BOC GASES
A Member of The Linde Group

BOC KENYA PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

2020


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NOTICE OF THE 2021 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eightieth Annual General Meeting of **BOC Kenya PLC** will be held **Virtually** on 24 June 2021, at 11:00 a.m. for the following purposes:-

Ordinary Business

1. To receive, consider and if approved, adopt the Company's audited financial statements for the year ended 31 December 2020, together with the reports of the Chairman, Directors and Auditors thereon.

2. To declare a final dividend of KES 4.15 per ordinary share, payable, net of Withholding Tax, on or about 19 July 2021 to Shareholders on the Register at the close of business on 25 May 2021.

3. To re-elect Directors:

   (i) Mr. R. Mbugua and Mrs. C. Wetende retire by rotation, and being eligible, offer themselves for re-election in accordance with Article 29 of the Articles of Association.

   (ii) Mr. R. Chetty retires as a Non-Executive Director and does not offer himself for re-election.

   (iii) In accordance with the provisions of Section 769 of the Companies Act 2015, Mr. S. Maina, Mr. M. Kruger and Mrs. C. Wetende being members of the Board's Audit & Risk Committee be re-elected to continue to serve as Members of the said Committee.

4. To approve the remuneration of Directors and the Directors Remuneration Report for the year ended 31 December 2020.

5. To reappoint PricewaterhouseCoopers LLP Kenya to continue in office as External Auditors of the Company by virtue of Section 721(2) of the Companies Act 2015 and to authorise the Directors to fix their remuneration.

By Order of the Board

R. T. Ngobi (Ms.)
Company Secretary
Kitui Road, Industrial Area
P O Box 18010-00500
Nairobi

20 April 2021

Notes accompanying this Notice of Annual General Meeting are contained in pages 3 to 6.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING (continued)

Notes:

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

2. Shareholders wishing to participate in the meeting should register for the AGM online at https://digital.candrgroup.co.ke or via USSD using short code number ***384*039#** and following the various prompts regarding the registration process. In order to complete the registration process, Shareholders will need to have their Shares Account Number or CDSC Account Number and the ID/Passport Number which were used to purchase their shares.

3. Registration for the AGM opens on 9 June at 08:00am and will close on Wednesday 23 June 2021 at 12:00 Noon.

4. For assistance, Shareholders should dial the following helpline numbers: +254 20 7608216 from 8:00 a.m. to 4:00 p.m. during the registration Open Period. Any Shareholder outside Kenya should dial the helpline number to be assisted to register or send an email to digital@candrgroup.co.ke.

5. Shareholders can access the Virtual AGM using their log in credentials via https://digital.candrgroup.co.ke to view the livestream, vote and submit questions. Shareholders without internet access can access the Virtual AGM and vote and submit questions using their log in credentials via USSD using short code number ***384*039#**.

6. Shareholders wishing to raise any questions for the AGM may do so by:

   (i) Accessing Virtual AGM via https://digital.candrgroup.co.ke platform; Select Attend Event; Select "BOC Kenya PLC AGM"; Select "Q&A" option tab and submit questions in text box provided; or
   (ii) Accessing Virtual AGM via USSD platform using short code number ***384*039#**; Use the menu prompts to Select "BOC Kenya PLC"; Select the menu option for "Q&A" and submit their questions (within 160 character limit for sms text); or
   (iii) Sending their written questions by email to digital@candrgoup.co.ke; or
   (iv) To the extent possible, physically delivering their written questions with a return physical address or email address to the offices of Custody and Registrars Services Ltd, Company's Registrars, at IKM Place, Tower B, 1st Floor, 5th Ngong Avenue.
   - Shareholders sending questions by email or delivering to C&R Group must provide their full details (full names, Shares Account Number//CDSC Account Number) when submitting their questions and clarifications. Also attach a copy of your ID/Passport.
   - All questions and clarification must reach the C&R Group on or before Wednesday 23 June 2021 by 12:00 Noon.

7. Shareholders wishing to vote may do so by:

   (i) Accessing Virtual AGM via https://digital.candrgroup.co.ke platform; Select Attend Event; Select "BOC Kenya PLC AGM"; Select "Voting" option tab and vote; or
   (ii) Accessing Virtual AGM via USSD platform; Use the menu prompts to Select "BOC Kenya PLC AGM"; Select the menu option for "Voting" and follow the various prompts regarding the voting process.

8. In accordance with Section 298(1) of the Companies Act, Shareholders entitled to attend and vote at the AGM are entitled to appoint a proxy to vote on their behalf. A proxy need not be a member of the Company.

   A Proxy Form is available on the Company's website www.boc.co.ke and on the last page of this Annual Report. Physical copies of the Proxy Form are also available at the following address: Custody and Registrars Services offices, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING (continued)

Notes (continued)

To be valid, the Proxy Form must be duly completed by the Shareholder or his Attorney duly authorized in writing. If the Shareholder is a body corporate, the instrument appointing the proxy shall be given under its common seal (if any) or under the hand of an Officer or duly authorized Attorney of such body corporate.

A completed Form of Proxy should be emailed to proxy@candrgroup.co.ke in pdf format or delivered to Custody and Registrars Services, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi or be posted to Custody and Registrars Services, P. O. Box 8484-00100 Nairobi, so as to reach the Registrar or the Company Secretary not later than 12:00 Noon on 16 June 2021.

The duly completed form must be supported by a copy of ID/ valid Passport of the Shareholder and include the ID/Passport, email or telephone number of the proxy to facilitate registration. Any proxy registration that is rejected will be communicated to the Shareholder concerned no later than 17 June 2021 2021 at 5.00 pm to allow time to address any issues.

9. The AGM will be streamed live to all Shareholders who will have registered to participate in the general meeting. Duly registered Shareholders and proxies will receive a short message service (SMS/USSD) prompt on their registered mobile numbers or email, 24 hours prior to the AGM as a reminder of the AGM. A second SMS/USSD prompt shall be sent two hours ahead of the AGM, reminding duly registered Shareholders and proxies that the AGM will begin in two hour's time.

10. The Annual Report and Financial Statements of the Company for the year ended 31 December 2020 have been made available on the Company's website www.boc.co.ke in the downloads section of the website.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 24 June 2021

ORDINARY BUSINESS

Agenda Item 1 - Report and Accounts 2020

Resolution 1:

THAT the Report of the Directors and the Financial Statements for the year ended 31 December 2020, as audited and reported by the Company's Auditors now submitted to this meeting be and are hereby approved and adopted.

The Report and Accounts are for the year ended 31 December 2020 were approved by the Directors on 20 April 2021 and are presented for adoption by Shareholders.

Agenda Item 2 - Dividend

Resolution 2:

THAT a final dividend of KES 4.15 per ordinary share payable, to be paid net of Withholding Tax, on or about the 19 July 2021 to Shareholders on the Register at the close of business on 25 May 2021 be and is hereby approved.

No interim dividend was paid for the year 2020. A final dividend is proposed for approval by Shareholders.

Agenda Item 3 – Re-election of Directors

Resolution 3:

THAT Mr. R. Mbugua be and is hereby re-elected a Director of the Company in accordance with Article 29 of the Articles of Association.

Mr. R. Mbugua retires by rotation and offers himself for re-election in accordance with Article 29 of the Company's Articles of Association.

Resolution 4:

THAT Mrs. C. Wetende be and is hereby re-elected a Director of the Company in accordance with Article 29 of the Articles of Association.

Mrs. C. Wetende retires by rotation and offers herself for re-election in accordance with Article 29 of the Company's Articles of Association.

In relation to the re-election of all the above named Non-Executive Directors the Nominations and Corporate Governance Committee confirmed and the Board has determined that each of them continue to perform effectively and demonstrate commitment to their roles, and that they are all influential individuals in their respective fields and backgrounds. Their balance of knowledge and skills combined with their diversity and business experience, makes a major contribution to the proper functioning of the Board and its Committees. Biographical details of the Directors seeking re-election are set out on page 27 to 31 of this Annual Report and Financial Statements.
Copies of the Directors' letters of appointment are available for inspection during normal business hours at the company's registered office on any business day.

NOTICE OF THE 2021 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 24 June 2021 (continued)

Agenda Item 3 Directors re-election to Audit & Risk Committee

Resolution 5:

THAT Mr. Steve Maina, Mr. Marius Kruger and Mrs. Cosima Wetende be and are hereby elected to continue to serve as Members of the Board Audit & Risk Committee.

In accordance with the provisions of Section 769 of the Companies Act 2015, the Directors listed in Agenda Item 3 (ii) offer themselves for election to continue to serve as Members of the Board Audit & Risk Committee.

Agenda Item 4 - Directors Remuneration and Remuneration Report

Resolution 6:

THAT the Directors remuneration as stated in Note 30(f) to this Annual Report and Financial Statements and the Remuneration Report set out from page 53 to 56, be and are hereby Approved.

Resolution 6 is an advisory vote to approve the Directors' remuneration as stated on Note 30 (f) to the Financial Statements and to approve the Director's Remuneration Report as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public.

The Remuneration Report is set out from page 53 to 56 of this 2020 Annual Report and Financial Statements, which is also available on the Company's website www.boc.co.ke.

Agenda Item 5 - Re-Appointment of Auditors and Auditors Remuneration

Resolution 7:

THAT in accordance with Section 721(2) of the Companies Act 2015, of Messrs PricewaterhouseCoopers LLP be and are hereby re-appointed as the Auditors of the Company and that the Directors be and are hereby authorised to fix their remuneration.

With PricewaterhouseCoopers LLP having expressed their willingness to continue in office as the Companies External Auditors in accordance with the provisions of Section 721(2), PricewaterhouseCoopers LLP offer themselves for re-appointment and it is proposed that the Directors be authorized to fix Auditors remuneration for the ensuing financial year.

CORPORATE INFORMATION

Board of Directors

Mr. R. Mbugua**	(Chairman)
Mrs. M. Gathoga-Mwangi	(Managing Director)
Mr. A. Kamau	(Finance Director)
Mr. M. Kruger*	
Mrs. C. Wetende**	
Mr. S. Maina**	
Mr. R. Chetty*	
Ms. R. T. Ngobi	(Company Secretary)

Audit Committee

Mr. S. Maina**	(Chairman)
Mr. M. Kruger*	
Mrs. C. Wetende**	
Mrs. M. Gathoga-Mwangi	(Permanent invitee)
Mr. A. Kamau	(Permanent invitee)
Ms. C. Atakos	(Permanent invitee)
Ms. R.T. Ngobi	(Secretary)

Nominations and Corporate Governance Committee

Mr. R. Mbugua**	(Chairman)
Mr. M. Kruger*	
Mrs. C. Wetende**	
Mrs. M. Gathoga-Mwangi	(Permanent invitee)
Ms. R.T. Ngobi	(Secretary)

* Non-Executive Directors
** Independent Non-Executive Directors

Nationality where not Kenyan

Mr. M. Kruger	(South African)
Mr. R. Chetty	(South African)

Auditor

PricewaterhouseCoopers LLP
PwC Tower
Waiyaki Way/Chiromo Road, Westlands
PO Box 43963 – 00100
Nairobi, Kenya

Transfer Agents

Custody & Registrar Services Limited
1KM Place, Tower B, 1st Floor
5th Ngong Avenue, off Bishops Road
PO Box 8484 – 00100
Nairobi

Advocates

Kaplan & Stratton
Williamson House
4th Ngong Avenue
PO Box 4011 – 00100
Nairobi

CMS Daly & Inamdar Advocates
ABC Towers, 6th Floor,
ABC Place, Waiyaki Way
PO Box 40034 – 00100
Nairobi

Bankers

Citibank NA
Standard Chartered Bank Kenya Limited

Secretary and Registered Office

Ms. R.T. Ngobi (CPS No. 726)
Company Secretary
Kitui Road, Industrial Area
PO Box 18010 – 00500
Nairobi

ABOUT US

BOC Kenya Plc (the "Company") is a leading supplier of industrial, medical, special gases and gas mixtures as well as installer of medical gas pipelines in Kenya, Tanzania and Uganda. The Company set up in Kenya in 1940 and is listed on the Nairobi Securities Exchange in 1969. Established in 1886 in Britain, the BOC organisation has been producing industrial gases for more than 120 years.

Internationally we are a member of Linde Plc, a world leading gases and engineering company with approximately 80,000 employees working in more than 100 countries worldwide. The Company's immediate majority shareholder is BOC Holdings UK, which became a member of the Linde Plc in 2002.

The Company's portfolio includes dozens of different gases and mixtures, as well as related equipment and services. The Company's customer base cuts across a large spectrum and includes public and private hospitals, food processors, civil and mechanical engineering contractors, motor vehicle body builders, hotels and restaurants, the informal business sector ("Jua Kali") and small and medium enterprises.

Our business operates with the purpose of making our world more productive by meeting the needs of our customers.

Our product range includes:

Bulk gases (liquid oxygen and liquid nitrogen)

- BOC boasts of the only Air Separation Unit (ASU) in Kenya capable of producing atmospheric liquid gases with purity levels of 99.95%. We provide gas solutions in high pressure cryogenic vessels, tailored for specific applications.

Packaged (cylinder) gases

- These comprise the Company's primary product line and include medical gases, industrial gases, special gases, gas mixtures and liquefied petroleum gas. Atmospheric gases, gas mixtures and acetylene are produced at the Company's Nairobi plant while the other gases are purchased from other gas suppliers, mostly overseas.uced at the Company's Nairobi plant while the other gases are purchased from other gas suppliers, mostly overseas.

Engineering services

- Supply of medical equipment, construction of medical and other gas pipelines, LPG installations, provision of Company owned cryogenic gas storage tanks and related maintenance services.
- BOC has a team of highly qualified engineers and technicians who provide Customer Engineering Services (CES) to the highest international standards including the following: Medical Oxygen KS 2170 – 1:2009; Medical Air – KS 2170 – 2008; Medical Nitrous oxide – KS – 2170-3:2008 and Medical Carbon Dioxide – KS -2170-4:2009

Safety at BOC is non-negotiable. We pay great attention to the safety of operations, products, distribution fleet and our customers.

We conduct rigorous tests on our cylinders before any filling operation to ensure safety of products and users. Medical cylinders are subjected to more stringent tests and cleaning in line with health care standards.

All staff receive regular general safety and role specific training. Employees have access to the web-based Linde Plc Learning Management System (TRACCESS) on which they study and undertake tests on subjects relevant for their respective roles in the Company.

The Company's distribution fleet drivers are continuously trained in vehicle safety, including heavy commercial vehicle anti-rollover training in South Africa.

ABOUT US (continued)

Completion of core training is mandatory before an employee is allowed to execute particular tasks.

Mission and values

Our ultimate parent Company, Linde plc, has defined and launched a new shared purpose, common direction, and mutual accountabilities in what is referred to as the One Linde Philosophy. We seek to support and live the Philosophy which we consider vital to our individual and corporate success.

Mission:
Our mission is to be the best performing medical gases, industrial gases welding products and welding accessories Company in our region, where our people deliver innovative and sustainable solutions for our customers in a connected world.

Vision:
Our vision is making our world more productive.

Strategic Direction:
A. Build on our individual and collective strengths across a larger global footprint.
B. Profitably and sustainably grow our industrial and medical gases business by increasing network density.
C. Leverage world-class engineering and technology capabilities to deliver a competitive advantage to the gases business and profitably grow with third party customers.

Values and Behaviours:
- Safety - We put safety first. We believe all incidents are preventable, and our goal is no harm to people, communities or the environment. We continuously work to improve our safety culture and performance worldwide.
- Integrity - We always strive to achieve our goals ethically, and with the highest integrity. We expect transparent and respectful interactions between management, employees and our business partners, consistent with our Code of Business Integrity.
- Accountability - We hold ourselves accountable for our performance, individually and collectively. We focus both on what we accomplish and how we accomplish it, and we are committed to delivering on individual and company goals.
- Inclusion - We embrace diversity and inclusion in order to attract, develop and retain the best talent and build high-performing teams. By hearing all voices and benefiting from diverse opinions, thoughts and perspectives, we achieve our full promise and potential; and
- Community - We are committed to improving the communities where we live and work. Our contributions, support initiatives that make important and sustainable contributions to our world.

Strategy
The strategy of the Company is geared towards long-term profitable growth and focuses on the provision of forward-looking products and services that support our customers in their various areas of operations.
The Company acts responsibly towards its shareholders, business partners, employees, society and the environment in every one of its business areas and locations.

