assets & liabilities		(98)	—
Change in inventories		(74)	(10)
Change in prepaid and other current assets		(84)	25
Change in payables, provisions and accruals		(278)	(6)
Pension contributions		(43)	(10)
Long-term assets, liabilities and other		(186)	21
CASH FLOW FROM OPERATING ACTIVITIES		**$ 2,251**	**$ 1,477**
Capital expenditures		$ (1,721)	$ (676)
Acquisitions / Payments for investments in consolidated companies		(140)	—
Proceeds on disposal of tangible and intangible assets, and receivables from leases		4,689	69
CASH FLOW (FOR)/FROM INVESTING ACTIVITIES		**$ 2,828**	**$ (607)**

(Millions of dollars)	*Note*	2019	2018
Dividend payments to Linde plc shareholders	[7]	$ (951)	$ (474)
Cash inflows/outflows due to changes of noncontrolling interests		(3,236)	(22)
Issuance of common stock		55	44
Purchases of common stock		(1,250)	(1)
Short-term debt borrowings (repayments) - net		(44)	13
Long-term debt borrowings		48	—
Long-term debt repayments		(1,315)	(505)
Cash outflows for the repayment of liabilities from finance leases		(101)	—
CASH FLOW FOR FINANCING ACTIVITIES		**$ (6,794)**	**$ (945)**
Discontinued Operations			
Cash provided by operating activities		65	—
Cash used for investing activities		(63)	—
Cash provided by financing activities		(3)	—
CASH FLOW (FOR)/FROM DISCONTINUED OPERATIONS		**(1)**	**—**
CHANGE IN CASH AND CASH EQUIVALENTS		**(1,716)**	**(75)**
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		**$ 4,533**	**$ 617**
Effects of currency translation		(48)	(64)
Cash and cash equivalents reported as non-current assets classified as held for sale and disposal groups	[3]	(2)	—
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		**$ 2,767**	**$ 478**

OTHER CASH FLOW FROM OPERATING ACTIVITIES		
Income taxes paid	**$ 661**	**$ 284**
Interest paid, net of capitalized interest	**$ 144**	**$ 110**

Notes to Condensed Consolidated Financial Statements

[1] Business Overview And Basis Of Preparation

Business Overview

Linde plc ("Linde" or “the company”), a public limited company incorporated in Ireland, was formed in accordance with the requirements of the business combination agreement, dated as of 1 June 2017, as amended (the “business combination agreement”). Pursuant to the business combination agreement, among other things, Praxair, Inc., a Delaware corporation (“Praxair”), and Linde Aktiengesellschaft, a stock corporation incorporated under the laws of Germany (“Linde AG”), agreed to combine their respective businesses through an all-stock transaction, and become subsidiaries of the company (collectively referred to as “business combination” or “merger”). On 31 October 2018, Linde completed the business combination. Prior to the business combination, the company did not conduct any business activities other than those required for its formation and matters contemplated by the business combination agreement.

The business combination has been accounted for using the acquisition method of accounting in accordance with the provisions of IFRS 3, *Business Combinations*. Praxair was determined to be the accounting acquirer in the business combination based primarily on the factors identified in Note 1 of the Linde plc 2018 Directors' Report and Financial Statements (“2018 Consolidated Financial Statements”). As Praxair historically prepared financial statements in accordance with generally accepted accounting principles in the United States ("U.S." or "USA") ("U.S. GAAP"), Linde plc, as successor to Praxair, applied International Financial Reporting Standard ("IFRS") 1, *First-time Adoption of International Financial Reporting Standards* ("IFRS 1") to transition from those U.S. GAAP financial statements to IFRS. See further discussion related to the adoption at Note 29 to the 2018 Consolidated Financial Statements.

In connection with the business combination, the company, Praxair and Linde AG entered into various agreements with regulatory authorities to satisfy anti-trust requirements to secure approval to consummate the business combination. These agreements included the sale of the majority of Praxair’s European businesses (completed on 3 December 2018), the majority of Linde AG’s Americas business (completed on 1 March 2019), select assets of Linde AG's South Korean industrial gases business (completed 30 April 2019), select assets of Praxair's Indian industrial gases business (completed 12 July 2019), as well as certain divestitures of other Praxair and Linde AG businesses in Asia that are currently expected to be sold in 2019 (collectively, the “merger-related divestitures”). See Note 3 for additional information relating to merger-related divestitures.

To obtain merger approval in the United States, Linde, Praxair and Linde AG entered into an agreement with the U.S. Federal Trade Commission dated 1 October 2018 (“hold separate order” or “HSO”). Under the HSO, the company, Praxair and Linde AG agreed to (i) continue to operate Linde AG and Praxair as independent, ongoing, economically viable, competitive businesses held separate, distinct, and apart from each other’s operations; (ii) not coordinate any aspect of the operations of Linde AG and Praxair, including the marketing or sale of any products; and (iii) maintain separate financial ledgers, books, and records that report on a periodic basis, consistent with past practices, the assets, liabilities, expenses, revenues, and income of each, until certain divestitures in the United States have been completed. The restrictions under the hold separate order were lifted 1 March 2019, concurrent with the sale of the required merger-related divestitures in the United States.

As a result of the merger and effective with the lifting of a Hold Separate Order effective on 1 March 2019, new operating segments were created which are used by the company's Chief Operating Decision Maker ("CODM") to allocate company resources and assess performance. Linde’s operations consist of two major product lines: industrial gases and engineering/other. Linde’s industrial gases operations are managed on a geographic basis, which represents three of the company's new reportable segments - Americas, EMEA (Europe/Middle East/Africa), and APAC (Asia/Pacific); a fourth operating segment which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis operating in all three geographic segments. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

Linde (Registration number 602527) is an incorporated public limited company formed under the laws of Ireland. Linde’s registered office is located at Ten Earlsfort Terrace, Dublin 2, D02 T380 Ireland. Linde’s principal executive offices are located at The Priestley Centre, 10 Priestley Road, Surrey Research Park, Guildford, Surrey GU2 7XY, United Kingdom. Linde trades on the New York Stock Exchange (“NYSE”) and on the Frankfurt Stock Exchange under the symbol LIN.