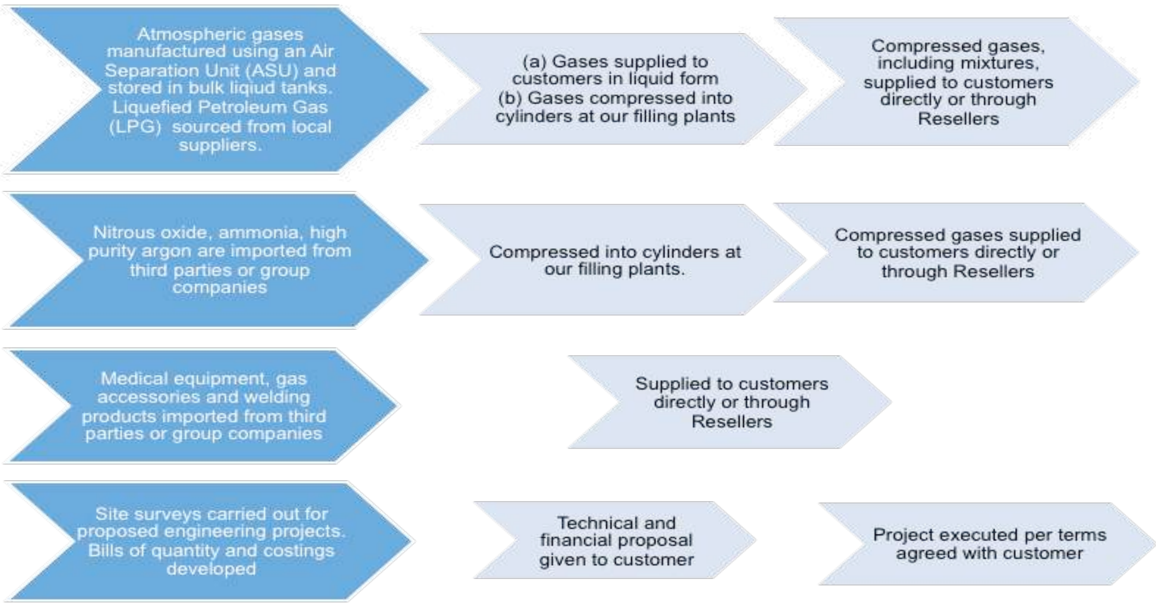
We seek to consolidate and grow the medical gases segment and to maintain and grow the industrial gases segment (especially oxygen and dissolved acetylene) and aim to become the gas supplier of choice in the Kenyan market. We seek to partner with real estate developers for Liquefied Petroleum Gas (Gas) reticulation and to provide innovative solutions to key segments in the agriculture and floriculture sectors and to partner with national referral and county governments to deliver quality medical supplies to public hospitals.

Our strategy is focussed on four pillars: (1) Protecting the base business, (2) Creating new business streams, (3) Excellence in customer service operations and the (4) Execution and people pillar.

ABOUT US (continued)

Business Model

The Company's business model may be summarised as follows:



Gases and Manufacturing Processes

Atmospheric gases are the highest volume products produced by the Company. Using air as its raw material, the Company produces oxygen, nitrogen and argon through cryogenic air separation.

Process gases, including carbon dioxide, hydrogen, helium, specialty gases are purchased from other gas companies locally or abroad while acetylene is produced at the Company's plant by reacting calcium carbide with water.

Gases have applications in either industrial or medical sectors, or in the case of oxygen in both sectors.

Gases Distribution

The Company uses two basic distribution methods for industrial gases:

(i) Merchant/bulk liquid - The merchant business is generally associated with distributable liquid oxygen and nitrogen. The deliveries generally are made from Company's Nairobi plants by tanker trucks to storage containers at the customer's site which are owned and maintained by the Company.

(ii) Packaged or cylinder gases - Customers requiring small volumes are supplied products in metal containers called cylinders, under medium to high pressure. Packaged gases include atmospheric gases, carbon dioxide, hydrogen, helium, acetylene and related products. The Company also produces and distributes in cylinders a wide range of specialty gases and mixtures. Cylinders may be delivered to the customer's site or picked up by the customer at a Company facility or distributor store.

Customer Engineering Services

The Company builds gas pipelines, primarily medical gas pipelines in hospitals. It also builds liquefied petroleum gas (LPG) pipelines.

For Hospitals, the Company is has the competency to provide a complete gas solution encompassing supply of the medical gas in liquid or in cylinders, construction of the medical pipelines and installation of the equipment / consumables necessary to deliver the gas to the patient's bed side.

CHAIRMAN'S STATEMENT

On behalf of the Directors I am pleased to present to you the annual report and financial statements of BOC Kenya PLC and its subsidiaries for the year ended 31 December 2020.

The financial results are discussed in greater detail in the Managing Director's report from page 13 to 17.

Proposed Shares Acquisition

As shareholders will no doubt be aware, on 26 November 2020 Carbacid Investments Plc and Aksaya Investments LLP, published a Notice of Intention to acquire 100% of the Ordinary Shares of the Company. The Directors of the Company are committed to ensuring that the Board fulfils its mandate and responsibilities under all applicable laws and regulation, not least the Capital Markets (Take-Overs and Mergers) Regulation 2002 and will keep shareholders informed through public notices in the print media as well as on the company's website.

COVID-19

The novel strain of the coronavirus identified in China in late 2019 spread globally fairly quickly resulting in authorities implementing numerous measures to try and contain the virus, such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, vendors and suppliers.

Though - more than one year on - the world has to some good extent adjusted to the pandemic, uncertainty remains regarding containment measures and potential future measures as various countries go through new waves of the infection.

Furthermore, COVID-19 has impacted and may further impact the broader economies of affected countries, including negatively impacting economic growth. Due to the increased demand for oxygen the Company has had to supplement its local production with more expensive product, while limiting or temporarily halting supplies to industrial customers so as to prioritise demand from the healthcare facilities.

Business overview

As noted on the Managing Director's report, the Company's consolidated turnover increased by 12.5% and profit before income tax by 74.5% in 2020.

This improved performance was mostly realised in the second half of the year 2020 as results for the first half of the year were adversely affected by the movement restrictions and curfew hours that Government put in place as part of containment measures effected following the reporting of the first case of COVID-19 in the Country in February 2020. At half-year turnover was 10.6% below prior year, consistent with a generally subdued economic environment which improved in in the second half of the year after the restrictions were eased.

CHAIRMAN'S STATEMENT (continued)

The upside in results in the second half of the year was primarily from medical gases, a revenue stream that has shown consistent growth over many years due to increased investments in both public and private sector healthcare facilities. COVID-19 accelerated these investments in 2020, with the benefit of improved healthcare for the population expected to accrue to the country well past COVID-19. While the Kenyan business recovered lost ground during the second half of 2020, the Uganda and Tanzania businesses were unable to meet budget.

From the Sustainability Report contained in this Annual Report, you will note that we executed several medical gas pipeline installation projects as various health care facilities sought to increase access to oxygen in response to the pandemic. We are pleased to have partnered with these providers of healthcare services in this regard.

We are delighted for the opportunity to have been a supplier to many hospitals over the years, providing them with, among other medical gases, oxygen at over 99.5% produced and packaged in accordance with the Good Manufacturing Processes (GMP) applicable for medical gases.

As indicated in my previous report, the Company continues to suffer losses arising from the illegal filling of its cylinders, a problem that is more profound in the industrial gases sector, especially the small scale fabrication and metal (Jua kali) sector. This sector affords the Company a significant mass-market customer base and we will therefore continue to address the problem on an ongoing basis in partnership with our distributors, and where feasible, regulatory enforcement actions.

Meanwhile maintenance of a strong risk management control and good corporate governance will remain at the apex of everything that we do.

Board of Directors

Since the last Annual General Meeting (AGM) on 8 December 2020 there has been no change on the Board of Directors.

Appreciation

On behalf of the Board, the Shareholders and members of staff, I wish to thank the Directors, management and employees of the Company for their unyielding commitment to the Company in what has been a difficult and unusual year in light of the Covid-19 pandemic. The board recognises the many personal adjustments that many of the employees have had to make to keep the business operating smoothly during the year, not least in our services to medical facilities as they sought to provide treatment to infected with the Covid-19 virus.

Meanwhile we recognize and acknowledge our customers, distributors, suppliers and other partners who have different ways contributed to the business and its success over the years. We look forward to developing these partnerships further in the coming years as we seek to be of better service to our customers. The Board remains committed to strengthening the business and its financial results in the coming years.

Robert Mbugua
Chairman

20 April 2021

MANAGING DIRECTOR'S REPORT

BOC Kenya Plc's (BOC) immediate majority shareholder is BOC Holdings (UK) and the ultimate majority shareholder is Linde plc, a public limited company formed under the laws of Ireland with its principal offices in the United Kingdom.

About Linde

Linde is the largest industrial gas company worldwide and is a major technological innovator in the industrial gases industry. Its primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, and rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, and acetylene). The company also designs and builds equipment that produces industrial gases and offers customers a wide range of gas production and processing services such as olefin plants, natural gas plants, air separation plants, hydrogen and synthesis gas plants and other types of plants.

Linde serves a diverse group of industries including healthcare, petroleum refining, manufacturing, food, beverage carbonation, fiber-optics, steel making, aerospace, chemicals, electronics and water treatment.

Vision and Mission

BOC's Vision is to be the best performing industrial gases and engineering company in our East Africa Region, where our people deliver innovative and sustainable solutions for our customers in a connected world. This vision recognizes that we must always strive for excellence, conduct our business with integrity, grow our capabilities, and use resources responsibly so that we deliver strong performance year-after-year and for generations to come.

In line with the Linde Group Mission, we seek to making our world more productive. It reflects our commitment to continually increase efficiency in our own operations while enabling our customers to become more successful by improving their financial and environmental performance.

Strategic Direction

Our Strategic Direction provides specific guidance on how we should prioritize our efforts so that we advance on these fronts:

- Leverage on One Linde's world-class engineering and technology capabilities to deliver a competitive advantage to the gases business and profitably

MANAGING DIRECTOR'S REPORT (continued)

grow with customers
- Profitably and sustainably grow our industrial and medical gases business by increasing density

Values

Our Values guide us as to how we conduct ourselves, operate the businesses, make decisions and treat others, every day:

Safety
We put safety first. We believe all incidents are preventable, and our goal is no harm to people, communities or the environment. We continuously work to improve our safety culture and performance worldwide.

Integrity
We always strive to achieve our goals ethically, and with the highest integrity. We expect transparent and respectful interactions between management, employees and our business partners, consistent with our Code of Business Integrity.

Accountability
We hold ourselves accountable for our performance, individually and collectively. We focus both on what we accomplish and how we accomplish it, and we are committed to delivering on individual and company goals.

Since 2018, we have established our culture of Continual Improvement (CI) using various KAIZEN tools. KAIZEN which means change for better has led the way we manage Projects and the way we treat each other when going through tremendous change. In 2019, we implemented for new projects around Inventory Management, Planned Maintenance, Autonomous and Total Flow Management project in Customer Service. These projects will continue to impact our operations in a positive manner and will produce sustainable efficiencies and savings.

Inclusion
We embrace diversity and inclusion in order to attract, develop and retain the best talent and build high-performing teams. By hearing all voices and benefiting from diverse opinions, thoughts and perspectives, we achieve our full promise and potential.

Community
We are committed to improving the communities where we live and work. Our charitable contributions, along with employee volunteerism, support initiatives that make important and sustainable contributions to our world.

Our Behaviours set expectations for every employee at every level and location, communicating what it takes to be successful at BOC:
- Live our values – believe in and role model our core values
- Achieve our goals – achieve goals and drive for excellence
- Make an impact – approach people and challenges with a positive attitude.

We underline our commitment to sustainable development by supporting the principles set out in the United Nations Global Compact. We have also reviewed our contribution to the UN's Sustainable Development Goals and have published a summary of this on our website.

Key performance indicators

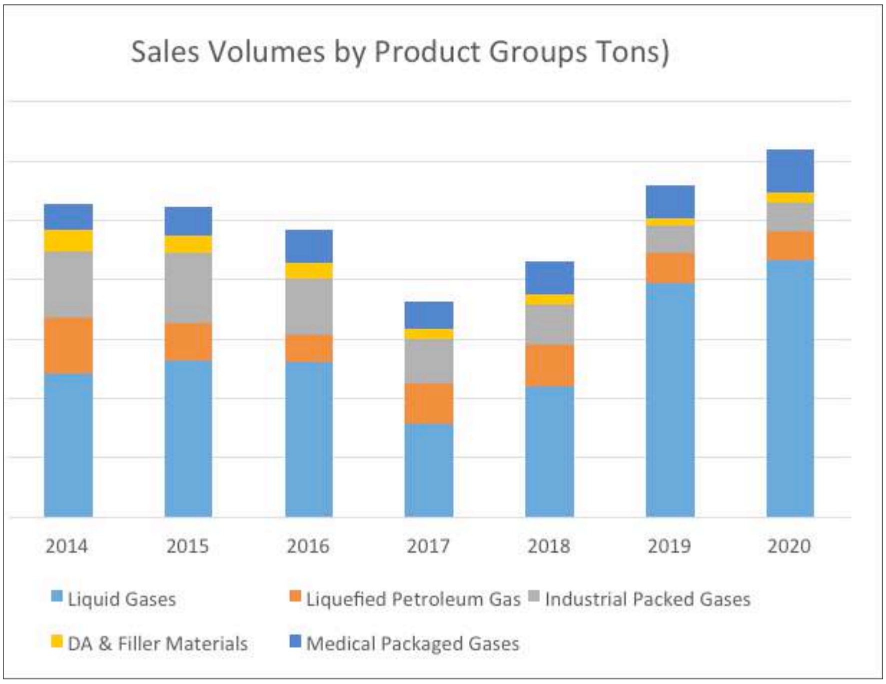
Revenue streams
The Company's core products remain oxygen (which has both medical and non-medical applications), nitrogen and dissolved acetylene (DA). Oxygen and nitrogen are sold either in liquid form or are packaged into cylinders. Gas sales in liquid form comprise medical oxygen sold to hospitals that have installed medical pipelines in their wards and other

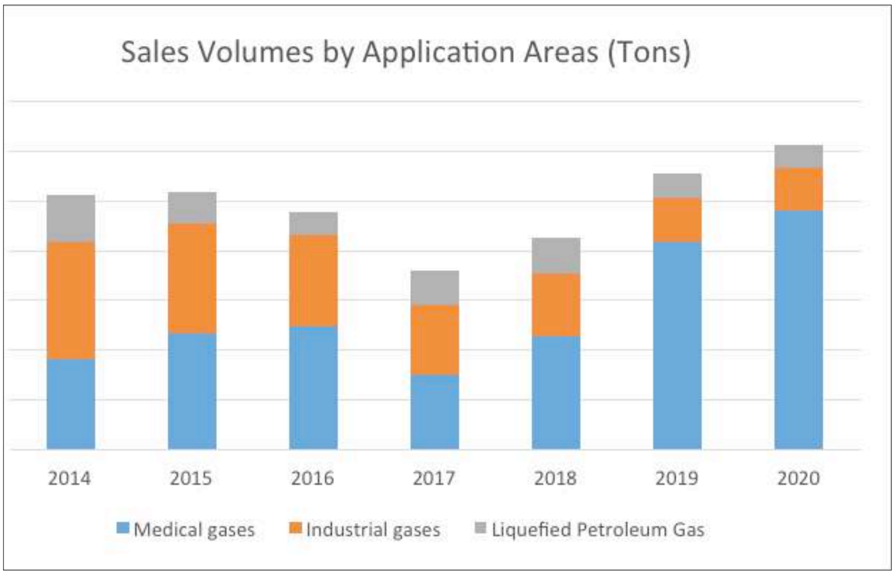
MANAGING DIRECTOR'S REPORT (continued)

patient care areas, oxygen, and nitrogen to industrial customers. Filler materials constitute welding products.

Sales volumes

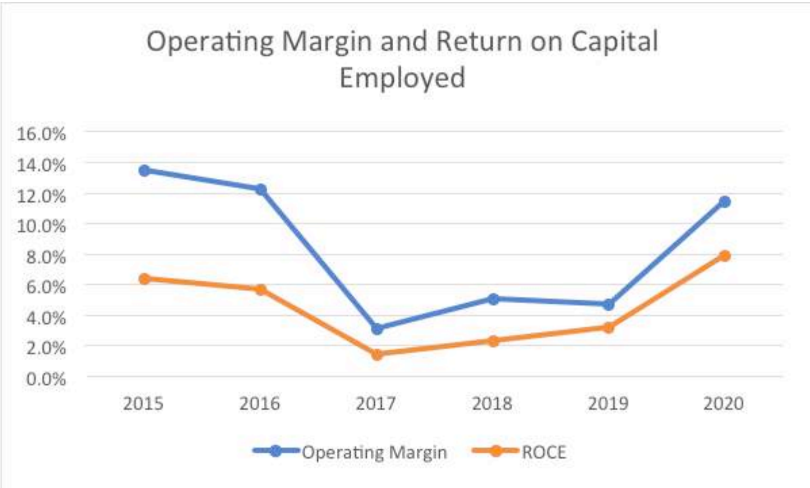
The table overleaf shows the Company's sales volumes in Kilograms from 2014 to 2020. Volumes of medical gases have risen year-on-year consistent with growth in the health care sector, increased competition from gas companies and customer on-site generation plants notwithstanding. Meanwhile volumes of industrial gases have decreased due to the combined effect of competition, lower observance of quality standards and illegal gas filling activities.





MANAGING DIRECTOR'S REPORT (continued)

Operating margin and Return on Capital Employed (ROCE)
In the period 2015 to 2017 profitability dropped as revenue dropped occasioned by competitive pressures in the market, including importation of liquid oxygen. The Company has since then sought to recover sales volumes alongside cost management and efficiency projects, all of which are now having a desirable effect on profitability and returns.



Various other financial key performance indicators are presented in the table overleaf.

	2016	2017	2018	2019	2020
Revenue	1,076,719	967,626	966,543	975,863	1,098,104
Gross profit	51.5%	53.7%	49.7%	44.0%	43.8%
Distribution costs	102,617	111,841	110,693	95,268	102,374
Selling & Admin costs	319,428	348,864	305,987	298,008	266,890
Operating profit	132,368	29,677	49,315	37,349	120,388
Operating profit/sales	12.3%	3.1%	5.1%	3.9%	11.0%
Quick assets2	689,587	721,758	667,388	497,436	560,541
Quick ratio	1.3	1.2	1.1	0.9	1.2
Liquidity ratio	2.3	2.0	1.9	2.0	2.5
Debt to equity ratio	0.24	0.38	0.41	0.38	0.30
Long term debt	Nil	Nil	Nil	Nil	Nil
Dividends	101,532	101,532	101,532	45,885	81,031
Dividend per share (KShs)	5.20	5.20	5.20	2.35	4.15
Capital expenditure	85,017	110,539	73,503	83,500	40,352
Return on total assets	5.7%	1.4%	2.3%	2.3%	6.1%

1. All figures in Kenya shilling thousands (KShs 000) unless indicated otherwise
2. Quick assets comprise bank balances, term deposits and treasury bills. Trade debt is excluded.

MANAGING DIRECTOR'S REPORT (continued)

The Company's revenue is on an upward trajectory, with an 12.5% growth in the year 2020 over prior year. Gross margins and operating margins remain under pressure due to the combined effects of inflation, exchange rates and a constrained ability to recover cost increases from customers. The Company has over the years mitigated these effects through cost management and efficiency projects.

Late payments by public sector customers remain a bottleneck that impact the Company's revenue adversely when supplies to such customers are withheld as a mitigation for credit risk and also on high levels of bad debt provisions for invoices that are not settled on time. This challenge is dealt with via regular engagements with Customers, some of whom are also dependent on timely national government funding.

The Company continues to have a cash healthy position with quick assets (cash and cash equivalents, bank deposits and investments in treasury bills) of KShs 561 Million. Current assets have remained more than or nearly twice current liabilities.

Outlook

Management, with the Board's oversight, is committed to ensuring sustainable improved financial performance of the Company in the coming years. In this regard we have developed a simplified strategy to defend our market position and break into new segments through focused internal alignment. We will achieve this through protecting our base business, creating new business streams, turning around our customer service operations and strengthening execution with our talented people.

Actions have been and are being taken to mitigate against external factors that bear on the Company's results concurrently with effort`s to ensure that, internally, all employees are demonstrating our behaviours of living our values, achieving our set goals and making an impact.

2020 was impacted COVID-19 with mixed results of the Company – though COVID-19 resulted in an increase in demand for medical oxygen, demand for industrial oxygen (and other industrial gases) was depressed by a generally difficult macro-economic environment. Also, in supplementing its local production of oxygen with imported product, the Company incurred higher costs that it could not necessarily fully pass on to customers.

In 2021 we expect that demand for oxygen will ebb and flow with COVID-19 infection rates and hospitalizations. The Company will therefore be seeking to ensure adequate supplies of oxygen are available for its healthcare customers despite the difficulty of predicting infection rates/demand for oxygen. Forecasting is key because of the long lead times when it becomes necessary to supplement local production with imports as demand for the product has increased globally and cryogenic gases are transported in specialized marine-certified containers (isotainers).

Even as it seeks to meet the demand for medical oxygen, the Company will also be focussing on its industrial and special gases customers as well as welding products and welding accessories to build on gains made in 2020.
Management is also hopeful that normal trade between Kenya, Tanzania, and Uganda in resume in the coming months as the pandemic has constrained the company's marketing activities and exports to these countries.

Appreciation

Finally I wish to thank our customers for their continuing custom and trust in our products and services, our employees for their individual and collective contribution to the business over the years, members of the Board of Directors for their invaluable guidance and our shareholders who have placed their investment in our hands. We will continue to strive towards greater achievements in 2021 and in the coming years.

Marion Mwangi
Managing Director

20 April 2021

SUSTAINABILITY REPORT

UN Global Compact

BOC is a member and signatory of the UN Global Compact and submits the communication on Progress report yearly. The company makes a declaration in support of the UN Global initiatives in its Annual Report.

The United Nations Global Compact is a global voluntary initiative that calls upon businesses to take action in addressing Human rights, Labor, Environmental issues and Corruption. This is done through 10 principles that address these four areas. BOC Kenya PLC has been an active participant since 2007 ensuring that:

- The Managing Director with the support of the Board continues to renew our commitment to the initiative.
- Annual Communication On Progress reports are prepared as and when due and that we communicate completely on the efforts of the business on the four principles.
- Continuous engagement with the local network is maintained through active participation in training sessions and update meetings.

There is a devoted Participant Engagement Manager that is the link between us and the Network.

Our Commitment

BOC Kenya PLC has made a commitment to continuously pursue Sustainable business practice. Tis commitment cuts across all its operations and its engagement with stakeholders. BOC Kenya PLC firmly believes that it plays a role in the economic, social and environmental progress of its business and the community as well. This belief is what pushes the company to commit to the attainment of the Sustainable Development Goals (SDGs) and to accelerate their attainment before 2030.

The Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) are a set of 17 goals that unite the world in addressing the pressing problems that we face currently. The challenges of rising inequality, crippling poverty, climate change and environmental disasters have increasingly become urgent matters that need deliberate action across the globe throughout different geographical areas, business sectors and even cultural backgrounds.

The SDGs gave the world areas of focus for us to attain an inclusive, prosperous, well governed and environmentally sustainable world for all. BOC Kenya PLC appreciates the role that the private sector plays in the attainment of these goals:

- Innovating products that meet the needs of the vulnerable in society
- Remodeling operations and processes to ensure better management of natural resources
- Adopting best business practice to ensure business continuity
- Supporting local philanthropic efforts

SUSTAINABILITY REPORT (continued)

The Sustainable Development Goals (SDGs) (continued)

To this end, BOC Kenya PLC has committed to 9 of the 17 goals. These 9 goals are areas that BOC Kenya PLC can make fundamental impact in and thus deliver consistent progress in.

The COVID-19 pandemic and the SDGs

2020 marked the beginning of the 'Decade of Action' in which governments, civil society, academia and private sector were to accelerate the commitment and achievement of the SDGs.

The COVID 19 pandemic has however decelerated the progress made in achieving sustainable development. The direct impact in livelihoods, health care systems, access to education and economic stability had a domino effect on all other aspects of our lives. Since the SDGs are interlinked, integrated and indivisible, the negative effect of the pandemic on health, incomes and education has contributed to slowed progress on the other SDGs as well.

The SDGs as a framework for recovery

The SDGs present an outline for building a better world. They cut across all aspects of human life including poverty, food security, health, equality, essential services, climate change, peace and partnerships. Through the same lens the SDGs will present an excellent framework to 'build back better' post COVID-19.

Post COVID-19, engagement in the SDGS will form a crucial part of our recovery as a people. Our ability to interconnect the different human development issues will serve us well. Further, we will need to:

1. Embrace the 'Leave No Man Behind' mantra. We will need to lift the most vulnerable first as the long terms effects of the pandemic will be most devastating on them.
2. Adopt a multidimensional approach to address the different facets of the problems posed by the pandemic
3. Back collaboration and partnerships toward the goals across different sectors

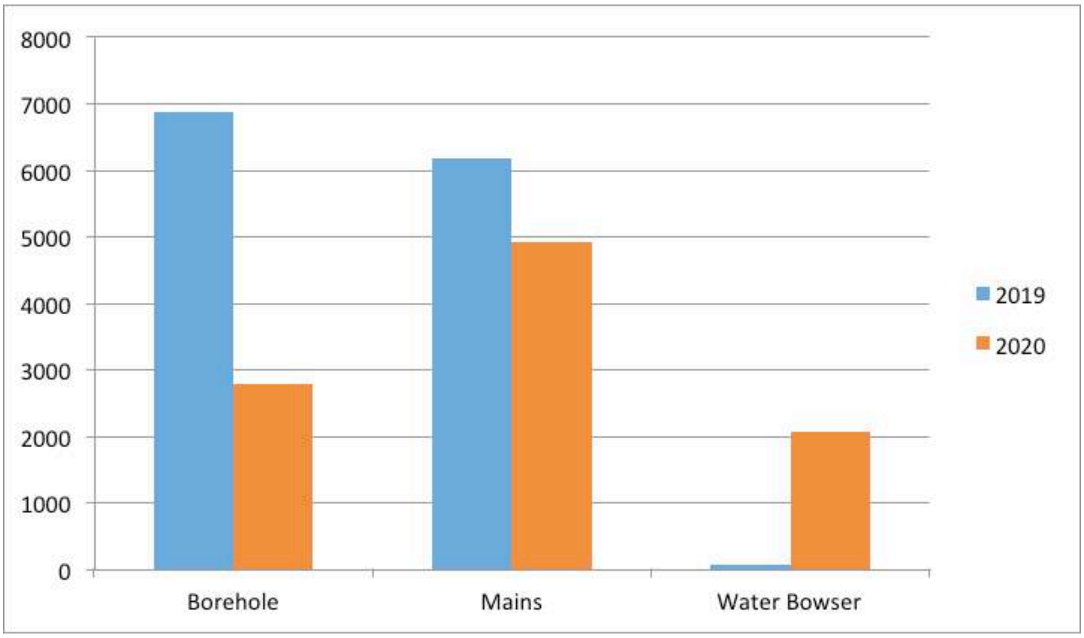
SUSTAINABILITY REPORT (continued)

> ***The Covid-19 pandemic is one of the most dangerous challenges this world has faced in our lifetime. It is above all a human crisis with severe health and socio-economic consequences.***
>
> **- António Guterres, Secretary-General of the United Nations**

Our commitment to our environment

Water resource management

We are incessantly working towards increasing water efficiencies in our processes and ensuring sustainable water withdrawals from our various water sources. Below is a measure of our water use in 2020 compared to 2019. The water usage in production is shown in cubic meters (m3).



In 2020, we saw a reduction in water drawn from our borehole as well as the mains provided by the Nairobi Water and Sewerage Company. We did however increase the water purchased from local bowsers. BOC Kenya PLC embraces recycling and as such approximately 50% of water used in production is recycled and safely reused in our production processes.

SUSTAINABILITY REPORT (continued)

Our commitment to our environment (continued)

Energy consumption
SDG 7 is centred on access to affordable, clan and modern energy for all. Our operations are heavily dependent on energy to ensure seamless operations and that we deliver value to our customers. It is therefore paramount that we embody efficiency in our energy use. 2020 saw our Total power drop to 9,066,434kWh compared to 9,347,805kWh in 2019. This 3.1% decrease in our energy use is attributed to increased efficiencies in our energy use and we hope to see even more of this in future.

Materials used in production
Sustainable consumption and production calls on businesses to rethink how we produce goods and services. Embracing a circular economy require us to appreciate that the life cycle of products has a huge impact on the environment and all the living things that depend on it for survival. At BOC Kenya PLC, we are fully aware that we must play an integral role in efficiently managing natural resources. While this is a key aspect of our operations we have in this year, began the process of tracking the volume of materals that are used in our production process.

For the year 2020, we initiated the monitoring of the arbide, water and electricity used in DA production.

Material Used	2019	2020	% increase
Carbide	259 MT	290 MT	11.96%
Water	540 m3	564 m3	4.44%
Electricity	149,818kWh	160,402kWh	7.06%

This incremental change in materials used is attributed to an increase in the demand for products from our customers.

Effluents and waste Management
Ensuring sound management of effluents and waste depends greatly on how said effluents and waste are disposed. Reducing their release into air, water and soil guarantees reduced negative impact on the environment and human health. For this reason, BOC Kenya PLC takes great caution in how we handle effluents and waste. In the year 2020, we produced Hazardous waste amounting to 858,624kg and 100% of it was recycled or incinerated. In the same year we produced non-hazardous waste of 13,071kg and 94.5% was recycled while 5.5% was landfilled. In the coming years, we would want to ensure that none of our waste ends up in landfills and contributes to a greater social and environmental problem.

Additionally, there were no significant spills and leaks. Our production facilities rely on advanced technology, back up and safety systems as well as our extensively trained personnel to prevent incidences and accidents that may cause leaks and spills.

Transport
Transportation alone consumes 60% of produced oil and is responsible for more than a quarter of global energy usage. BOC Kenya PLC thus endorses shortest possible route for the delivery of products and raw materials and implements the use of energy efficient fuels for our vehicles and encourage proper maintenance and care of the vehicles.
However, 2020 saw an increased demand for medical gas owing to the COVID 19 pandemic's ripple effect. The result was we transported products almost 3 times compared to previous years. This we appreciate must have had a negative impact on the environment with the increased production of greenhouse gases. Going forward, we will endeavour to mitigate this with sustainable transport practices for our products and our people.

Sustainable supply chain
A sustainable supply chain ensures that we enjoy the products that bring us comfort and ease while ensuring that we and future generations have a healthy planet to live on. BOC Kenya PLC therefore encourages partnerships with Suppliers who meet International Environmental Standards at the bare minimum. In the coming years, we will be

SUSTAINABILITY REPORT (continued)

Our commitment to our society (continued)

Sustainable supply chain (continued)

working on a system that will allow us to screen new as well as existing suppliers using environmental criteria. This, we believe will give us a better view of our environmental impact across our supply chain as well as encourage our suppliers to evaluate their own footprint.

Environmental grievance mechanisms

BOC Kenya PLC prides itself in its compliance to the law and relevant legislations. We strive to ensure that we abide by the law and achieve full legal compliance, year on year. Systems are in place to ensure that we monitor environmental compliance at all levels across the organization. In 2020, we did not have any grievances on environmental impact filed against the company. We do our utmost to meet the regulator's requirements and to ensure that our employees meet these expectations.

Environmental expenditures

As BOC Kenya PLC, we have a clear understanding of the benefits we will derive from being environmentally conscious of our past, current and future decisions and actions. We thus invest our time, effort and money in building a business that is in harmony with nature. For the year 2020, our environmental expenditures amounted to KES 8.7 million. We consider this an investment in better operations and a better future for us all.

Our commitment to our society

COVID-19 response

The ongoing pandemic has ravaged economies, livelihoods, families and broken-down individuals. The effects of the pandemic though immediately visible in our health care systems, the long-term effects will be felt across socio-economic and political spheres.

As BOC Kenya PLC, we empathized with the uncertainty that the pandemic presented and we therefore worked with our partners to ensure quality and affordable healthcare services to the most vulnerable members of the society by improving medical gas infrastructure in local hospitals.

We built medical oxygen pipeline infrastructure at the following COVID-19 facilities:

- The Kenyatta Hospital run Covid-19 facility at Mbagathi Hospital
- Kiambu County's COVID-19 Centre at Tigoni Hospital (including the installation of a bulk liquid oxygen tank)
- A COVID-19 Centre for Kenya's Military

The access to medical gas remains a conundrum for most hospitals in Kenya. With only 58% of a possible 64,181 hospital beds having access to oxygen supply, the need to increase access is dire. Hospitals may have the gas available in cylinders but this is limiting as it avails oxygen to 1 patient per cylinder. Piped oxygen on the other hand allows for access to oxygen to up to 10 patients simultaneously. Piping of oxygen also allows for the oxygen to be available not only in the critical areas such as theatre and Intensive Care Unit but in other units across the hospital as well. Additionally, the oxygen pressure is stable and adjustable and with the pressure gauge displays, the hospital can plan for refills effortlessly.

We also undertook medical oxygen infrastructure improvement projects at the below hospitals. This was to scale up these hospitals' ability to cater to the rising demand for medical oxygen.

- KNH Othaya Level 5 Hospital (Under The Kenyatta National Hospital)
- Coast General Hospital
- Ruaraka Neema Uhai Hospital
- Kiambu Level 5 Hospital
- Gatundu Level 4 Hospital
- Thika Level 5 Hospital

SUSTAINABILITY REPORT (continued)

Our commitment to our society (continued)

This included technical assistance availed to the staff as well as training of the health workers on proper equipment maintenance.

Employee Welfare and safety
BOC Kenya PLC can only succeed in its endeavours if we have a resilient team running the business. We embraced necessary measures to protect our staff from infection. This was especially crucial as we have colleagues who are in close contact with front line workers through the delivery of medical gas. We therefore instituted the below measures across our 3 locations:

1. Temperature screening on site entry for all including visitors and maintenance of records.
2. Provision of hand washing stations, alcohol-based hand-rub sanitizers and face masks for employees.
3. Provision of visuals/posters articulating the protocols to be observed for protection against Covid-19 infection.
4. Identification of vulnerable employees and provision for optional working at home.
5. Regular stand downs to disseminate and share emerging issues around COVID-19 pandemic.
6. Temporary onsite quarantine camp for critical staff at the initial peak of the COVID-19.
7. Testing of employees for COVID-19.
8. Direct consultancy support/helpline to the company doctor for employees.
9. Regular disinfection of high traffic touch point areas.

In March 2020 the Company organized a voluntary on-site Covid-19 quarantine camp to protect critical production staff from infection in order to ensure on uninterrupted supply of medical oxygen to hospitals.

Medical staff ready to screen staff for Covid-19.

Screening in progress.

The on-site quarantine camp.