Basis of Preparation

These condensed consolidated financial statements of Linde for the six months ended 30 June 2019 have been prepared in accordance with Accounting Standard IAS 34, *Interim Financial Reporting* as adopted by the European Union.

The condensed interim financial statements should be read in conjunction with the 2018 consolidated financial statements, which have been prepared in accordance with IFRS as adopted by the European Union. The 2018 consolidated financial statements were authorized for issue by the Board of Directors on 30 April 2019 and are available on the company's website.

The condensed consolidated financial statements have been prepared using the same accounting policies as those used in the preparation of the consolidated financial statements for the year ended 31 December 2018, except for the estimation of income tax and the adoption of IFRS 16, *Leases* as outlined in Note 9. No other changes to IFRS that became effective in 2019 had a significant effect on the condensed consolidated financial information included in this report.

The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

Because Praxair and Linde AG combined their respective businesses effective with the merger date of 31 October 2018 the six months ended 30 June 2019 reflects the results and cash flows of the combined business, while the six months ended 30 June 2018 includes only Praxair. Due to the size of Linde AG's businesses prior to the merger, the reported results for 2019 and 2018 periods are not comparable. The balance sheets at 30 June 2019 and 31 December 2018 are comparable because both periods reflect the merger.

The condensed consolidated financial statements presented do not constitute full statutory financial statements for the company. The full statutory financial statements for the company for the year ended 31 December 2018 as filed with the Companies Registration Office in line with the company's annual return date. The audit report on those statutory financial statements was unqualified.

[2] Business Combinations

Merger of Praxair, Inc. and Linde AG

On 31 October 2018 Praxair and Linde combined their respective businesses through an all-stock transaction and became subsidiaries under the company.

In connection with the Business Combination, each share of common stock of Praxair, Inc. par value $0.01, (excluding any shares held in treasury immediately prior to the effective time of the merger, which were automatically canceled and retired for no consideration) was converted into the one share of common stock, par value €0.001 per share, of Linde plc Common Stock. Additionally, each tendered share of common stock of Linde AG was converted into 1.54 shares of Linde plc Common Stock.

Preliminary Allocation of Purchase Price

In accordance with the IASB's IFRS 3, *Business Combinations*, Praxair was determined to be the accounting acquirer. As such, the company has applied the acquisition method of accounting with respect to the identifiable assets and liabilities of Linde AG, which have been measured at fair value as of the date of the Business Combination.

In accordance with the Business Combination Agreement, Linde AG shareholders that accepted the Exchange Offer received Linde plc Common Shares in exchange for Linde AG Shares at an exchange ratio of 1.54 Linde plc shares for each Linde AG share. Because Praxair is the accounting acquirer, the fair value of the equity issued by Linde plc to Linde AG shareholders in the exchange transaction was determined by reference to the market price of Praxair shares. Accordingly, the purchase consideration below reflects the estimated fair value of the 92% of Linde AG shares tendered and Linde plc shares issued in exchange for those Linde AG shares, which is based on the final closing price of Praxair shares prior to the effective time of the merger on 31 October 2018 of $164.50 per share.

The purchase price and estimated fair value of Linde AG's net assets acquired as of the merger date on 31 October 2018 is presented as follows:

(in thousands, except value per share data, Linde AG exchange ratio, and Purchase Price)

Linde AG common stock tendered as of 31 October 2018 (i)	170,875 Shares
Business combination agreement exchange ratio (ii)	1.54 : 1
Linde plc ordinary shares issued in exchange for Linde AG	263,148
Per share price of Praxair, Inc. common stock (iii)	$164.50
Purchase price (millions of dollars)	$43,288

(i) Number of Linde AG shares tendered in the Exchange Offer.

(ii) Exchange ratio for Linde AG shares as set forth in the Business Combination Agreement.

(iii) Closing price of Praxair shares on the New York Stock Exchange prior to the effective time of the Business Combination on 31 October 2018.

In accordance with IFRS 3, Linde AG's assets and liabilities were measured at estimated fair values at 31 October 2018, primarily using Level 3 inputs, except debt which was Level 1. Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value was estimated using management's best estimate of assumptions about future events and uncertainties, including significant judgments related to future cash flows (sales, costs, customer attrition rates, and contributory asset charges), discount rates, competitive trends, market data input factors, and others. Inputs used were generally obtained from historical data supplemented by current and anticipated market conditions and growth rates.

The following table summarizes the preliminary allocation of purchase price to the identifiable assets acquired and liabilities assumed by Linde, with the excess of the purchase price over the fair value of Linde AG’s net assets recorded as goodwill. Due to the timing of the close of the merger, the magnitude and multi-national nature of the net assets acquired, and the hold separate order which deferred integration of the two merged companies until 1 March 2019, at 30 June 2019 the valuation process to determine the fair values was not complete and further adjustments are expected to be recorded within the measurement period expiring in October 2019. The company has estimated the preliminary fair value of net assets acquired based on information currently available and will continue to adjust those estimates as additional information becomes available, analysis is able to be performed, refinement of market participant assumptions and finalization of tax returns in the pre-merger period. The areas where the fair value assessments are not finalized and, therefore, subject to adjustment during the measurement period relate primarily to identifiable intangible assets, property, plant and equipment, net assets held for sale, equity investments, income taxes, noncontrolling interests, contingencies and goodwill. The more significant measurement period adjustments made by Linde during the six months ended 30 June 2019 reflect: the agreed upon sale price of Linde AG’s Korean business resulting in an increase to assets held for sale and corresponding decrease to goodwill of $324 million, and an adjustment to the sale value of the Linde AG Americas businesses resulting in a decrease to assets held for sale and corresponding increase to goodwill of $296 million. These adjustments were made to reflect circumstances that existed at the acquisition date. The table below reflects the impact of measurement period adjustments made through 30 June 2019.