SUSTAINABILITY REPORT (continued)

Our commitment to our society (continued)

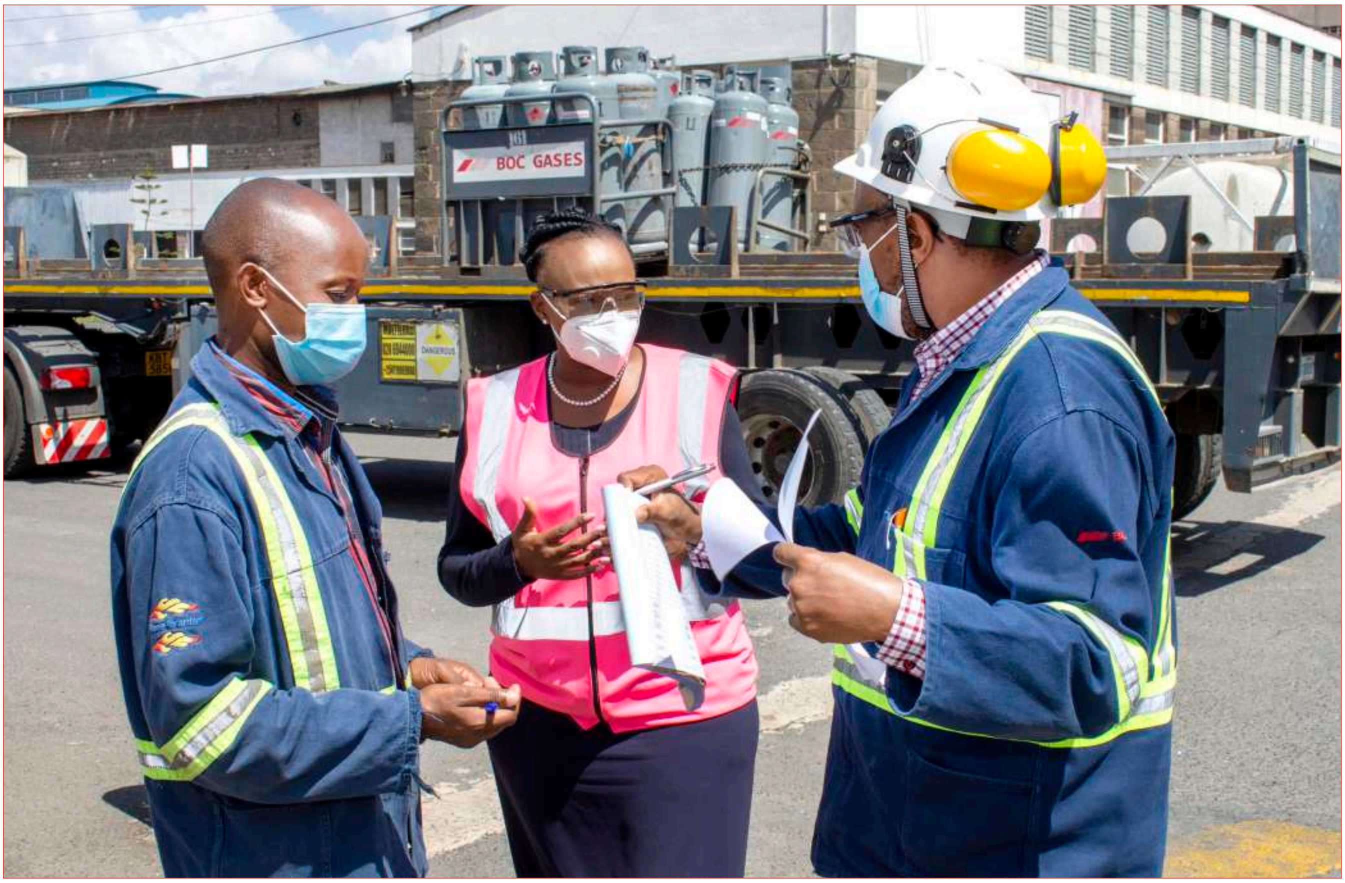
Occupational Health and Safety

In 2020, our performance on Occupational Health and Safety is as below:

METRIC	STATISTIC
Types of injury and rates of injury	No injuries incurred in 2020.
Occupational diseases	None.
Lost days and absenteeism	Nil.
Number of work-related fatalities	Zero.
Workers with high incidence or high risk of diseases related to their occupation	None.
Worker training on Occupational Health and Safety	Virtual trainings done according to agreed schedules
Hazard identification, risk assessment and incident investigation	100% compliance to risk assessment review period.
Death and injury rate due to road traffic injuries	None.

Employee Training and education

We are committed to the continuous development of our staff through training and education. We appreciate that their career path is dependent on the knowledge and skills they build into their work experience. We therefore encourage our employees to make the most use of our virtual learning platform TRACCESS to facilitate this growth.



SUSTAINABILITY REPORT (continued)

Our commitment to our society (continued)

Employee Training and education (continued)

To date our staff of 65 have completed 3,567 modules with an average completion rate of 83.5%. Only 227 modules were not completed in the expected time. We commend our staff for committing time to learn and relearn these skills. The modules covered are listed below:

Continuous Integration Training	Computer, Office & General Standards
	Daily standard work
	Fire Safety
	Waste Management
	Hand Washing techniques
	Kaizen principles
	One- point lessons & Standard operating procedure
	Project Management
	Tagging/Un-tagging procedure
Competency	The Linde group Competency Management System.
Accreditation	ISO 45001:2018- Understanding & Awareness Training
Safety Health Environment and Quality	Act Safe & Lead Safe
	Defensive Driving
	Driver
Linde Compliance Training	Code of Business Integrity
	Anti -Corruption
	Competition Law
	Business Partner Compliance
	Healthcare Compliance
	Data Privacy Basics
	Information Security

Tax compliance

BOC Kenya PLC complies with the law in every respect. Our tax obligation is treated with utmost gravity and we pride ourselves in the role we play in supporting our Government to raise revenues and deliver valuable services to our people. We have retained tax consultants to assist the Company in ensuring tax compliance and we rely on their professional advice to organize our tax affairs. We seek to maintain a cordial relationship with the Kenya Revenue Authority, the Authority being a key stakeholder of the Company.

In 2020, the Company did not incur any fines or penalties owing to late remittance or failure to file the required returns.

During the year 2020 the Company paid Kshs 152,041,949 in payroll, customs, and value-added taxes.

Anti-corruption

Corruption robs society of an equitable share to resources that are available to us all. It cripples economies and it kills businesses that are otherwise supporting livelihoods. BOC Kenya PLC maintains zero tolerance to corruption in all its undertakings. In the year 2020, there were no confirmed incidences of corruption and as such no actions were taken.

SUSTAINABILITY REPORT (continued)

Our commitment to our society (continued)

Anti-corruption (continued)

In the event that there is an incidence, we have in place a Whistle Blowing hot line and necessary procedures for due investigation and persecution by relevant authorities.

We also offer continuous training to our staff on anti-corruption to ensure they are conversant with the law and the role they play in addressing corruption.

Supporting Innovation

SDG 9 is focused on Industry, Innovation and Infrastructure. Fostering innovation calls on businesses to support new product and skills development while advancing research in different fields. In the year 2020, we sponsored the development of a fully functional ventilator. The ventilator will aid in addressing local problems in the health care system including costs of ventilators. The Company aided the development of the prototype by Ventilate working with Gearbox by donating 2 oxygen cylinders (17 m3).

Partnerships for the Goals

Achieving the SDGs needs collaboration on all fronts. BOC Kenya PLC thus continues to work with partners drawn from Government, private sector and civil society. We have worked well in this year with Amref Health Africa, The Kenyatta Hospital, Linde Group and Ventilate Africa. We will continue to encourage partnerships and build relationships with partners that can support the attainment of the SDGs.

Moving forward

2020 was challenging for most businesses if not all. We are proud of the strides we took as BOC Kenya PLC in keeping our employees safe, keeping the doors open and delivering essential services at a crucial time.

We have done well in all regard in integrating Sustainability into the business operations. That said we would want to make greater efforts in attaining the SDGS and in building a sustainable business. We will continue to monitor progress on our 9 SDGs and improve our Sustainability Reporting process to meet International Standards.

Over the next year we commit to setting concise targets around Sustainability that will guide our efforts and better enable us to track our progress. Additionally, we will pay close attention to the below areas as they form an essential part of the change we would want to drive in the world:

- Gender Equality - Support efforts to encourage more women and girls in Science, Technology, Engineering and Mathematics (STEM). Build the capacities of women in our workforce to prepare them for leadership positions.
- Sustainable Supply Chain - working with our suppliers to encourage them and support them in undertaking Sustainability as a business approach.
- Partnerships - Build strategic and formidable partnerships with Government, private sector and civil society to advance the SDGs.
- Climate Change Mitigation - Increase our actions towards climate change mitigation especially through shifting consumer behavior, use of renewable energies and developing natural Carbon Sinks

BOARD OF DIRECTORS

DIRECTORS' PROFILES

BOC understands the importance of having a Board containing the right balance of skills, experience and diversity and the composition of the Board is regularly reviewed by the Board Nominations and Corporate Governance Committee. The skills and experience of the current Directors and the value they bring to the BOC Board is described below.

Mr. Robert N. Mbugua (age 53)

Independent Non-Executive Chairman
Kenyan

Position: Chairman since June 2018; Non-Executive Director since May 2012 and Chairman of the Nominations and Corporate Governance Committee.

Skills and experience: Mr. Mbugua is the Co-Founder and Chief Executive of Co-op Bank Fleet Africa Leasing Ltd. This is the East Africa subsidiary of JSE Listed Super Group. He has a rich accounting background having spent 14 years with PricewaterhouseCoopers both in Kenya and in South Africa where he was admitted as a Partner. He left PricewaterhouseCoopers South Africa and joined Standard Bank South Africa for 8 years. During his tenure with Standard Bank South Africa he held various senior roles including Regional Managing Director with responsibility for its operations in a number of African countries. He is a Certified Public Accountant and holder of a Master of Business Administration degree from Bond University (Australia/ South Africa).

Key Appointments: He holds directorships in Fleet Africa (EA) Ltd, Co-op Bank Fleet Africa, UAP Holdings Limited and Old Mutual Kenya Limited.

Mrs. Marion Gathoga-Mwangi (age 49)

Managing Director
Kenyan

Position: Appointed as Managing Director in July 2018.

Skills and experience: Ms. Gathoga-Mwangi is an accomplished Senior Executive with over 20 years of local and international experience in Commercial and General Management predominantly in the manufacturing sector. She returned to Kenya in 2017 after a successful tour of duty with Groupe Lactalis – Parmalat Botswana (Pty) where she served as Country Head. Other key roles that Ms. Gathoga-Mwangi has previously held include Country Director of Cadbury Kenya and East Africa Limited and General Manager at Unga Limited (Seaboard Corporation) and Country Manager, Parmalat Botswana. Ms. Gathoga-Mwangi also had a long and distinguished career with Bayer East Africa. She joined BOC from the Association of Certified Chartered Accountants (ACCA) where she held the position of Head of ACCA.
Ms. Gathoga-Mwangi holds a Bachelor of Science (Honours) Degree in International Business Administration from the United States International University (USIU) Kenya. She is an associate member of Women Corporate Directors, Kenya Chapter and Women on Boards Network (WoBN)

Key Appointments: She holds directorship in British American Tobacco Kenya Plc and Kenya Association of Manufactures (KAM)

BOARD OF DIRECTORS (continued)

Mr. Arthur Kamau (age 55)

Finance Director
Kenyan

Position: Appointed Finance Director in December 2010.

Skills and experience: Mr. Kamau has extensive experience in financial management and served in various senior management roles over the last eleven years in the manufacturing industry including Finance Director for Diversey Eastern and Central Africa Limited. Arthur is a graduate of Economics and Business Studies from the Kenyatta University. He trained as an accountant with KPMG Kenya.

Key Appointments: Mr. Kamau does not hold any other directorships. He is a member of the Instituted of Certified Public Accountants of Kenya.

Mr. Marius Kruger (age 51)

Non-Executive Director
South African

Position: Appointed to the Board in August 2013. He is a Member of the Audit & Risk Committee and the Nominations and Corporate Governance Committee.

Skills and experience: Mr. Kruger is based at African Oxygen Limited, BOC's sister Company in South Africa, and is the Senior Director responsible for Emerging Africa. He brings to the Board a wealth of experience gained over thirty years in general management, financial audits and advisory services, business planning, financial and management reporting, strategy formulation, implementation and reviews. He holds a post graduate degree in Finance. He is an associate member of the Chartered Institute of Management Accountants in the United Kingdom.

Key Appointments: Mr. Kruger holds directorships in BOC Zimbabwe Limited, Afrox Mozambique Lda and Les Gaz Industriels Limited in Mauritius.

Mrs. Cosima Wetende (age 46)

Independent Non-Executive Director
Kenyan

Position: Appointed to the Board in March 2016. She is a Member of the Audit Committee, the Retirement and Remunerations Committee and the Nominations and Corporate Governance Committee.

Skills and experience: Mrs. Wetende is an Advocate of the High Court of Kenya of 18 years standing and is currently a Partner in the firm of Kaplan & Stratton Advocates. She practices mainly in areas relating to civil and commercial litigation, arbitration and mediation.

She holds Bachelor of Laws and Master of Law degrees from the University of Nairobi in addition to a Bachelor of Arts (Hons) Degree in Social Sciences. She is a Member of the Law Society of Kenya, the International Bar Association and a Fellow of the Chartered Institute of Arbitrators (Kenya Branch).

Key Appointments: Mrs. Wetende does not hold any other directorships.

BOARD OF DIRECTORS (continued)

Mr. Stephen Maina (age 51)

Independent Non-Executive Director
Kenyan

Position: Appointed to the Board in June 2018. He is the Chairman of the Audit and Risk Committee.

Skills and experience: Mr. Maina is currently the Finance Director of Haco Industries Limited. Prior to this, he was the Managing Director and Principal Officer of AfroCentric Health Solutions Limited which provides health care and health insurance related consultancy services from 2015 to 2017. Between 2000 and 2013 he served in various Executive roles within the AAR Group including as Finance Director, MD Kenya Business and Group Head of Strategy. Mr. Maina is a Certified Public Accountant and in addition holds a Bachelor of Commerce (Accounting) Degree from the University of Nairobi and an MBA from United States International University (USIU).

Key Appointments: Mr. Maina does not hold any other directorships. He is a member of the Instituted of Certified Public Accountants of Kenya.

Mr. Ruben Chetty (age 43)

Non-Executive Director
South African

Position: Appointed to the Board in December 2018. He is a Member of the Retirement and Remunerations Committee.

Skills and experience: Mr. Chetty currently holds the position of Commercial and Business Development Manager for African Oxygen Limited's (Afrox) Emerging Africa Division. He joined Afrox in 2007 and has held various senior roles in the areas of sales and marketing. Prior to joining Afrox, he held a senior management position in Huhtamaki, a multinational packaging organization.

His extensive experience in the industrial gases market and his strategic and commercial insights will be of immense value to the Board of BOC.

Mr. Chetty holds an MBA from the University of Witwatersrand, a Bachelor of Accounting Science degree from the University of South Africa and a National Diploma in Chemical Engineering from the Durban University of Technology.

Key Appointments: Mr. Chetty does not hold any other directorships.
Mr. R. Chetty retires as a Non-Executive Director at the Annual General Meeting and does not offer himself for re-election.

Ms. R. T. Ngobi (age 60)

Company Secretary
Kenyan

Position: Company Secretary since August 2014.

Skills and experience: Ms. Ngobi was educated in both Kenya and the UK. She holds a Batchelor of Laws Degree from the University of Kent, a Master of Laws Degree from the University of Cambridge and is a Certified Public Secretary and an accredited Governance Auditor. She is also an Advocate of the High Court of Kenya of 35 years standing with 24 years' experience as in-house Legal Counsel and Company Secretary of large global corporations with offices and agencies throughout Sub-Saharan Africa such as Unilever Kenya Limited and British American Tobacco Kenya Limited. In 2010 she founded Cosec Solutions Limited which provides company secretarial services and corporate governance solutions to various companies.

Key Appointments: She is a Non-Executive Director on the Boards of Stanbic Bank Limited, Stanbic Holdings Limited and SBG Securities Limited.

BOARD OF DIRECTORS (continued)

DIVERSITY OF SKILLS, QUALIFICATIONS AND EXPERIENCE

The Board as currently constituted offers a diverse range of skills and experience in relevant areas.

Skills and Competences for BOC Board	Mbugua	Mwangi	Maina	Kruger	Wetende	Kamau	Chetty
Gas Industry Knowledge		✓		✓		✓	✓
Listed Company Board Experience	✓	✓	✓	✓	✓	✓	✓
Governance Leadership/ Corporate Management	✓	✓	✓	✓	✓	✓	✓
Trade Block Experience	✓	✓		✓		✓	✓
Audit/Finance	✓		✓	✓		✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓
Local Regulation/Public Policy/ Govt. relations	✓	✓	✓		✓	✓	
Legal					✓		
Marketing/Sales/ Distribution		✓	✓				✓
People/Organizational Development/ Remuneration	✓	✓	✓	✓	✓	✓	✓
Information Technology			✓				
Manufacturing Industry experience		✓	✓	✓		✓	✓
Gender Diversity		✓			✓		

BOARD MEMBERSHIP CRITERIA, REFRESHMENT AND SUCCESSION PLANNING

The selection of qualified directors is fundamental to the Board's successful oversight of BOC's strategy and enterprise risks. As a result, ensuring that the Board is composed of directors who bring diverse viewpoints and perspectives, exhibit a variety of skills, professional experiences and backgrounds, and effectively represent the long-term interests of shareholders is critical to the Board and the Nominations and Corporate Governance Committee.

The priorities for recruiting new directors are continually evolving based on the Company's strategic needs and the skills composition of the Board at any particular time. These dynamic priorities ensure the Board remains a strategic asset capable of addressing the risks, trends, and opportunities that BOC will face in the future. In evaluating potential director candidates, the Nominations and Corporate Governance Committee considers, among other factors, the criteria shown above in the skills and qualifications matrix for current directors and any additional characteristics that it believes one or more directors should possess based on an assessment of the needs of the Board at that time. In every case, director candidates must be able to contribute significantly to Board discussion and decision-making on the broad array of complex issues facing BOC.

BOARD DIVERSITY

The Nominations and Corporate Governance Committee considers individuals with a broad range of business experience and varied backgrounds and strives to identify candidates with diverse backgrounds in line with the BOC Board Diversity Policy and the Policy on Appointments to the Board. The Committee and Board recognise the value of overall

BOARD OF DIRECTORS (continued)

BOARD DIVERSITY (continued)

diversity and considers members' and candidates' opinions, perspectives, personal and professional experiences, and backgrounds, including gender, race, age and country of origin. The Board believes that the judgement and perspectives offered by a diverse Board of Directors improves the quality of decision making and enhances the Company's business performance. The Board believes that such diversity assists the Board to respond more effectively to the needs of customers, shareholders, employees, suppliers, and other stakeholders.

The BOC Board Diversity Policy and the Policy on Appointments to the Board are posted on the Company's website www.boc.co.ke

MANAGEMENT TEAM

The Company's Management team comprises the Managing Director and the Finance Director (see page 27 and 28) together with:

James Njoroge

Operations Manager

James is in charge of the Company's production and cylinder filling facilities as well as other physical infrastructure. Key production facilities comprise the Air Separation Unit (ASU), Dissolved Acetylene Plant and the LPG Filling Plant.

Having joined the business in 1994 immediately after graduating from the University of Nairobi with a Mechanical Engineering degree, James has gained invaluable experience on BOC's and Linde Plc processes and standards, all of which are built on a bedrock of safety.

Sarah Onyoni

Human Resource Manager

Sarah joined the company in November 2008. She has extensive experience gained in the health care and manufacturing sectors She is responsible for talent acquisition and retention management, compensation and benefits, communicating and enforcing company values, promoting process improvement, talent development, succession planning and management of change.

Prior to joining the Company she worked in the same/similar roles at the International Livestock Research Institute, Aga Khan University Hospital and Unga Group. She has Bachelors' degree in Economics and a Masters' degree in Personnel Management. She is an Alumni of Symbiosis Institute of Business Management and is a Member of the Institute of Human Resources Management.

John Kamau

Sales Manager-Healthcare

John is in charge of healthcare sales and Customer Engineering Services projects.
He joined the Company in August 2012 as Regional Engineer in charge of customer Engineering Services Department.

A graduate of Jomo Kenyatta University of Agriculture and Technology has an expansive experience in Mechanical Engineering, Manufacturing, project design and management. He brings a wealth of technical experience required to drive and grow the healthcare sector of the business.

He is also in charge of the Customer Engineering Service (CES) Department, which works closely with the Sales and Marketing Department to deliver engineering projects to customers. These include the installation of cryogenic gas tanks, onsite gas generators and construction of medical gases and liquefied petroleum gas pipelines.

MANAGEMENT TEAM (continued)

Shevalyne Opiyo

Supply Chain and Distribution Manager

Shevalyne is in charge of Supply Chain and Distribution. She joined the Company in August 2019.

She has over 13 years' experience in Supply Chain Management in Manufacturing sectors. She holds a Bachelor of Arts degree in Economics and Business Studies from Kenyatta University, A Masters of Business & Administration Degree in Procurement and Supply Chain Management from University of Nairobi and Currently Studying for a PHD in Supply Chain Management in JKUAT.

Llyod Mayienga

SHEQ Manager

Lloyd is in charge of providing required support to user departments to ensure that all tasks are conducted under the guiding company principles of causing no harm to people or to the environment that the company operates in, including all applicable local and international regulatory and stakeholder requirements. He is also in charge of ensuring all our products meet and adhere to laid down quality requirements.

Prior to joining the company, Lloyd worked in the Coca Cola Company for 10 years and has a lot of experience in Process Auditing, Food and Occupational Safety as well as a strong Environmental focus aligned to the Global Sustainable Development Goals. He is a graduate of Biochemistry and Molecular biology from Jomo Kenyatta University of Agriculture & Technology.

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of BOC Kenya PLC (the 'Company') and its subsidiaries (together the 'Group') for the year ended 31 December 2020.

1 Principal activities

The principal activity of the Group is the manufacture and sale of industrial gases, medical gases and welding products.

2 Results and Dividend

The profit for the year of KShs 101,656,000 (2019: KShs 55,901,000) has been added to retained earnings.

The Directors recommend the approval at the next Annual General Meeting of a final dividend in respect of the year ended 31 December 2020 of KShs. 4.15 per share amounting to a total of KShs 81,030,601. During the year, no interim dividend was paid (2019: KShs 2.35 per share).

3 Board of Directors

The Directors who held office during the year and to the date of this report are set out on page 7.

- Mrs. L. Njoroge resigned as a Non-Executive Director effective 28 February 2020.
- In accordance with Article 29 of the Articles of Association, Mr. R. Mbugua and Mrs. C. Wetende retire by rotation, and being eligible, offer themselves for re-election.
- Mr. R. Chetty retires as a Non-Executive Director at the Annual General Meeting and does not offer himself for re-election.

4 Business overview and outlook

As noted on the Managing Director's report, the Company's consolidated turnover increased by 12.5% and profit before income tax by 74.5% in 2020.

In the first half of the year the results were subdued to primarily because the economic environment after containment measures effected by Government following the detection of the first COVID-19 case in Kenya. Performance improved substantially in the second half of the year after the measures were eased.

The upside in results for the full year was primarily from medical gases, a revenue stream that has shown consistent growth over many years due to increased investments in both public and private sector healthcare facilities. COVID-19 accelerated these investments in 2020, with the benefit of improved healthcare for the population expected to accrue to the country well past COVID-19.

Meanwhile the industrial gases sector continues to be a challenging one because it includes the price-and-incomes sensitive mass market for industrial gases (Jua Kali) and it is also the sector most profoundly affected by illegal filling of the Company's cylinders. This issue is being addressed on an ongoing basis in collaboration with our Distributors, and where appropriate, enforcement actions.

5 Terms of appointment of the auditor

PricewaterhouseCoopers LLP, having expressed their willingness, will be in office in accordance with the provisions of section 721 of the Kenyan Companies Act, 2015.

The Directors monitor the effectiveness, objectivity and independence of the auditor. The Directors also approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees.

DIRECTORS' REPORT (continued)

6 Statement as to disclosure to the Group's auditor

With respect to each director at the time this report was approved:

a) there is, so far as the director is aware, no relevant audit information of which the Group's auditor is unaware; and

b) the director has taken all the steps that the director ought to have taken as a Director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

7 Approval of the Financial Statements

The financial statements set out on pages 64 to 123 were approved and authorised for issue by the Directors on 20 April 2021.

By order of the Board

R.T. Ngobi (Ms.)
Company Secretary

20 April 2021

GOVERNANCE REPORT

LEADERSHIP AND RESPONSIBILITIES

Overview

BOC Kenya PLC (BOC) is committed to the highest standards of corporate governance and has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organization. Throughout the year ended 31 December 2020 and to the date of this Annual Report, the Company endeavoured to comply with the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the CMA Code). The Company however believes that the most potent form of corporate governance comes from within, with external guides and codes being overlays to the standards that we, as a Group, set ourselves. Those standards are codified in our own Code of Business Integrity (formerly referred to as Code of Ethics) which every company within the Linde Group and every employee is expected to live up to.

The Role of the Board

The Board, during the course of 2020 was comprised of Five (5) Non-Executive Directors including the Chairman and two (2) Executive Directors. Its' principal duty is to create and deliver sustainable shareholder value through setting the Company's strategy and overseeing its implementation. In so doing, due regard is paid to matters that will affect the future of BOC, such as the effect the Board's decisions may have on employees, the environment, surrounding communities and relationships with customers and suppliers.

The Board ensures that Management achieves the right balance between promoting long-term growth and delivering short-term objectives. The existing corporate governance framework embeds the right culture, values and behaviors throughout BOC and supports the Board's role in determining strategic objectives and policies.

In addition to setting strategy and overseeing its implementation, the Board is also responsible for ensuring that Management maintains an effective system of internal control that provides assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

The key responsibilities of the Board include:

- To provide overall strategic direction and major corporate actions to be taken by the Company;
- Approval and adoption of the strategic and annual business plans, the setting of objectives and review of key risk and performance areas;
- Approval of commitments outside the authority delegated to the executive management, committees and individual directors;
- To review, at regular Board meetings, Management's performance against annual business plans and set objectives;
- To review periodic financial reports and approve the Annual Report;
- Declaring an interim dividend and recommending final dividends;
- Reviewing risk management, internal controls and business continuity plans;
- Reviewing the going concern ability of the Company;
- To establish appropriate systems of corporate governance in the Company;
- Establishing and monitoring compliance with the CMA Code, Company's Code of Business Integrity, other Group Policies, programs and procedures for safety, health and environment and laws and regulations; and
- Reviewing and agreeing Board succession plans and those of Senior Management Staff.

Board Governance Framework

The Board has developed a Board Charter in order to document its corporate governance practices and principles, in recognition of the role of good governance in corporate performance, maximisation of shareholder value and protection of investors' rights, and also to promote the Company's standards of self-regulation. The objective of the Charter is to also ensure that all Board members are aware of their duties and responsibilities and that they act in the

GOVERNANCE REPORT (continued)

Board Governance Framework (continued)

best interest of the Company and its stakeholders. The Board Charter was last reviewed by the Board on 14 April 2021 and is published on the Company's website (www.boc.co.ke).

The Board has established two principal Board Committees namely, the Audit and Risk Committee and the Nominations and Corporate Governance Committee. Under the authority of the Company's Articles of Association, each Board Committee has specific responsibilities delegated to it by the Board. Each Committee has its own terms of reference which are reviewed annually and updated as appropriate. The roles, membership and activities of these Committees are described in more detail later in this Report.

Responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Managing Director and her Executive team.

Division of Responsibilities

The roles and responsibilities of the Chairman and the Managing Director are separate with each having clearly defined duties and responsibilities.

The Chairman is responsible for leadership of the Board, for ensuring its effectiveness and for facilitating the productive contribution of both Executive and Non-Executive Directors. He sets the agenda for Board meetings in consultation with the Managing Director and the Company Secretary. He is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them. The Chairman is accountable to the Board for leading the direction of the Company's corporate and financial strategy and for overall supervision of the policies governing the conduct of the business.

The Managing Director is responsible for the day-to-day management of the Company and is also responsible for the performance of the Group and is supported in this role by the Executive team. She provides leadership to enable successful planning and execution of the objectives and strategies agreed by the Board. She is also responsible for stewardship of the Company's assets and, jointly with the Chairman, for representation of the Company externally.

Non-Executive Directors

The Board had five (5) Non-Executive Directors as at 31 December 2020 and at the date of this Report following the resignation of Mrs. L. Njoroge on 28 February 2020. The role of the Non-Executive Director is to help develop strategy, review management proposals, and scrutinize performance of Management, to bring an external perspective to the Board, monitor reporting of performance and to be available to meet with shareholders and key stakeholders as appropriate.

The Executive Team

The Executive team, led by the Managing Director, is responsible for overseeing the implementation of the strategy and policies set by the Board, and for creating the framework for their successful day-to-day operation. Their profiles are set out on page 32 of this Annual Report.

Principle Executive Team roles includes:

- Developing strategy for approval by the Board;
- Developing guidelines for the Company's functions;
- Ensuring functional strategies are effective and aligned;
- Managing functions;
- Reviewing functional budgets;
- Monitoring Company operating performance; and
- Overseeing the management and development of talent.

GOVERNANCE REPORT (continued)

Composition of the Board of Directors

In line with the requirements of the CMA Code a majority of the Board are Non-Executive Directors with Independent Non-Executive Directors making up almost half of the total number of Directors.

The Board currently comprises the Chairman, who is a Non-Executive Director, two (2) Executive Directors, and four (4) Non-Executive Directors. As at the date of this Annual Report the composition of the Board is as set out on pages 7.

The Board Nominations and Corporate Governance Committee also considers Board succession planning and regularly reviews the composition of the Board and the Board Committees to ensure that there is an appropriate balance and diversity of skills, experience, independence and knowledge. The size of the Board is not fixed and may be revised from time to time to reflect the changing needs of the business.

The Directors biographies containing their relevant skills and experience, Board Committee membership and other principal appointments can be found from pages 27 to 31. The service contracts for the Executive Directors and the letters of appointment for the Chairman and Non-Executive Directors are available for inspection, upon Notice, at the Company's registered office.

Independence of Directors

The Independence of the Non-Executive Directors is considered annually by the Board Nominations and Corporate Governance Committee (NCG Committee) using the independence criteria set out in the Code. In 2020 the NCG Committee assessed and confirmed to the Board the independence of Board Directors as follows:

Director	Roles	Executive	Non-Executive	Independent Non-Executive Director
1. Mr. R. Mbugua	Chairman of Board Member of NCG			
2. Mrs. M. Gathoga-Mwangi	Managing Director			
3. Mr. A. Kamau	Finance Director			
4. Mr. M. Kruger	Director Member of NCG Member of A&R			
5. Mrs. C. Wetende	Director Chairman of NCG Member of A&R			
6. Mr. S. Maina	Director Chairman of A&R			
7. Mr. R. Chetty	Director Member of A&R			

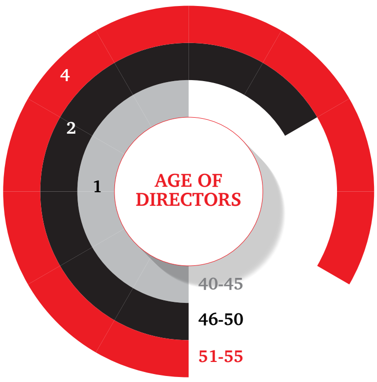
**NCG – Nominations and Corporate Governance Committee*
** A&R – Audit & Risk Committee*

GOVERNANCE REPORT (continued)

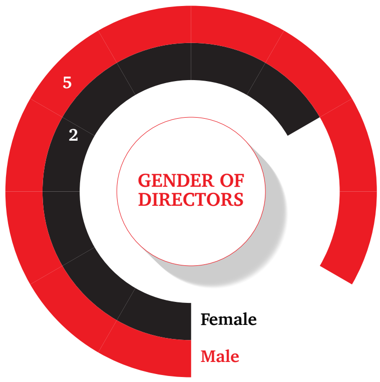
Board Governance Framework (continued)

Board Diversity

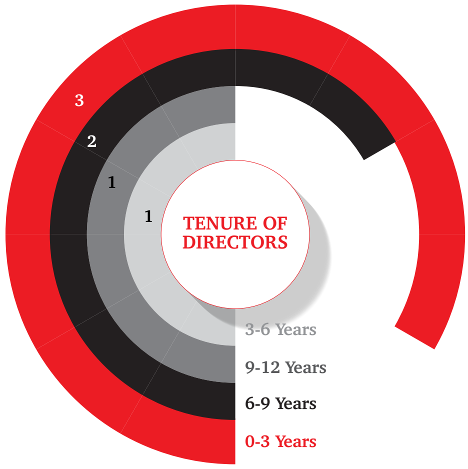
The Board appreciates the benefits of diversity in all its forms, within its own membership and at all levels of the Company. The Board promotes diversity and also encourages initiatives to improve gender diversity in Senior Management roles. The Board Nominations and Corporate Governance Committee considers the balance of skills and experience of current Directors when considering a proposed appointment. The Boards Diversity Policy and Policy on Appointments to the Board can both be read on the Company's website (www.boc.co.ke).



Average Age 50 Years



29% Women



4 Years average tenure

Re-election

The Non-Executive Directors do not have service contracts with the Company but instead have Letters of Appointment for three years; subsequent reappointment is subject to endorsement by the Board.

In accordance with the Articles of Association of the Company, all Directors offer themselves for re-election at regular intervals. At this year's AGM, on 24 June 2021, Mr. R. Mbugua, Mr. R. Chetty and Mrs. C. Wetende, being eligible, will submit themselves to re-election.

Board Work Plan

The Board's work plan for the ensuing year is approved by the Board typically at the last meeting of the year. The work plan is designed to enable the Board to drive the strategic agenda forward across all the elements of the Company's business model. The key Board activities in 2020 are set out on page 44. The 2021 Board work plan was approved by the Board on 2 December 2020.

Board Information

The Board receives high-quality, up to date information for review in good time ahead of each meeting. The Company Secretary ensures timely information dissemination within the Board and its Committees and between the Non-Executive Directors and Senior Management as appropriate. The challenges presented by Covid-19 on the business during the course of 2020 necessitated additional oversight and direction from the Board was achieved as a result of consistent intermittent updates from Management.