Therefore, final determination of the fair values may result in further adjustments to the values presented in the following table:

Millions of dollars		Estimated fair value of assets and liabilities
Goodwill	$	24,007
Intangible assets		16,689
Tangible assets		20,379
Investments in associated and joint ventures (at equity)		493
Other long-term assets		1,013
Non-current assets	**$**	**62,581**
Inventories		1,460
Trade receivables		2,711
Other assets		1,347
Cash		1,431
Assets classified as held for sale		5,376
Current assets	**$**	**12,325**
Total assets	**$**	**74,906**
Equity acquired equals purchase price paid (i)	**$**	**43,288**
Noncontrolling Interest		5,774
Total equity		**49,062**
Provisions for pensions and similar obligations		1,165
Deferred tax liabilities		6,997
Financial liabilities		6,295
Other Long-term Liabilities		834
Non-current liabilities	**$**	**15,291**
Trade payables		3,007
Current liabilities classified as held for sale		771
Other current liabilities		6,775
Current liabilities	**$**	**10,553**
Total equity and liabilities	**$**	**74,906**

(i) See above for the calculation of the purchase price.

Summary of Significant Fair Value Methods

The methods used to determine the fair value of significant identifiable assets and liabilities included in the preliminary allocation of purchase price are discussed in Note 2 to the Linde plc 2018 Directors' Report and Financial Statements.

No material contingent liabilities have been identified so far.

Goodwill

The excess of the consideration for the merger over the preliminary fair value of net assets acquired was recorded as goodwill. The merger resulted in the recognition of $24,007 million of goodwill, which is not deductible for tax purposes. The goodwill balance is primarily attributed to the assembled workforce, expanded market opportunities and cost and other operating synergies anticipated upon the integration of the operations of Praxair and Linde AG.

Noncontrolling Interests

Noncontrolling interests include the fair value of noncontrolling interests of Linde AG, including approximately $3.2 billion relating to the 8% of Linde AG shares which were not tendered in the Exchange Offer and are intended to be the subject of a cash-merger squeeze-out. The company’s wholly-owned indirect subsidiary, Linde Intermediate Holding AG ("Linde Holding"), which directly owned the 92% of Linde AG shares acquired in the Exchange Offer, determined the adequate cash compensation to be paid to the 8% remaining Linde AG minority shareholders in exchange for the transfer of their Linde AG shares for each Linde AG share. The cash-merger squeeze-out was approved by the shareholders of Linde AG at an extraordinary shareholders meeting of Linde AG on 12 December 2018, and was effectuated at 8 April 2019. The remaining noncontrolling interests relate to the fair value of historic noncontrolling interests of Linde AG and its subsidiaries. Fair value of the remaining noncontrolling interest was determined using a discounted cash flow approach that accounts for entity-specific risk situations as well as discounts for lack of marketability. For this business combination the company has elected to recognize non controlling interest at fair value.

Acquisition-related Costs

Acquisition-related costs during the six months ended 30 June 2019 were $121 million (six months ended 30 June 2018 $43 million) are included in administration expense in the condensed consolidated statement of profit and loss and in the operating cash flows in the condensed consolidated statement of cash flows.

Non-Merger Related Acquisitions

Acquisitions were $140 million, net of cash acquired, during the six months ended 30 June 2019, in the Americas. Acquisition activity was immaterial for the same period in 2018.

[3] Merger-Related Divestitures, Discontinued Operations And Assets Held For Sale

As a condition of the European Commission ("EC"), the U.S. Department of Justice ("DOJ"), and other governmental regulatory authorities approval of the merger, Linde plc, Praxair and Linde AG were required to divest the following businesses:

Praxair Merger-Related Divestitures - Primarily European Industrial Gases Business

As a condition of the EC regulatory approval of the merger transaction, Praxair agreed to sell the majority of its industrial gases business in Europe. The sale was completed on 3 December 2018.

Additionally, to satisfy regulatory requirements in other jurisdictions, Praxair agreed to sell certain operations in Chile, China, India and South Korea. The Chilean business was sold as part of the Linde AG Americas SPA (as defined below), the select Indian assets were sold in July 2019, and other sales are expected during 2019. Effective 22 October 2018, the date of final regulatory approvals, these businesses have been accounted for as Non-current assets held for sale on the consolidated statement of financial position. These businesses were evaluated for discontinued operations accounting treatment under IFRS and it was determined that they did not meet the definition of a discontinued operation as these transactions did not represent a disposal of a separate major line of business or geographical area of operations, after considering the impact of the merger.

Linde AG Merger-Related Divestitures - Primarily Americas Industrial Gases Business

As a condition of the U.S. regulatory approval of the merger, Linde AG agreed to sell the majority of its industrial gases business in the Americas, as described below:

- The Linde AG Americas Sales and Purchase Agreement, dated 16 July 2018, as and further amended on 22 September 2018, 19 October 2018, and 20 February 2019 whereby Linde AG and Praxair, Inc. entered into an agreement with a consortium comprising companies of the German industrial gases manufacturer Messer Group and CVC Capital Partners Fund VII to sell the majority of Linde AG’s industrial gases business in North America and certain industrial gases business activities of Linde AG's in South America for approximately $2.9 billion in net cash consideration after purchase price adjustments for certain items relating to assets and liabilities of the sold businesses. In addition, divestitures include approximately $0.5 billion of proceeds for incremental plant sales within the Americas under other agreements. These transactions were completed on 1 March 2019.

Additionally, on 30 April 2019, Linde completed the sale of selected assets of Linde AG Korea to IMM Private Equity Inc., to satisfy requirements of the Korea Fair Trade Commission. The assets divested include bulk and on-site business in Giheung, Pohang and Seosansites as well as oxygen and nitrogen on-site generators. The sale price of $1.2 billion will be subject to customary adjustments.

The net carrying value of Linde AG's Americas business assets and liabilities divested on 1 March 2019 is presented below:

(Millions of dollars)	Carrying Value	
Tangible assets	$	1,590
Investments in associates and joint ventures (at equity)		37
Goodwill		3
Other intangible assets		10
Other receivables and other assets		76
Total Non-Current Assets		1,716
Cash and cash equivalents	$	200
Trade receivables		479
Inventories		181
Other receivables and other assets		409
Asset adjustments for estimated fair value		1,650
Total Current Assets	$	2,919
Total Assets Divested	$	4,635
Financial liabilities		2
Other non-current liabilities		98
Deferred tax liabilities		177
Total Non-Current Liabilities	$	277
Trade payables		94
Income tax liabilities		60
Other current liabilities		767
Total Current Liabilities	$	921
Total Liabilities Divested	$	1,198
Cumulative translation adjustment, net of taxes		12
Net Assets Divested	$	3,449

The net carrying value of Linde AG's South Korean business assets and liabilities divested on 30 April 2019 is presented below:

(Millions of dollars)	Carrying Value	
Tangible assets	$	389
Trade receivables		27
Inventories		16
Asset adjustments for estimated fair value		879
Total Assets Divested	$	1,311
Financial liabilities		6
Other non-current liabilities		3
Deferred tax liabilities		31
Total Non-Current Liabilities	$	40
Trade payables		2
Income tax liabilities		12
Other current liabilities		29
Total Current Liabilities	$	43
Total Liabilities Divested	$	83
Net Assets Divested	$	1,228

Discontinued Operations

Only the sales of the Linde AG merger-related divested subsidiaries meet the criteria for discontinued operations, under IFRS as they were acquired with a view to being sold, and so related earnings are included within profit from discontinued operations, net of tax for periods subsequent to the merger.

Assets Held For Sale

Assets held for sales includes both the Linde AG merger-related divestitures that meet the criteria for discontinued operations and the Praxair merger-related divestitures that do not. As of 30 June 2019 and 31 December 2018 the following assets and liabilities are reported as components of the net assets held for sale in the consolidated statement of financial position:

(Millions of dollars)	30 June 2019	31 December 2018
Assets		
Trade receivables	$ 49	$ 315
Inventories	6	213
Other current receivables and other assets	31	280
Tangible assets	197	2,123
Other receivables and other assets	6	114
Fair value adjustment of assets relating to subsidiaries acquired for sale as part of business combination (Note 2)	187	2,625
Total Non-current assets classified as held for sale	$ 476	$ 5,670
Liabilities		
Current liabilities	37	506
Other non-current liabilities	58	357
Total liabilities in connection with non-current assets classified as held for sale	95	863
Net Assets Classified as Held for Sale	**$ 381**	**$ 4,807**

[4] Revenue

Contracts with Customers

Approximately 84% of Linde's consolidated sales are generated from industrial gases and related products in three geographic segments (Americas, APAC, and EMEA) and the remaining 16% is related primarily to the Engineering segment, and to a lesser extent Other (see Note 11 for operating segment details). Linde serves a diverse group of industries including healthcare, energy, manufacturing, food, beverage carbonation, fiber-optics, steel making, aerospace, chemicals and water treatment.

Industrial Gases

Within each of the company's geographic segments for industrial gases, there are three basic distribution methods: (i) on-site or tonnage; (ii) merchant or bulk liquid; and (iii) packaged or cylinder gases. The distribution method used by Linde to supply a customer is determined by many factors, including the customer's volume requirements and location. The distribution method generally determines the contract terms with the customer and, accordingly, the revenue recognition accounting practices. Linde's primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). These products are generally sold through one of the three distribution methods.

Following is a description of each of the three industrial gases distribution methods and the respective revenue recognition policies:

On-site

Customers that require the largest volumes of product and that have a relatively constant demand pattern are supplied by cryogenic and process gas on-site plants. Linde constructs plants on or adjacent to these customers' sites and supplies the product directly to customers by pipeline. Where there are large concentrations of customers, a single pipeline may be connected to several plants and customers. On-site product supply contracts generally are total requirement contracts with terms typically ranging from 10-20 years and contain minimum purchase requirements and price escalation provisions. Many of the cryogenic on-site plants also produce liquid products for the merchant market. Therefore, plants are typically not dedicated to a single customer. Additionally, Linde is responsible for the design, construction, operations and maintenance of the plants and customers typically have no involvement in these activities. Advanced air separation processes also allow on-site delivery to customers with smaller volume requirements.

The company's performance obligations related to on-site customers are satisfied over time as customers receive and obtain control of the product. Linde has elected to apply the practical expedient for measuring progress towards the completion of a performance obligation and recognizes revenue as the company has the right to invoice each customer, which generally corresponds with product delivery. Accordingly, revenue is recognized when product is delivered to the customer and the company has the right to invoice the customer in accordance with the contract terms. Consideration in these contracts is generally based on pricing which fluctuates with various price indices. Variable components of consideration exist within on-site contracts but are considered constrained.

Merchant

Merchant deliveries generally are made from Linde's plants by tanker trucks to storage containers at the customer's site. Due to the relatively high distribution cost, merchant oxygen and nitrogen generally have a relatively small distribution radius from the plants at which they are produced. Merchant argon, hydrogen and helium can be shipped much longer distances. The customer agreements used in the merchant business are usually three-to seven-year supply agreements based on the requirements of the customer. These contracts generally do not contain minimum purchase requirements or volume commitments.

The company's performance obligations related to merchant customers are generally satisfied at a point in time as the customers receive and obtain control of the product. Revenue is recognized when product is delivered to the customer and the company has the right to invoice the customer in accordance with the contract terms. Any variable components of consideration within merchant contracts are constrained however this consideration is not significant.