Attendance at Board and Annual General Meetings

Members of the Board are expected to devote such of their time, attention and abilities as may be necessary to fulfill the duties of their appointments. This includes attendance at Board meetings which are held at least quarterly, the

GOVERNANCE REPORT (continued)

Attendance at Board and Annual General Meetings (continued)

Annual General Meeting and other Board and General Meetings if called in addition to Board Committee meetings as appropriate.

In 2020 Members attended Board meetings held in March, June, August and December and the Annual General Meeting held in December 2020 as disclosed in the table below. Apart from the Board meeting held in March 2020 all other meetings were held virtually due to the far-reaching implications of the Covid-19 pandemic which necessitated promulgation by the Government of the Public Health Covid-19 Rules to curb the spread of Covid-19 and also by authority granted under the Articles of Association which provides for conducts of Board, Committee and AGM's virtually.

Attendance at Board and Annual General Meetings in 2020

Name	Meetings Attended	Meetings Eligible to Attend
Mr. R. Mbugua (Chairman)	5	5
Mrs. M. G-Mwangi (Managing Director)	5	5
Mr. A. Kamau (Finance Director)	5	5
Mr. M. Kruger	5	5
Mrs. C. Wetende	5	5
Mr. S. Maina	5	5
Mr. R. Chetty	5	5

Board Induction

On appointment to the Board all Directors ordinarily receive induction which is tailored to the new Director's individual requirements. The induction schedule is designed to quickly provide the new Director with an understanding of how the BOC Group works and the key issues that it faces. The induction typically consists of a full programme of briefings on all areas of the business including but not limited to the following:

- Introduction to the Board;
- Introductions to Senior Management;
- Business Overview Presentations;
- Sessions with the Board Chairman, Board Committee Chairmen, the Company Secretary and the External Auditors as appropriate; and
- A Factory Tour.

Upon completion of the induction programme the Director should have sufficient knowledge and understanding of his or her roles and responsibilities as a Director to the Board, the nature of the business, and the opportunities and challenges facing BOC to enable them to effectively contribute to strategic discussions and oversight of the Group.
No appointments were made to the Board during 2020.

Training and Development

In order to continue to contribute effectively to Board and Board Committee meetings, Directors are encouraged to continually update their skills and knowledge of the business. The Directors are also provided with the opportunity to take part in training and development. As part of the annual one-on-one performance review with the Chairman, any particular development needs that can be met are discussed.

The Company Secretary organizes a training schedule for the year which includes both formal training and functional presentations or topic specific briefings which training schedule is approved by the Board.

GOVERNANCE REPORT (continued)

Training and Development (continued)

Despite the challenges presented by the pandemic to physical trainings and activities such as Town Hall meetings with staff and visitations to augment exposure to the Company's business and products on the ground during 2020, the majority of Directors were able to secure more than twelve hours training on areas of governance from the Company and other credible sources as prescribed by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.

Trainings received by individual Directors from the Company and other credible sources during 2020 included but were not limited to the following topics:

Business Integrity	-	February 2020
Revolving Frontiers in Company Law	-	March 2020
Navigating Business Model Disruptions in 2020	-	July 2020
Sustainable Development Goals	-	November 2020
Why Every Board Needs ESG	-	November 2020
Data Protection	-	December 2020

Board Evaluation

The Board conducts a critical evaluation of its effectiveness and that of its Committees, the Executive and Non-Executive Directors, Chairman, the Managing Director and the Company Secretary. The evaluation is conducted by each Director completing a Board Effectiveness Evaluation Form. This information is thereafter collated by the Company Secretary and presented to the full Board with a view to acknowledging the Boards strengths and most importantly identifying and recommending areas for improvement which, if thought fit are approved.

The evaluation for 2020 was conducted by the Board in Quarter 1 of 2021. The full Board joined the Nominations and Corporate Governance Committee in evaluating the results. Whilst the Board and each of its Committees were considered to be effective, opportunities for improvement were identified and recommendations and fresh action points were identified for implementation.

All Directors were considered to have performed well and each was considered to be making an effective contribution to the Board. Individual feedback was given to all Board members by the Chairman. Feedback on the performance of the Chairman, the Managing Director and Company Secretary was given to them by the Nominations and Corporate Governance Committee.

Implementation of the recommendations made from the 2020 Board evaluation will be monitored and tracked by the Board throughout the course of 2021.

Time Commitment

It is expected that in order to discharge their responsibilities effectively all Directors allocate sufficient time to their roles on the Board. Directors are expected to attend, and to be well prepared for, all Board and Board Committee meetings, as well as making time to understand the business, meet with executives and regulators as appropriate, and complete ongoing training. The Chairman and other Non-Executive Directors endeavour to ensure that they have adequate time to discharge their responsibilities to the Board effectively.

Conflict of Interest

The Board has formal procedures for managing conflict of interest in accordance with the Board Charter, the Companies Act 2015 and the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015.
Any conflict of interest or apparent conflict of interest between the Company and its Directors is avoided. Directors

GOVERNANCE REPORT (continued)

Conflict of Interest (continued)

are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the BOC Group. Any circumstances which may give rise to actual or potential conflicts of interest are disclosed to the Board upon appointment and subsequent changes highlighted as they arise. A Conflict of Interest Register is maintained for that purpose. Directors are also given the opportunity, at the start of every Board meeting, to declare any actual or potential conflict of interest with their role as Directors. During the course of 2020 no conflict of interest was declared by any Director. The Board Conflict of Interest Policy can be read on the Company's website (www.boc.co.ke). A Conflict of Interest Policy is also maintained for all employees of the Company.

Financial and Business Reporting

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Company's position through the Annual Report. It is appropriate to treat this business as a going concern as there is sufficient existing financing available to meet expected requirements in the foreseeable future. The Audit & Risk Committee is assigned to review financial, audit and internal control issues and risks in supporting the Board of Directors which is responsible for the financial statements and all information in the Annual Report.

Risk Management and Internal Control

The Board is responsible for determining the nature and extent of the significant risks that the Company is willing to take to achieve its strategic objectives and for maintaining sound risk management and internal control systems. With the support of the Audit & Risk Committee, the Board carries out a review of the effectiveness of its risk management and internal control systems covering all material controls including financial, operational and compliance controls and risk management systems.

The Directors have also defined procedures and financial controls to ensure that the Group's system of internal controls provide reasonable assurance that the assets are safeguarded, transactions are authorized and recorded properly, and that material errors and irregularities are either prevented or detected within a reasonable period of time. There is a clearly defined organizational structure within which individual responsibilities are identified in relation to internal controls. The structure is complemented by defined procedures, financial controls and information system controls.

The Group's internal audit department performs various activities in the evaluation of the risk management, control and governance process. Significant business risks and weaknesses in the systems of operating and financial controls are highlighted and brought to the attention of the Audit & Risk Committee, senior management and external auditors. Areas accorded high-risk profiles are given urgent attention by Management. At every Board meeting the status of mitigations against identified business risks is reviewed to ensure timely implementation of corrective actions.

The Board, with advice from its Audit & Risk Committee, completed its annual review of the effectiveness of the system of risk management and internal control for the financial period ending 31 December 2020. No significant failings or weaknesses were identified and the Board is satisfied that, where specific areas for improvement have been identified, processes are in place to ensure that the necessary remedial action is taken and that progress is monitored.

Remuneration

The Board assumes responsibility for the consideration and recommendation of the remuneration arrangements of the Chairman, Executive Directors, Non-Executive Directors, other senior executives and certain Group employees. The Board as a whole considers recommendations on the fees to be paid to Non-Executive Directors. The Directors Remuneration Report is on pages 53 to 56 of this Report.

Communication with Shareholders and Stakeholders

The Board is committed to promoting effective and open communication with all shareholders and stakeholders,

GOVERNANCE REPORT (continued)

Communication with Shareholders and Stakeholders (continued)

ensuring consistency and clarity of disclosures at all times. The Company aims to engage with its shareholders and stakeholders transparently in order to facilitate a mutual understanding of their respective objectives.

Financial reporting:- The Board strives to ensure that shareholders (including institutional investors), regulators, other key stakeholders and the financial markets are provided with full and timely information about its performance. The Company aims to deliver all financial and strategic communications in a consistent and open way and to ensure that such disclosures are easily intelligible and present a balanced and understandable assessment of the Company's position and prospects. During 2020 the half-year and annual results were released in the local press, the Company's website and through distribution of the 2019 Annual Report.

Annual General Meeting (AGM) participation:- The Board and the Executive Team continue to consider the AGM as a key date in the diary. The AGM provides a useful opportunity to the Board to engage with shareholders on key issues facing the Group and any questions they may have. The 2020 AGM was conducted virtually, due to the Covid-19 pandemic on 8 December 2020. The Chairman, all Directors and Executive Team members attended the AGM. 346 Shareholders together holding 15,021,766 shares representing 76.93% of total shareholding registered for the AGM. All resolutions which were proposed at the 2020 AGM were passed unanimously. Questions and or concerns raised by shareholders during question time were further considered and discussed by the Board at its subsequent meeting held in March 2021.

The 2021 AGM will be held virtually on 24 June 2021. The Notice of the AGM is on page 2 of this Report.

Institutional investors:- The Company is committed to managing relationships with institutional investors. An investor Briefing Session is conducted at least once a year following publication of either end year and or half year financial results to update investors on the Company's business and strategy. An Investor Briefing Session is planned in the month of May 2021. The Investors Briefing will be held virtually with the Company sharing its' results for the year ended 31 December 2020 and its top line strategic direction for 2021.

Public policy engagement:- The Company intermittently engages in dialogue on issues where it has a legitimate interest, i.e. where public policy directly affects its business and customers. Any communication undertaken is honest, comprehensive and accurate and underpinned by the Company's Principles Governing Shareholder and Stakeholder Communication which can be read on the Company's website (www.boc.co.ke).

Directors Loans

There were no loans made to Directors at any time during the year.

Governance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015, the Board appointed Ms. Catherine Musakali, of Dorion Associates LLP, to conduct the Company's 2017 and 2018 Governance Audits. The 2018 Report of the Independent Governance Auditor was disclosed in the 2018 Annual Report and an unqualified opinion issued. The Report is available on the Company's website (www.boc.co.ke).

> To enable the Company to address outstanding audit findings from the previous Governance Audit in addition to taking cognizance of challenges presented by Covid-19 during 2020 the Company requested and was granted deferment of the 2020 Governance Audit by the Capital Markets Authority.

GOVERNANCE REPORT (continued)

Legal and Compliance Audit

In compliance with the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 and the Company's Legal and Compliance Policy, the Board appointed Munyao, Muthama & Kashindi Advocates to conduct the Legal & Compliance Audit for the year ended 31 December 2018. In the Legal Compliance Auditor's opinion the Board has established internal procedures and monitoring systems to promote compliance with the existing legal and regulatory framework and in line with international best practices in risk management for the interest of stakeholders and shareholders. That fact notwithstanding, the audit revealed weaknesses and gaps for the Company to address. The report therefore recommended appropriate action for every specific finding. The legal compliance auditors overall ranking of the Company was GOOD. The overall Executive Summary emanating from the Audit dated 27 March 2019 is published on the Company's website www.boc.ke.co. The Legal and Compliance Policy is also published on the Company's website.

Pursuant to the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 the Company undertakes internal Legal & Compliance audits to ensure weaknesses and gaps identified by the above mentioned External Legal & Compliance Audit are being addressed. The next External Legal and Compliance Audit will be conducted for the year 2021 disclosure of which will be made in the Annual Report of 2022.

STRATEGIC BOARD ACTIVITIES IN 2020

Strategic Board activities conducted in 2020 include the following:

- Reviewing and agreeing a re-articulation of the Company's strategy;
- Endorsing the direction and activities proposed by Management to achieve the strategy and ensuring that Management was on track to deliver the Company's strategy;
- Discussing and improving the Board's understanding of key risks facing the Company and considering the potential impact on the business of specific risk factors in consultation with the Board Audit and Risk Committee;
- Keeping the Company's trading and performance against the 2020 Budget and the previous year under review and monitoring operational key performance indicators;
- Keeping the competitive landscape under review;
- Reviewing operations of the subsidiary companies, BOC Tanzania Limited and BOC Uganda Limited;
- Reviewing the Company's Business Continuity Management process and Business Continuity Plans as well as the implementation of the improvement areas;
- Monitoring Safety, Health, Environment and Quality (SHEQ) incidents;
- Exploring savings and productivity opportunities;
- Monitoring the status of the Company's litigation proceedings;
- Monitoring compliance with the Companies Act 2015 and the CMA Code;
- Monitoring compliance with the Company's Code of Business Integrity;
- Reviewing succession planning at Board Level including Executive Directors and the Executive Team;
- Reviewing the talent pipeline and succession planning for key roles in the organization;
- Reviewing shareholder concerns raised at the AGM held on 8 December 2020;
- Reviewing and approving submission to the Capital Markets Authority (CMA) on 31 April 2020, of the Company's CMA Reporting Template.
- Reviewing implementation of the recommendations made from the Governance Audit Reports and the Legal and Compliance Audit Report;

Board Committees

The Board has established and maintains two principal Board Committees, to which it has delegated some of its responsibilities namely, the Audit & Risk Committee and the Nominations and Corporate Governance Committee. The Retirement and Remuneration Committee (RRC) which determined and made recommendations to the Board on the remuneration policies of the Company, and the terms and conditions of employment of the Executive Directors and

GOVERNANCE REPORT (continued)

Board Committees (continued)

Senior Management was dismantled by the Board on March 25 2020. The mandate previously assigned to the RRC reverted to the Board in total.

Audit and Risk Committee

Current Members
Mr. S. Maina (Chairman)
Mr. M. Kruger
Mrs. C. Wetende
Ms. R.T. Ngobi (Secretary)

In 2020 Members attended Committee meetings held during the months of March, June, August and December as disclosed in the table below.

Attendance at meetings in 2020

Name	Meetings Attended	Meetings Eligible to Attend
Mr. S. Maina	4	4
Mr. M. Kruger	2	4
Mrs. C. Wetende	4	4
Mrs. M. Gathoga Mwangi*	4	4
Mr. A. Kamau*	4	4
Ms. N. Nakana*	2	4

**Mrs. M. Gathoga-Mwangi (Managing Director), Mr. A. Kamau (Finance Director), Ms. N. Nakana (Group Internal Audit Manager) attended as Permanent Invitees.*

Mandate and Role of the Audit and Risk Committee
The Board Audit and Risk Committee assists' the Board of Directors in carrying out its responsibilities with respect to the management of business risks and internal controls and the conduct of business in accordance with the Code of Business Integrity.

The Board Audit and Risk Committee is comprised of two Independent Non-Executive Directors and one Non-Executive Director. The Chairman of the Committee, Mr. S. Maina, is an Independent Non-Executive Director. The Committee met four times during 2020. Attendance included internal and external auditors, as well as permanent invitees from Management.

The Audit and Risk Committee is responsible for monitoring the integrity of the financial statements and any formal announcements relating to the Company's performance, considering any significant issues and judgements reflected in them before submission to the Board. The Committee keeps under review the consistency of the accounting policies applied by the Company, reviews the effectiveness of the accounting, internal control and business risk systems of the Company and, when appropriate, makes recommendations to the Board on business risks, internal controls and compliance.

The Committee is also responsible for monitoring compliance with the Company's Code of Business Integrity, the CMA Code, laws and regulations, monitoring and reviewing the effectiveness of the Company's internal controls; and monitoring and reviewing the performance of the Company's external auditors by keeping under review their independence and objectivity, making recommendations as to their reappointment (or, where appropriate, making

GOVERNANCE REPORT (continued)

Audit and Risk Committee (continued)

Mandate and Role of the Audit and Risk Committee (continued)

recommendations for change), and approving their terms of engagement and the level of audit fees payable to them.

The Board has an obligation to establish formal and transparent arrangements for considering how it should apply the corporate reporting and risk management and internal control principles and for maintaining an appropriate relationship with the external auditors, which is delivered through the Audit & Risk Committee.

The Audit and Risk Committee is also responsible for monitoring and reviewing the effectiveness of the internal audit arrangements. The Group Internal Audit Manager is a permanent invitee to the Committee. The Group Internal Audit Manager presents a report to the Committee on the audit plan for the year as well as updates on ongoing and completed audits.

The Committee Chairman, Members of the Committee and the Company Secretary endeavor to meet with the external auditors at the end of every meeting without Management, to discuss relevant issues as well as the progress of the audit.

Key Audit and Risk Committee activities in 2020
The Board Audit & Risk Committee's agenda in 2020 continued to include its responsibilities for overseeing the performance and effectiveness of internal and external audit. The Committee also continued to exercise its responsibilities for ensuring the integrity of BOC's published financial information by debating and challenging the judgements made by Management and the assumptions upon which they are based.