Packaged Gases

Customers requiring small volumes are supplied products in containers called cylinders, under medium to high pressure. Linde distributes merchant gases from its production plants to company-owned cylinder filling plants where cylinders are then filled for distribution to customers. Cylinders may be delivered to the customer's site or picked up by the customer at a packaging facility or retail store. Linde invoices the customer for the industrial gases and the use of the cylinder container(s). The company also sells hardgoods and welding equipment purchased from independent manufacturers. Packaged gases are generally sold under one to three-year supply contracts and purchase orders and do not contain minimum purchase requirements or volume commitments.

The company's performance obligations related to packaged gases are satisfied at a point in time. Accordingly, revenue is recognized when product is delivered to the customer or when the customer picks up product from a packaged gas facility or retail store, and the company has the right to payment from the customer in accordance with the contract terms. Any variable consideration is constrained and will be recognized when the uncertainty related to the consideration is resolved.

Surface Technologies

The company's surface technologies business, operated through Praxair Surface Technologies, Inc., supplies wear-resistant and high-temperature corrosion-resistant metallic and ceramic coatings and powders. Praxair Surface Technologies is a leading global supplier of coatings services and thermal spray consumables to customers in the aircraft, energy, printing, primary metals, petrochemical, textile, and other industries. Its coatings are used to provide wear resistance, corrosion protection, thermal insulation, and many other surface-enhancing functions which serve to extend component life, enable optimal performance, and reduce operating costs. It also manufactures a complete line of electric arc, plasma and wire spray, and high-velocity oxy-fuel ("HVOF") equipment.

The company's performance obligation related to surface technologies customers are generally satisfied at a point in time when the customer receives and takes control of product. Accordingly, revenue is recognized when product is delivered to the customer or when the customer picks up the product from the company's facility, and the company has the right to invoice the customer in accordance with the contract terms.

Linde Engineering

The company designs and manufactures equipment for air separation and other industrial gas applications manufactured specifically for end customers. Sale of equipment contracts are generally comprised of a single performance obligation. Revenue from sale of equipment is generally recognized over time as Linde has an enforceable right to payment for performance completed to date and performance does not create an asset with alternative use. For contracts recognized over time, revenue is recognized primarily using a cost incurred input method. Costs incurred to date relative to total estimated costs at completion are used to measure progress toward satisfying performance obligations. Costs incurred include material, labor, and overhead costs and represent work contributing and proportionate to the transfer of control to the customer. Contract modifications are typically accounted for as part of the existing contract and are recognized as a cumulative adjustment for the inception-to-date effect of such change.

Contract Assets and Liabilities

Contract assets and liabilities result from differences in timing of revenue recognition and customer invoicing. Contract assets primarily relate to sale of equipment contracts for which revenue is recognized over time. The balance represents unbilled revenue which occurs when revenue recognized under the measure of progress exceeds amounts invoiced to customers. Customer invoices may be based on the passage of time, the achievement of certain contractual milestones or a combination of both criteria. Contract liabilities include advance payments or right to consideration prior to performance under the contract. Contract liabilities are recognized as revenue as performance obligations are satisfied under contract terms. Linde has contract assets of $406 million and $267 million at 30 June 2019 and 31 December 2018, respectively. Total contract liabilities are $1,888 million at 30 June 2019 (current of $1,754 million and non-current of $134 million in the condensed consolidated statement of financial positions). Total contract liabilities were $1,863 million at 31 December 2018 (current contract liabilities of $1,709 million and non-current of $154 million in the condensed consolidated statement of financial position). Revenue recognized for the six months ended 30 June 2019 that was included in the contract liability at 31 December 2018 was $780 million.Contract assets and liabilities primarily relate to the Linde Engineering business acquired in the merger. The Industrial Gases Businesses and Surface Technologies do not have material contract assets or liabilities.

Payment Terms and Other

Linde generally receives payment after performance obligations are satisfied, and customer prepayments are not typical for the Industrial Gases businesses and Surface Technologies. Payment terms vary based on the country where sales originate and local customary payment practices. Linde does not offer extended financing outside of customary payment terms. Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue producing transactions are presented on a net basis and are not included in sales within the consolidated statement of income. Additionally, sales returns and allowances are not a normal practice in the industry and are not significant. There is no significant concentration of sales with any single customer.

Disaggregated Revenue Information

As described above the company manages its industrial gases business on a geographic basis, while the Engineering and Other businesses are generally managed on a global basis. Furthermore, the company believes that reporting sales by distribution method by reportable geographic segment best illustrates the nature, timing, type of customer, and contract terms for its revenues, including terms and pricing.

The following tables show sales by distribution method at the consolidated level and for each reportable segment and Other for the six months ended 30 June 2019 and 2018.

(Millions of dollars)	Six months ended 30 June 2019						
Sales	**Americas**	**EMEA**	**APAC**	**Engineering**	**Other**	**Total**	**%**
Merchant	$ 1,439	$ 904	$ 1,064	$ —	$ 84	$ 3,491	24%
On-Site	1,455	756	1,255	—	—	3,466	24%
Packaged Gas	2,600	1,718	784	—	6	5,108	36%
Other	42	4	74	1,378	865	2,363	16%
	$ 5,536	$ 3,382	$ 3,177	$ 1,378	$ 955	$ 14,428	100%

(Millions of dollars)	Six months ended 30 June 2018						
Sales	**Americas**	**EMEA**	**APAC**	**Engineering**	**Other**	**Total**	**%**
Merchant	$ 1,375	$ 300	$ 295	$ —	$ 62	$ 2,032	34%
On-Site	1,135	159	492	—	—	1,786	29%
Packaged Gas	1,192	386	105	—	—	1,683	28%
Other	13	5	3	—	505	526	9%
	$ 3,715	$ 850	$ 895	$ —	$ 567	$ 6,027	100%

Remaining Performance Obligations

As described above, Linde's contracts with on-site customers are under long-term supply arrangements which generally require the customer to purchase their requirements from Linde and also have minimum purchase requirements. The company estimates the consideration related to minimum purchase requirements is approximately $49 billion. This amount excludes all sales above minimum purchase requirements, which can be significant depending on customer needs. In the future, actual amounts will be different due to impacts from several factors, many of which are beyond the company's control including, but not limited to, timing of newly signed, terminated and renewed contracts, inflationary price escalations, currency exchange rates, and pass-through costs related to natural gas and electricity. The actual duration of long-term supply contracts ranges up to twenty years. The company estimates that approximately half of the revenue related to minimum purchase requirements are estimated to be earned in the next five years and the remaining thereafter.

[5] Earnings Per Share

	2019	2018
Numerator *(Millions of dollars)*		
Income from continuing operations	$ 893	$ 912
Income from discontinued operations	75	—
Profit – Linde plc shareholders	$ 968	$ 912
Denominator *(Thousands of shares)*		
Weighted average shares outstanding	543,834	287,321
Shares earned and issuable under compensation plans	199	333
Weighted average shares used in basic earnings per share *	544,033	287,654
Effect of dilutive securities		
Stock options and awards	3,738	3,272
Weighted average shares used in diluted earnings per share *	547,771	290,926
Basic earnings per share from continuing operations	$ 1.64	$ 3.17
Basic earnings per share from discontinued operations	0.14	—
Basic Earnings Per Common Share	$ 1.78	$ 3.17
Diluted earnings per share from continuing operations	$ 1.63	$ 3.13
Diluted earnings per share from discontinued operations	0.14	—
Diluted Earnings Per Common Share	$ 1.77	$ 3.13

* As a result of the merger, share amounts for the six months ended 30 June 2019 reflect the weighted average of Linde shares outstanding, while the six months ended 30 June 2018 reflect the weighted average effect of Praxair shares outstanding.

[6] Goodwill, Other Intangible And Tangible Assets

The decrease in goodwill in the condensed consolidated statement of financial position of $44 million was primarily driven by the negative impact of currency translation which was largely offset by acquisitions made during 2019 and the impact of measurement period adjustments (see Note 2).

The decrease in other intangible and tangible assets of $452 million and $343 million, respectively, is primarily due to depreciation and amortization recorded during the six month period ended 30 June 2019, partly offset by additions.

[7] Equity

Other Linde plc Ordinary Share and Treasury Shares Transactions

Linde may issue new ordinary shares or those held in treasury for dividend reinvestment and stock purchase plans and employee savings and incentive plans. The number of new Linde ordinary shares issued during the six months ended 30 June 2019 was approximately 700,000 shares. Additionally, Linde issued 527,608 ordinary shares from treasury during the same period.

On 10 December 2018 the Linde board of directors approved $1.0 billion for the repurchase of its ordinary shares under which Linde had repurchased $629 million, or 4,068,642 of its ordinary shares through 31 December 2018. Subsequently, on 22 January

2019 the company's board of directors approved the additional repurchase of up to $6.0 billion of its ordinary shares. As of 30 June 2019, the company had repurchased all of the authorized ordinary shares as approved under the 2018 program and $858 million of its ordinary shares pursuant to the 2019 program ($1,229 million, or 7,118,022 shares, in total for the year to date period), leaving an additional $5.1 billion authorized.

On 26 February 2019, the Linde board of directors declared a quarterly dividend of $0.875 per share for the first quarter of 2019 (the "Q1 Dividend"). The Q1 Dividend was paid on 22 March 2019 to shareholders of record on 8 March 2019. On 30 April 2019, the Linde board of directors declared a quarterly dividend of $0.875 per share for the second quarter of 2019 (the "Q2 Dividend"). The Q2 Dividend was paid on 17 June 2019 to shareholders of record on 3 June 2019. Total dividends paid to shareholders during the six months end 30 June 2019 was $951 million. On 26 July 2019, the Linde board of directors declared a quarterly dividend of $0.875 per share for the third quarter of 2019 (the "Q3 Dividend", see Note 12).

Noncontrolling interests

Total noncontrolling interest ("NCI") as of 30 June 2019 and 31 December 2018 was $2,939 million and $6,094 million, respectively. NCI as of 31 December 2018 includes approximately $3.2 billion related to the 8% of Linde AG shares which were not tendered in the Exchange Offer and were subject to a cash merger squeeze-out effectuated 8 April 2019 (see Note 2).

[8] Debt

Reductions in debt were primarily due to the following maturities: in February 2019 Linde repaid $500 million of 1.90% notes that became due; in May 2019 Linde repaid $150 million of variable rate notes that became due; in June 2019 Linde repaid €500 million of 1.75% notes that became due and the associated interest rate swap was settled; also in June 2019 Linde settled AUD100 million of variable rate notes that became due.

[9] Leases

IFRS 16 requires lessees to recognize a right-of-use asset and lease liability for all leases, except those that meet certain scope exceptions, and requires expanded quantitative and qualitative disclosures. Linde has adopted this guidance beginning in the first quarter of 2019 using the modified retrospective transition method. The standard had an immaterial impact on the condensed consolidated statement of profit and loss. The most significant impact was the recognition of right of use ("ROU") assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged. The company recognized both right of use assets and lease liabilities of $1.2 billion upon adoption. Operating and capital lease commitments under IAS 17 at 31 December 2018 were $1.4 billion with the primary difference from the lease ROU liability being discounting at Linde's incremental borrowing rate. The adoption of the new lease accounting standard had no material impact to net income or retained earnings.

In the normal course of its business, Linde enters into various leases as the lessee, primarily involving manufacturing and distribution equipment and real estate. Total lease and rental expenses related to lease right of use assets for the six months ended 30 June 2019 included $167 million of depreciation and $16 million of interest. The related lease right of use assets are reported as a separate line in non-current assets, and liabilities are included in current and non-current liabilities from leases in the condensed consolidated statement of financial position. Right of use assets and liabilities are measured on a present value basis. Linde includes renewal options that are reasonably certain to be exercised as part of the lease term.

As most leases do not provide an implicit rate, Linde uses the applicable incremental borrowing rate at lease commencement to measure lease liabilities and right-of-use assets. Linde determines incremental borrowing rates through market sources.