Standing items of business considered by the Committee during 2020:
- Progress on the 2020 Internal Audit Plan;
- Periodic reports from the Group Internal Audit Manager on both local and regional process audits, the Management responses and action plans being put in place to address any concerns raised;
- Updates on key risks facing the business and mitigating steps put in place with deep dives into specific risk topics;
- The Company's 2019 results, 2020 half-year results, the external auditors' reports for these, and interim management statements;
- The steps taken to validate the 'Going Concern' assessment at half year and year-end;
- A report from the Finance Director on the information flows, and drafting and approval processes for the preparation of the Annual Report, facilitating the Committee's advice to the Board that the 2019 Annual Report was fair, balanced and understandable.
- Quarterly reports on internal controls and compliance;
- Quarterly reports on security risks, frauds and losses;
- Updates on significant legal cases, Safety, Health, Environment and Quality issues;
- Reports on compliance with the Company's Code of Business Integrity;
- Whistleblowing reports;
- 2021 External Auditor's Audit plan and fees for recommendation to the Board; and
- Annual review of external auditors' independence;

External Auditors
The Board Audit and Risk Committee oversees the effectiveness of BOC's external auditors. KPMG Kenya served as the Company's external auditors for over ten (10) years. In line with The Code of Corporate Governance Practices for Issuers of Securities to the Public 2015's recommendation to rotate independent auditors every six to nine years, and pursuant to guidance offered by the Capital Markets Authority the Board of Directors appointed PricewaterhouseCoopers LLP (PwC) as the Company's external auditors effective 1 August 2020. The appointment was ratified by Shareholders at the Annual General Meeting held on 8 December 2020.

The Audit and Risk Committee considers that the relationship with the new auditors worked well during the period

GOVERNANCE REPORT (continued)

Audit and Risk Committee (continued)

External Auditors (continued)

and remains satisfied with their effectiveness as confirmed from the results of the Committee and Board's evaluation of PwC's performance since their appointment on 1 August 2020. The external auditors are required to rotate the audit partners responsible for the audit at least every five years.

Auditor Independence
The Committee has an established policy aimed at safeguarding and supporting the independence and objectivity of the Company's external auditors, which is regularly reviewed and updated. The basic principle of the policy is that the Company's external auditors may be engaged to provide additional services only in cases where those services do not impair their independence and objectivity.

The external auditors may not be engaged to provide services if the provision of such services would result in the external auditors:
- Having a mutual or conflicting interest with any Group company;
- Being placed in the position of auditing their own work;
- Acting as a manager or employee of any Group company; or
- Being placed in the position of advocate for any Group company.

Subject to the above, the external auditors may provide certain tax services. The Committee recognizes that using the external auditors to provide such services is often of benefit due to their detailed knowledge of the business.

The policy also requires the submission to the Committee, typically prior to the year end, of a work plan identifying the total fees for all audit-related services and tax services which it is expected will be undertaken by the external auditors in the following year. In this way, the Committee has full visibility of spend on audit-related services and tax services enabling it to discharge its responsibility for keeping such fees under review and ensuring that neither their level, nor their nature, risk impairing the external auditors' independence and objectivity.

PwC reconfirmed its independence in 2020 and is expected to do so on an annual basis.

Nominations and Corporate Governance Committee

Current Members
Mr. R. Mbugua (Chairman)
Mr. M. Kruger
Mrs. C. Wetende
Ms. R. T. Ngobi (Secretary)

In 2020 Members attended the Committee meeting held during the month of March 2020. A decision was made to defer the meeting scheduled for December 2020 to 2021.

Attendance at meetings in 2020

Name	Meetings Attended	Meetings Eligible to Attend
Mr. R. Mbugua	1	1
Mr. M. Kruger	1	1
Mrs. C. Wetende	1	1
Mrs. M. Gathoga-Mwangi*	1	1

**Mrs. M. Gathoga-Mwangi attended as a Permanent Invitee.*

GOVERNANCE REPORT (continued)

Nominations and Corporate Governance Committee (continued)

Mandate and Role of the Nominations and Corporate Governance Committee
The Nominations and Corporate Governance Committee is responsible for identifying candidates to fill vacancies on the Board and has oversight on the adherence and compliance by the Company to its Code of Business Integrity and to the principles and requirements of good corporate governance as espoused by the CMA Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (CMA Code)

The process of identification of candidates to fill vacancies to the Board is guided by the Board's Policy on Appointments to the Board and includes reviewing the structure, size and composition of the Board to ensure it has an appropriate balance of skills, expertise, knowledge and independence prior to recruitment.

For Non-Executive Director vacancies to be filled, the selection process will generally involve interviews of suitable prospective candidates by the Committee and its Chairman and thereafter recommendation to the Board for appointment. During 2020 the vacancy left following the resignation of Mrs. L. Njoroge was not immediately filled. The services of specialist external search firms are used for identification and shortlisting of appropriate candidates to take up Executive Director roles. This process was followed for the recruitment of Mrs. M. Gathoga-Mwangi as Managing Director in 2018.

The Nominations and Corporate Governance Committee is also charged with the responsibility of assessing the independence of Non-Executive Directors on an annual basis and evaluating the effectiveness of the Board and the effectiveness of the Directors in the discharge of their responsibilities.

The Committee also evaluates and makes recommendations with regard to the composition of all Board Committees. Following the introduction, by the CMA, of annual Governance Audits and compliance reporting the Committee provides oversight of implementation of the CMA Code and Compliance Reporting.

The Committee, on behalf of the Board, monitored implementation of recommendations that emanated from the 2018 Governance Report and the recommendations from the CMA to the Company's Compliance Report submitted on 31 April 2019. The Compliance Report is available on the Company's website (www.boc.co.ke).

Key Nominations and Corporate Governance Committee activities in 2020

- Reviewing succession planning for the Board Executive Directors and Non-Executive Directors;
- Reviewing the effectiveness of the Board following the Board Evaluation exercise and making recommendations to the Board on actions to be adopted towards improvement;
- Monitoring implementation of the recommendations adopted by the Board following the Board Evaluation exercise;
- Reviewing and recommending approval, by the Board, of submission of the CMA Compliance Report as completed by the Company;
- Monitoring implementation of the recommendations from the Governance Audit Report;
- Monitoring implementation of recommendations made by the CMA from the CMA Compliance Report submitted by the Company;
- Reviewing the Independence of Directors against the criteria set under the CMA Code;
- Reviewing the Corporate Governance Statement for the 2019 Annual Report;
- Reviewing the Composition of the Board's Committees;
- Review of the Boards' Diversity Policy and the Nominations Committee's Terms of Reference.

Retirement and Remuneration

The Board determines (upon recommendation of Management), the remuneration policies of the Company, and the terms and conditions of employment of the Executive Directors and Senior Management. The Board ensures that

GOVERNANCE REPORT (continued)

Retirement and Remuneration (continued)

compensation for all employees is performance-driven and appropriately benchmarked against other companies in Kenya.

The Board is responsible for setting executive remuneration covering salary and benefits, performance related bonus arrangements, pensions and terms of service, evaluating and monitoring major changes to the policy on employee benefit structures for the Company.

Remuneration of Non-Executive Directors is also reviewed by the Board to ensure that the levels of remuneration and compensation are appropriate. Information on the aggregate amounts of emoluments and fees paid to Directors is disclosed in Note 30(f) of the financial statements. The Directors Remuneration Report is on pages 52 to 56 of this Report.

Key Retirement and Remuneration activities in 2020

- Reviewing the application and continuing impact of the Remuneration Policy during 2020;
- Reviewing succession planning of Executive Directors and the Executive Team and the talent pipeline;
- Reviewing the development of leaders in the Company and in particular activities to embed a high-performance leadership culture;
- Approval of annual salary increments;
- Approval of Non-Executive remuneration;
- Reviewing Staff Training and development plans for 2020;
- Review and monitoring of the performance of the Company's two retirement funds; and
- Review and approval of HR related policies.

Employment Equity

The Group is committed to the creation of an organization that supports the equality of all employees and is committed to the elimination of any form of discrimination in the work place. Our policy covers recruitment, staff development, retention and cultural diversity.

Our succession planning process identifies ability and talent, and monitors, on a regular basis, the performance of high-fliers. Individual development plans are agreed upon in collaboration with managers of the respective employees.

The Group manages the development of functional skills through the "License-to-Work" approach. This approach ensures that all employees are competent to perform their specific duties within a given time frame.

The Board also ensures that manpower plans are implemented timeously.

GOVERNANCE POLICIES

Board Charter and Committee Terms of Reference

The Board is governed by a Board Charter which stipulates the roles and responsibilities of the Board and its members, the composition of the Board and its Committees and respective Terms of Reference. The Board Charter and Committee Terms of Reference are published on the Company's website (www.boc.co.ke).

Code of Business Integrity

Inextricably linked to good corporate governance is the Company's Code of Business Integrity. The Linde Group has always espoused the highest ethical standards of business conduct and full compliance with applicable laws, regulations and industry standards.

GOVERNANCE REPORT (continued)

Code of Business Integrity (continued)

The Company believes in open and honest communication, fair treatment and equal opportunities and supports the fundamental principles of human rights.

While common sense, good judgement and conscience apply in managing a difficult or uncertain situation, the Code of Business Integrity assists in detailing the standards and priorities within The Linde Group, as well as specific rules covering human rights, safety at work and environmental and supply management. Guiding principles or core values within the Code define our responsibilities towards and what we expect from Directors, employees, local communities and the public, customers, suppliers and markets and Shareholders.

Allegiance to the Code of Business Integrity is the starting point from which employees draw inspiration and guidance for behaviour within a group, society or the organization. An integrity line has been established to enable employees to report contraventions of the Code of Business Integrity.

Whistle Blowing and Staff Helpline

The Company has a Whistleblowing Policy which enables staff, in confidence, to raise concerns and to report incidents they consider to be against our established code of conduct without fear of reprisal. This facility is managed by an independent third-party organization to further protect confidentiality. The Committee receives periodic reports on whistleblowing incidents, if any. The Audit & Risk Committee remains satisfied that the Company's policy and procedures enable proportionate and independent investigation of matters raised and ensures that appropriate follow-up action is taken. No whistleblowing incidents were reported during 2020.

The Whistleblowing Policy is published on the Company's website (www.boc.co.ke).

Procurement Policy

BOC Kenya PLC maintains a Procurement Policy that governs the procurement of goods and services. The policy and the related procedures are addressed particularly to those persons who deal directly with suppliers, ordering parties/ contractors, and other business partners. The policy establishes principles for business conduct and for avoiding conflicts of interest that must be adhered to by each employee. It ensures that the most appropriate and effective controls are applied in the purchase of goods and services for the Company's needs.
In addition to the Code of Conduct for Suppliers, the Company's business partners are encouraged to commit themselves to these principles.

The Procurement Policy and the Code of Conduct for Suppliers to BOC Kenya PLC are published on the Company's website (www.boc.co.ke).

Statement on Insider Dealing

The Company is obligated by law and by its Code of Business Integrity to ensure that Directors and certain other employees, with insider information, do not abuse or place themselves under suspicion of abusing insider information that they may have or thought to have. This is especially key in periods leading up to an announcement of financial results. To this end, the Company has a Share Trading Policy which sets out the requirements for BOC insiders, in dealing in shares of the Company.

In compliance with the Companies Act, 2015, the Company communicates 'open' and 'closed' periods for trading in its shares to the Directors and its employees at key periods during the year. To the best of the Company's knowledge, there were no insider dealings during the 2020 financial year.

The Company's Share Trading Policy is published on the Company's website (www.boc.co.ke).

GOVERNANCE REPORT (continued)

Board Related Party Transactions Policy

The Board Related Party Transaction Policy enables the Board of BOC Kenya PLC to consider the approval and reporting of transactions between the Company and any of its Directors, Executive Officers or Significant Shareholders or certain entities or persons related to them. Such transactions are appropriate only if they are in the best interest of the Company and its shareholders. The Company is required to disclose each year in its Annual Report certain transactions between the Company and Related Parties as well as its policies concerning transactions with Related Parties. In addition, the Board reviews any Related Party Transactions involving Non-Executive Directors as part of the annual determination of their independence.

The Board Related Party Transactions Policy is published on the Company's website www.boc.co.ke.

During 2020 there were no reports of transactions between the Company and any of its Directors, Executive Directors and other staff. Transactions between the Company and its parent company and associated companies are disclosed in Note 30 to the Financial Statements.

Safety Health and Environment Policy

Our principles:

- Health, safety and care for the environment (HSE) are foundational principles of our businesses.
- The health and safety of our colleagues, customers, business partners and communities in which we do business is our number one priority.
- Personal ownership for HSE through visible, demonstrated leadership and accountability at all levels throughout Group.
- HSE principles shall be reflected in 100% of our behaviour, 100% of the time.

Our vision:

- Zero incidents.
- Safe, secure and healthy working conditions for all who work with and for us.
- High quality, safe and environmentally responsible products and services that meet or exceed the expectations of our customers.
- Responsible use of natural resources.
- Economic and environmental sustainability in everything we do.

Our commitment:

- Comply with applicable legal, regulatory, industry and corporate requirements.
- Design, construct and operate our facilities in a safe, secure, efficient and environmentally responsible way.
- Personal accountability to continuously improve our HSE performance through tracking against our goals and targets.
- Proactive management of risk in our business.
- Work with our business partners and our relevant industries to actively promote and enforce compliance with this policy.
- Promote open communication and learning with all stakeholders and sharing of HSE knowledge.
- Provide resources, training, equipment and other support to enable fulfilment of this policy.

The Board is committed to the implementation of this HSE policy.

Corporate Social Responsibility and Investment Policy

The Company's Corporate Social Responsibility and Investment Policy focuses on activities that are of material importance to the business and are of interest to our stakeholders and shareholders.

GOVERNANCE REPORT (continued)

Corporate Social Responsibility and Investment Policy **(continued)**

The Company combines long-term business success with environmental and social responsibility and considers sustainability to be an important part of its Corporate Strategy. It is aware of the potential adverse impacts of its business to on people, especially on safety and ensures that its operations and products meet the highest safety standards and that employees, contractors, business partners and customers receive continuous training.

The Company seeks to enhance the safety awareness of customers through product knowledge training with the objective of ensuring that they do not come to harm whilst using its products which include gases at cryogenic temperatures (below minus 150 degrees C), flammable gases and high-pressure cylinders and other gas containers.

Information Technology Policy

BOC Kenya PLC's information technology (IT) systems are covered under an IT Policy. The policy aims to protect the Company's investment in information technology infrastructure, IT equipment and mobile facilities, data/ telecommunications networks and software, maintain the highest standards of cyber security, while protecting the Company's confidential and sensitive information. The IT Policy is published on the Company's website (www.boc.co.ke).

DIRECTORS' REMUNERATION REPORT 2020

Information not subject to audit

The Directors Remuneration Policy and Remuneration Report for the Executive and Non-Executive Directors applicable in 2020 were approved by the Shareholders at the 2019 Annual General Meeting held on 8 December 2020. The Report has been prepared in accordance with the relevant provisions of both the Capital Markets Authority (CMA) Code of Corporate Governance Practices for Issuers of Securities to the Public 2015 (the Code) on Directors remuneration and the Kenyan Companies Act, 2015.

Reward	Purpose and link to strategy	Mechanics of Reward	Performance metrics
Basic Salary	Attract and retain high calibre individuals to deliver the Company's strategic plans by offering market competitive remuneration to reflect an individual's skills and experience.	-- Paid in 12 equal monthly instalments during the year and is pensionable. - Reviewed annually with salary changes effective from April depending on performance.	Individual and business performance
Pension	Provide competitive post-retirement benefit arrangements so as to attract and retain high calibre talent to drive delivery of strategy.	Annual contribution up to the 10% of basic salary.	None
Other benefits	Provide market competitive benefits which: - facilitate the attraction and retention of high calibre talent to deliver the Group's strategic plans; and - recognise that such talent is global in source and that the availability of certain benefits are key enablers for attraction and retention.	Range of benefits include: - Housing allowance - Transport allowance - Medical insurance - Personal life and accident insurance	None
Short term Incentives Plan	Incentivise the attainment of corporate targets aligned to the strategic objectives of the Group on an annual basis.	- Payout is done annually in April after measurements and approval of results. - 100% of the bonus is paid in cash. - Payout is 25% of annual Salary for Managing Director and 15% for Finance Director	Targets are set annually based on the group and company business plans.

Principles of remuneration policy 2020

The Retirement and Remuneration Committee considers the remuneration policy annually to ensure that it remains aligned to business needs and is appropriately positioned relative to the market. Its overriding objective is to reward the delivery of the Company's strategy in a manner that is simple, straightforward and understandable.

DIRECTORS' REMUNERATION REPORT 2020 (continued)

Executive Directors

The Executive Directors remuneration package comprises core fixed elements (basic salary, retirement and other benefits) designed to recognize the skills and experience of the Executive Directors and to ensure current and future market competitiveness in attracting talent.

Executive Directors are eligible to participate in the Company's Short-Term Incentive Plans which is anchored on achievement of key business performance indicators.

The table below outlines the key components of the Executive Directors remuneration packages as compensation for their role as key senior management within the BOC Group.

The Company has a Directors and Officers insurance covering all Directors and Officers for the aggregate sum of Kenya Shillings 50 million.

Service contracts – Executive Directors

Duration of current contracts	The Managing Director and the Finance Director are on permanent and pensionable contracts of employment.
Notice Period	Three months
Provision for early termination of contracts	On early termination of contracts, the executive directors are eligible for redundancy packages as follows: - Salary in lieu of notice (if notice is not given) - Redundancy payment as per Kenya's labour laws In the event that the contract is terminated for cause (such as gross misconduct), the Company may terminate the contract with immediate effect and no compensation would be payable.