The company has elected to apply the short-term lease exception. Short-term leases are leases that, at the commencement date, have a lease term of twelve months or less and do not include a purchase option that the lessee is reasonably certain to exercise. Leases that meet the short-term lease definition are not recognized on the balance sheet, but rather expensed on a straight-line basis over the lease term. Short term lease expense for the six months ended 30 June 2019 was immaterial.

Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons. The company does not have material variable lease payments.

Gains and losses on sale and leaseback transactions were immaterial. Cash flows from leases for the six months ended 30 June 2019 were $184 million.

Supplemental balance sheet information related to leases is as follows:

(Millions of dollars)	30 June 2019
Lease right-of-use assets	**$ 1,152**
Current liabilities from leases	291
Non-current liabilities from leases	879
Total lease liabilities	**$ 1,170**

Future lease payments as of 30 June 2019 are as follows (millions of dollars):

Period	
Remaining 2019	$ 169
2020	270
2021	214
2022	168
2023	112
Thereafter	354
Total future undiscounted lease payments	$ 1,287
Less imputed interest	(117)
Total reported lease liability	$ 1,170

In limited instances Linde acts as a lessor, primarily for assets to provide industrial gas to specific customers. These leases are not significant to the condensed consolidated statement of financial position or condensed consolidated statements of profit and loss.

[10] Financial Instruments

Accounting standard IFRS 9, *Financial Instruments* sets out the rules on the classification and measurement of financial assets and contains rules on impairment losses on financial instruments as well as on hedge accounting.

Financial Assets

	Fair value		**Carrying amount**	
(Millions of dollars)	**30/06/2019**	**31/12/2018**	**30/06/2019**	**31/12/2018**
At fair value in other comprehensive income (debt instruments) ("FVtOCI")				
Investments and securities	$ —	$ —	$ —	$ —
At fair value through profit and loss ("FVtPL")				
Freestanding derivatives	65	178	65	178
Derivatives designated as hedging instruments	100	15	100	15
Cash and cash equivalents	3	317	3	317
Investments and securities	53	54	53	54
At amortized cost				
Cash and cash equivalents	2,764	4,216	2,764	4,216
Trade receivables	4,299	4,111	4,299	4,111
Other receivables and assets	1,771	1,608	1,771	1,608
Investments and securities	1	1	1	1
Total	**$ 9,056**	**$ 10,500**	**$ 9,056**	**$ 10,500**

Financial Liabilities

(Millions of dollars)	Fair value 30/06/2019	Fair value 31/12/2018	Carrying amount 30/06/2019	Carrying amount 31/12/2018
Financial liabilities at amortised cost				
Financial liabilities	$ 13,154	$ 15,203	$ 13,862	$ 15,289
Trade payables	4,039	4,096	4,039	4,096
Miscellaneous liabilities	1,363	1,428	1,363	1,428
Derivatives with negative fair values				
Freestanding derivatives	106	108	106	108
Derivatives designated as hedging instruments	15	13	15	13
Total	**$ 18,677**	**$ 20,848**	**$ 19,385**	**$ 20,934**

The fair value of cash and cash equivalents, short-term debt, accounts receivables-net, and accounts payable approximate carrying value because of the short-term maturities of these 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 using the Black-Scholes option pricing model. Futures are measured with recourse to the quoted market 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 reporting date.

The following table shows the financial instruments in Linde which are measured at fair value. Linde uses the following hierarchy to determine and disclose fair values based on the method used to ascertain their fair values:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Financial Assets And Liabilities Measured At Fair Value

	Level 1		Level 2		Level 3	
(Millions of dollars)	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Investments and securities	$ 24	$ 24	$ —	$ —	$ 29	$ 30
Thereof debt instruments at FVtOCI	—	—	—	—	—	—
Thereof at FVtPL	24	24	—	—	29	30
Freestanding derivatives with positive fair values	—	—	65	178	—	—
Derivatives designated as hedging instruments with positive fair values	—	—	100	15	—	—
Freestanding derivatives with negative fair values	—	—	106	108	—	—
Derivatives designated as hedging instruments with negative fair values	—	—	15	13	—	—
Cash and cash equivalents	3	317	—	—	—	—

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

The fair value of financial instruments in the “financial assets at amortised cost”, and “financial liabilities at amortised cost” categories is determined by discounting the expected cash flows. The interest rates applied are the same as those that would apply to new financial instruments with a similar risk structure, currency and maturity. Fair value is determined using the discounted cash flow method, taking into account individual credit ratings and other market circumstances in the form of credit and liquidity spreads generally applied in the market (Level 2). The exception to this is bonds issued by Linde AG and Linde Finance B.V. traded in the capital market (Level 1). The fair value of these instruments is determined using the current stock exchange price. In cases involving short-term financial instruments in the “financial assets at amortised cost”, and “financial liabilities at amortised cost” categories, it is assumed that the fair value corresponds to the carrying amount.

Level 3 investments and securities contain a venture fund. For the valuation, Linde uses the net asset value received as part of the fund's quarterly reporting, which for the most part is not based on quoted prices in active markets. In order to reflect current market conditions, Linde proportionally adjusts these by observable market data (stock exchange prices) or current transaction prices.In the 2018 financial year, there were no differences between the fair value of a financial instrument when it was first recognized and the amount which would have been recognized at that time had the valuation methods described above been used.

The following table summarizes the changes in level 3 investments and securities at 30 June 2019 and 31 December 2018. Gains (losses) recognized in earnings are recorded to in financial income (expense) within the company's condensed consolidated statements of profit and loss.

(Millions of dollars)		
Balance at 1 January 2019	$	30
Gains (losses) recognized in earnings		(1)
Balance at 30 June 2019	**$**	**29**

Counterparty risk

Counterparties to Linde’s derivatives are major banking institutions with credit ratings of investment grade or better. As of year-end, Linde AG had existing Credit Support Annexes ("CSAs") in place with their principal counterparties to minimize potential default risk and to mitigate counterparty risk. Under the CSAs, the fair values of derivatives for the purpose of interest rate and currency management are collateralized with cash on a regular basis. As 30 June 2019, the impact of such collateral posting arrangements on the fair value of derivatives was insignificant. Additionally, some contracts are subject to offsetting or netting processes. Management believes the risk of incurring losses on derivative contracts related to credit risk is remote and any resulting losses would be immaterial.

[11] Segment Information

Effective 31 October 2018, Praxair and Linde AG completed the previously announced merger pursuant to the Merger Agreement, resulting in the formation of Linde plc (see Note 1 for additional information on the merger). As a result of the merger and effective with the lifting of the “Hold Separate Order” effective on 1 March 2019, new operating segments were created which are used by the company's Chief Operating Decision Maker ("CODM") to allocate company resources and assess performance. Linde’s operations consist of two major product lines: industrial gases and engineering/other. As further described in the following paragraph, Linde’s industrial gases operations are managed on a geographic basis, which represents three of the company's new operating segments - Americas, EMEA (Europe/Middle East/Africa), and APAC (Asia/Pacific); a fourth operating segment which represents the company's Engineering business, designs and manufactures equipment for air separation and other industrial gas applications specifically for end customers and is managed on a worldwide basis operating in all three geographic segments. Each of these operating segments is a separate reporting segment for financial reporting purposes. Other consists of corporate costs and a few smaller businesses which individually do not meet the quantitative thresholds for separate presentation.

The industrial gases product line centers on the manufacturing and distribution of atmospheric gases (oxygen, nitrogen, argon, rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, acetylene). Many of these products are co-products of the same manufacturing process. Linde manufactures and distributes nearly all of its products and manages its customer relationships on a regional basis. Linde’s industrial gases are distributed to various end-markets within a regional segment through one of three basic distribution methods: on-site or tonnage; merchant or bulk; and packaged or cylinder gases. The distribution methods are generally integrated in order to best meet the customer’s needs and very few of its products can be economically transported outside of a region. Therefore, the distribution economics are specific to the various geographies in which the company operates and are consistent with how management assesses performance.

Historically and through 2019 the CODM assessed the performance of the operating segments determined in accordance with U.S. GAAP. Accordingly, and consistent with the 2018 presentation, the segment discussion below is based on U.S. GAAP results. A reconciliation to IFRS as adopted by the European Union is disclosed below.

The company's measure of profit/loss for segment reporting purposes remains unchanged - Segment operating profit. Segment operating profit is defined as operating profit excluding purchase accounting impacts of the Linde AG merger, inter-company royalties, and items not indicative of ongoing business trends. This is the manner in which the company's CODM assesses performance and allocates resources. For a description of Linde's previous operating segments, refer to Note 26 to Linde's 2018 Directors' Report and Financial Statements.

The table below presents sales and operating profit information about reportable segments and Other for the six months ended 30 June 2019 and 2018. Prior periods presented have been disclosed on a basis consistent with the new segment structure:

	Six Months Ended 30 June	
(Millions of dollars)	2019	2018
SALES[a]		
Americas	$ 5,485	$ 3,715
EMEA	3,355	850
APAC	2,965	895
Engineering	1,388	—
Other	955	567
Total U.S. GAAP sales	14,148	6,027
GAAP adjustments [1]	280	—
Total IFRS sales	$ 14,428	$ 6,027

(a) Sales reflect external sales only. Intersegment sales were not material.

	Six Months Ended 30 June	
(Millions of dollars)	2019	2018
SEGMENT OPERATING PROFIT		
Americas	$ 1,231	$ 993
EMEA	679	180
APAC	588	214
Engineering	177	—
Other	(121)	(2)
U.S. GAAP segment operating profit	2,554	1,385
Cost reduction programs and other charges [2]	(230)	(43)
Purchase accounting impacts - Linde AG [3]	(1,046)	—
U.S. GAAP operating profit from continuing operations	1,278	1,342
GAAP adjustments [1]	51	(8)
IFRS operating profit from continuing operations	$ 1,329	$ 1,334

(1) Primarily related to differences in accounting between U.S. GAAP and IFRS such as consolidation of entities and pension accounting.

(2) Primarily related to the merger transaction costs which are not included in Management's view of segment profitability. Total cost reduction program related charges were $109 million for the six months ended 30 June 2019. Severance costs of $51 million for the six months ended 30 June 2019, related to the elimination of approximately 1,100 positions, largely in the Americas and APAC. The majority of actions are anticipated to be completed in 2019. Other cost reduction charges of $58 million for the six months ended 30 June 2019, are primarily related to actions taken to execute the company's synergistic actions including location consolidations and rationalization, software and process harmonization, and associated non-recurring costs. In connection with the business combination, Linde incurred merger-related costs which totaled $121 million and $43 million for the six months ended 30 June 2019 and 2018, respectively.

(3) Related to the impacts of the required purchase accounting related to the merger transaction under U.S. GAAP (see Note 2).

[12] Subsequent Events

Linde India Divestiture

On 12 July 2019 Linde completed the sale of selected assets of Linde India, in accordance with the recent merger between Linde AG and Praxair, Inc. and the Competition Commission of India. The sale price of $218 million will be subject to customary adjustments.

Divided Declaration

On 26 July 2019 Linde announced its Board of Directors has declared a quarterly dividend of $0.875 per share. The dividend is payable on September 17, 2019 to shareholders of record on September 3, 2019.

Guarantees

On 3 September 2019 Linde plc and the company's subsidiaries Praxair and Linde AG entered into a series of parent and subsidiary guarantees related to currently outstanding notes issued by Praxair and Linde AG as well as the $5 billion Credit Agreement dated 26 March 2019.

Approved by the Board of Directors and signed on its behalf on 27 September 2019 by:

<u>/S/ Stephen F. Angel</u>	*<u>/S/ Prof.Dr. Clemens Börsig</u>*
Stephen F. Angel	Prof. Dr. Clemens Börsig
Chief Executive Officer and Director	*Director*