Audited information

Executive Directors' remuneration and compensation for the year ended 31 December 2020

The following table shows a summary of remuneration for the Executive Directors in respect of qualifying services as directors and compensation as key management for the year ended 31 December 2020 together with comparative figures for 2019:

All figures in KShs' 000

Name	Basic salary		Housing & Other allowances		Retirement benefits		Bonus		Grand total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Marion Mwangi	11,020	11,475	6,635	6,888	1,770	2,203	553	611	19,978	21,177
Arthur Kamau	9,235	9,654	4,261	4,405	1,352	1,408	418	832	15,266	16,299
Total	**20,245**	**21,129**	**10,896**	**11,293**	**3,122**	**3,611**	**971**	**1,443**	**35,244**	**37,476**

DIRECTORS’ REMUNERATION REPORT 2020 (continued)

Audited information (continued)

The Chairman and Non-Executive Directors

The Company looks to recruit, as Non-Executive Directors, those who have a wide range of strategic and operational experience gained from other businesses or organizations. A Non-Executive Director is required, as a minimum, to make an annual time commitment of about 20 days and is expected to attend all Board and Committee meetings, and AGM, a strategic budgeting session as well as maintaining an appropriate level of knowledge about the business and its operations.

As a Listed Company, the quantum and structure of Non-Executive Directors’ remuneration will primarily be assessed against the same remuneration comparator group of companies used for setting the remuneration for Executive Directors.

The remuneration components for Non-Executive Directors’ are as follows:

Reward	Purpose and link to strategy	Mechanics of Reward	Performance metrics
Fees	Fees for Non-Executive Directors need to be sufficient to attract, motivate and retain individuals with skills and senior-level experience to drive the Company’s strategy forward	• Fixed monthly retainer • Sitting allowance for every committee or board meeting. • Reviewed annually and adjusted as required	As per Annual Board Evaluation.

Other terms: Non-Executive Directors

Shareholding requirements	There are no formal requirements for the Non-Executive Directors to hold shares in the Company. However, Non-Executive Directors are encouraged to acquire a small interest during the initial years after their date of appointment. The Non-Executive Directors do not participate in the Company’s Short-Term Incentive Plan and are not members of any it’s provident fund.
Terms of appointment	The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment, which are available for inspection at the Company’s registered office upon notice.
Terms of termination	On termination, at any time, a Non-Executive Director is entitled to any accrued but unpaid Director’s fees but not to any other compensation.

DIRECTORS' REMUNERATION REPORT 2020 (continued)

Audited information (continued)
Other terms: Non-Executive Directors (continued)

The table below outlines the key components of the Non-Executive Directors remuneration packages during 2020.

		2020			2019		
Name	Category	Fees KShs 000	Sitting allowance KShs 000	Total KShs 000	Fees KShs 000	Sitting allowance KShs 000	Total KShs 000
Robert Mbugua	Chairman Non-Executive	2,109	437	2,546	2,280	560	2,840
Lucy Njoroge	Non-Executive	280	-	280	1,680	910	2,590
Cosima Wetende	Non-Executive	1,554	627	2,181	1,680	1,050	2,730
Steve Maina	Non-Executive	1,554	557	2,111	1,680	630	2,310
Marius Kruger*	Non-Executive	-	-	-	-	-	-
Ruben Chetty*	Non-Executive	-	-	-	-	-	-
Totals		**5,497**	**1,621**	**7,118**	**7,320**	**3,150**	**10,470**

* Marius Kruger and Ruben Chetty are Directors nominated by the Company's Shareholder (BOC Holdings, UK) and do not earn any personal remuneration for being on the Board. Both are senior members of management at African Oxygen Limited, South Africa (Afrox), a sister company of BOC Kenya Plc.

By order of the Board

R.T. Ngobi (Ms.)
Company Secretary
20 April 2021

SHAREHOLDING STRUCTURE AS AT 31 MARCH 2021

Major shareholders

Shareholder Name	Total Shares	Percentage Shareholding
BOC Holdings (UK)	12,765,582	65.38%
Kiuna Ngugi	1,484,700	7.60%
Standard Chartered Kenya Nominees Ltd A/C Ke002670	1,046,600	5.36%
Best Investment Decisions Ltd	276,500	1.42%
Saraj Properties Limited	252,100	1.29%
Rohin Jayandralal Chandaria &Sujal Rohin Chandaria	167,200	0.86%
Allied Storage Limited	127,479	0.65%
Standard Chartered Kenya Nominees Ltd A/C Ke004667	121,056	0.62%
Standard Chartered Kenya Nominees Ltd Ac Ke001966	117,800	0.60%
Rosso Mrs Carolyn Anne Gray	110,143	0.56%
Total for top ten	16,469,160	84.35%
Other shareholders	3,056,286	15.65%
Total shares issued	19,525,446	100.00%

Domicile analysis

Domicile	Shares	%	Number of Shareholders
Foreign Companies	14,051,138	71.96%	5
Foreign Individuals	491,932	2.52%	25
Local Companies	969,956	4.97%	78
Local Individuals	4,012,420	20.55%	918
Total	19,525,446	100%	1,026

Analysis by number of shares

Number of shares	Shares	%	Number of Shareholders
1 - 500	91,368	0.47%	544
501 – 5,000	678,253	3.47%	360
5,001 – 10,000	340,268	1.74%	48
10,001 – 100,000	1,846,116	9.45%	63
100,001 – 1,000,000	1,272,559	6.52%	8
>1,000,000	15,296,882	78.34%	3
Totals	19,525,446	100%	1,026

Directors' shareholding

None of the directors holds shares in the Company.

TOP CUSTOMERS

The Top ten customers by revenue for the Group in 2020 were:

1. Kenyatta National Hospital
2. Aga Khan University Hospital
3. Ratili Cargo Africa Limited - Nairobi Branch
4. The Kenya Hospital Association – Nairobi Hospital
5. Kiambu Level 5 Hospital
6. Mogere Agencies Limited
7. Coast Province General Hosp
8. Kagera Sugar Limited (Tanzania)
9. Ratili Cargo Africa Limited - Kisumu Branch
10. Mater Hospital

TOP SUPPLIERS

Top Suppliers of the Company and its subsidiaries are as follows:

11. Kenya Power & Lighting Company Plc.
12. Brothers Gas Bottling & Distribution Company LLC
13. African Oxugen Limited, South Africa
14. Amtrol-Alfa
15. One Gas Limited
16. Les Gaz Industries Limited
17. Fortischem A.S.
18. Gas Africa Limited
19. Aamed Technologies Inc
20. Therapy Equipment Ltd

STATEMENT OF DIRECTORS RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of Company as at the end of the financial year and of their profit or loss for that year. It also requires the Directors to ensure that the Group and Company maintain proper accounting records that are sufficient to show and explain the transactions of the Group and of Company and disclose, with reasonable accuracy, their financial position. The Directors are also responsible for safeguarding the assets of the Group and the Company, and for taking reasonable steps for the prevention and detection of fraud and error.

The Directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. They also accept responsibility for:

(i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
(ii) selecting suitable accounting policies and applying them consistently; and
(iii) making accounting estimates and judgments that are reasonable in the circumstances.

Having made an assessment of the Group's and Company's ability to continue as a going concern, the Directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's and Company's ability to continue as a going concern.

The Directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of Directors on 20 April 2021 and signed on its behalf by:

Robert Mbugua	**Marion Mwangi**
Chairman	**Managing Director**

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of BOC Kenya Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 64 to 123, which comprise the consolidated statement of financial position at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, together with the Company statement of financial position at 31 December 2020, the Company statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements of BOC Kenya Plc give a true and fair view of the financial position of the Group and the Company at 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP. PwC Tower, Waiyaki Way/Chiromo Road, Westlands
P O Box 43963 – 00100 Nairobi, Kenya
T: +254 (20)285 5000 F: +254 (20)285 5001 www.pwc.com/ke

Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (continued)

Report on the audit of the financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Provisions for expected credit losses on trade and other receivables Trade and other receivables comprise a significant portion of the Group and Company's total assets. Amounts due from customers may be outstanding for long periods of time before being received by the Group and Company thus potentially exposing the Group and Company to impairment losses. The estimation of expected credit losses (ECL) on trade receivables requires management judgment in the assumptions that are applied in the provisioning model. In addition, the COVID-19 pandemic has resulted in a heightened risk of credit default and potential for significant increases in credit risk, increasing the uncertainty around the management judgements and estimation process. The policies for estimating ECL are explained in notes 2 (k), 3 and 4 (a) of the financial statements. The key areas where significant judgement has been exercised and therefore, an increased level of audit focus applied, include: • the assumptions applied in deriving the probabilities of default (PDs)/historical loss rate for the trade and other receivables; • the classification of trade receivables based on the profile and risk of the customers; • for certain trade receivables, judgement is exercised in the consideration of qualitative factors in determining ECL; Due to the significant impact of management judgments applied in calculating the ECL, we designated this as a key audit matter in our audit.	We obtained the Group's methodology for determining ECL, including enhancements in the year, and evaluated this against the requirements of IFRS 9; We tested how the Group extracts the 'days past due (DPD)' applied in classifying the trade receivables into the various brackets. For a sample of customers, we recalculated the ageing applied in the model and agreed these to the ageing as per system and invoices; We obtained an understanding of the basis used to determine the probabilities of default. We tested the completeness and accuracy of the historical data used in derivation of the loss rate, and re-calculated the same; We tested subsequent receipts for a sample of trade receivable balances; We assessed the adequacy of financial statement disclosures, including the summary of key assumptions and judgements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (continued)

Report on the audit of the financial statements (continued)

Other information
The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements
The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF BOC KENYA PLC (continued)

Report on the audit of the financial statements (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other matters prescribed by the Companies Act, 2015

Report of the directors
In our opinion the information given in the directors' report on pages 34 and 35 is consistent with the financial statements.

Directors' remuneration report
In our opinion the auditable part of the directors' remuneration report on pages 53 to 56 has been properly prepared in accordance with the Companies Act, 2015.

CPA Bernice Kimacia, Practising certificate No. 1457
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
20 April 2021

GROUP AND COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
	Note	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Revenue	6	1,098,104	975,863	1,093,798	930,610
Cost of sales	7 (b)	(616,942)	(546,914)	(615,432)	(511,673)
Gross profit		481,162	428,949	478,366	418,937
Other income	7 (a)	8,490	2,076	8,382	2,076
Distribution costs	7 (b)	(102,374)	(95,268)	(100,679)	(92,296)
Selling and administrative expenses	7 (b)	(266,890)	(298,008)	(279,771)	(267,681)
Operating profit		120,388	37,749	106,298	61,036
Finance income	8 (a)	37,070	53,877	118,292	49,456
Finance costs	8 (b)	(1,187)	(2,092)	(1,187)	(2,092)
Profit before income tax		156,271	89,534	223,403	108,400
Income tax expense	9	(54,615)	(33,633)	(56,261)	(32,801)
Profit for the year		101,656	55,901	167,142	75,599
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Translation differences arising from foreign operations		5,637	662	-	-
Change in fair value of investments held at FVOCI (Note 16)		60,885	(30,214)	60,885	(30,214)
Deferred income tax (Note 17)		-	(4,923)	-	(4,923)
Total other comprehensive income for the year net of tax		66,522	(34,475)	60,885	(35,137)
Total comprehensive income for the year		168,178	21,426	228,027	40,462
Earnings per share (KShs per share)					
Basic and diluted	10	5.21	2.86	8.56	3.87

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
		2020	2019	2020	2019
At 31 December	**Note**	**KShs'000**	**KShs'000**	**KShs'000**	**KShs'000**
ASSETS					
Non-current assets					
Property, plant and equipment	12	673,918	773,811	671,202	767,919
Right-of-use asset	13	11,089	10,182	11,089	10,182
Intangible assets	14	-	62	-	62
Investments in subsidiaries	15	-	-	60	60
Equity and debt investments	16	179,685	118,800	179,685	118,800
Deferred income tax	17	33,267	8,871	33,267	10,684
Total non-current assets		897,959	911,726	895,303	907,707
Current assets					
Inventories	18	160,012	155,032	157,346	151,232
Equity and debt investments	16	245,043	226,458	245,043	226,458
Trade and other receivables	19	457,947	374,357	431,549	350,968
Current income tax	20	12,799	54,088	-	42,390
Term deposits	21	243,934	232,998	243,934	151,415
Cash and bank balances	22	71,564	37,980	46,817	18,373
Total current assets		1,191,299	1,080,913	1,124,689	940,836
TOTAL ASSETS		2,089,258	1,992,639	2,019,992	1,848,543
EQUITY AND LIABILITIES					
Equity					
Share capital	23(a)	97,627	97,627	97,627	97,627
Share premium	23(b)	2,554	2,554	2,554	2,554
Other reserves	24	104,902	38,380	129,958	69,073
Retained earnings		1,402,485	1,300,829	1,374,259	1,207,117
Total equity		1,607,568	1,439,390	1,604,398	1,376,371
Non-current liability					
Lease liability	25	7,768	6,556	7,768	6,556
Current liabilities					
Lease liability	25	1,052	885	1,052	885
Current income tax	20	1,252	183	1,218	-
Trade and other payables	26	471,618	545,625	405,556	464,731
Total current liabilities		473,922	546,693	407,826	465,616
TOTAL EQUITY AND LIABILITIES		2,089,258	1,992,639	2,019,992	1,848,543

The financial statements on pages 64 to 123 were approved and authorised for issue by the Board of Directors on 20 April 2021.

Robert Mbugua
Chairman

Marion Mwangi
Managing Director

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Foreign currency translation reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2020						
At start of year	97,627	2,554	70,008	(31,628)	1,300,829	1,439,390
Profit for the year	-	-	-	-	101,656	101,656
Other comprehensive income, net of tax						
Foreign currency translation differences	-	-	-	5,637	-	5,637
Change in fair value of investments at FVOCI	-	-	60,885	-	-	60,885
Total other comprehensive income	-	-	60,885	5,637	-	66,522
Total comprehensive income for the year	-	-	60,885	5,637	101,656	168,178
At end of year	97,627	2,554	130,893	(25,991)	1,402,485	1,607,568

GROUP STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Foreign currency translation reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2019						
At start of year	97,627	2,554	105,145	(32,290)	1,346,460	1,519,496
Profit for the year	-	-	-	-	55,901	55,901
Other comprehensive income, net of tax						
Foreign currency translation differences	-	-	-	662	-	662
Change in fair value of investments at FVOCI	-	-	(35,137)	-	-	(35,137)
Total other comprehensive income	-	-	(35,137)	662	-	(34,475)
Total comprehensive income for the year	-	-	(35,137)	662	55,901	21,426
Transactions with owners						
Dividends to equity holders						
- Final for 2018 paid	-	-	-	-	(55,647)	(55,647)
- Interim for 2019 paid	-	-	-	-	(45,885)	(45,885)
Total transactions with owners	-	-	-	-	101,532	101,532
At end of year	97,627	2,554	70,008	(31,628)	1,300,829	1,439,390

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2020					
At start of year	97,627	2,554	69,073	1,207,117	1,376,371
Profit for the year	-	-	-	167,142	167,142
Other comprehensive income, net of tax					
Change in fair value of investments at FVOCI	-	-	60,885	-	60,885
Total comprehensive income for the year	-	-	60,885	167,142	228,027
At end of year	97,627	2,554	129,958	1,374,259	1,604,398

COMPANY STATEMENT OF CHANGES IN EQUITY (continued)

	Share capital KShs'000	Share premium KShs'000	Fair value reserve KShs'000	Retained earnings KShs'000	Total equity KShs'000
Year ended 31 December 2019					
At start of year	97,627	2,554	104,210	1,233,050	1,437,441
Profit for the year	-	-	-	75,599	75,599
Other comprehensive income, net of tax					
Change in fair value of investments at FVOCI	-	-	(35,137)	-	(35,137)
Total comprehensive income for the year	-	-	(35,137)	75,599	40,462
Transactions with owners					
Dividends:					
- Final for 2018 paid	-	-	-	(55,647)	(55,647)
- Interim for 2019 paid	-	-	-	(45,885)	(45,885)
Total transaction with owners	-	-	-	(101,532)	(101,532)
At end of year	97,627	2,554	69,073	1,207,117	1,376,371

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
	Note	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Cash flows from operating activities:					
Cash generated from operating activities	27	76,713	41,026	76,828	66,624
Tax paid	20	(35,733)	(37,191)	(35,236)	(35,466)
Net cash flows from operating activities		40,980	3,835	41,592	31,158
Cash flows from investing activities:					
Purchase of property, plant and equipment	12	(35,574)	(83,500)	(35,574)	(102,098)
Proceeds from disposal of equipment		17,951	2,197	16,415	2,197
Proceeds from maturing debt investments		1,125,061	938,060	1,045,998	931,839
Investments debt investments		(898,805)	(791,175)	(898,805)	(784,647)
Interest received		27,572	41,390	27,367	36,969
Dividends received		-	10,395	76,613	10,395
Net cash flows from investing activities		236,205	117,367	232,014	94,655
Cash flows from financing activities:					
Payment of lease liabilities	25(d)	(1,104)	(1,000)	(1,104)	(1,000)
Interest on overdraft	8	(124)	(1,121)	(124)	(1,121)
Dividends paid		-	(101,532)	-	(101,532)
Net cash flows from financing activities		(1,228)	(103,653)	(1,228)	(103,653)
Increase in cash and cash equivalents		275,957	17,549	272,378	22,160
Cash and cash equivalents at start of year		37,980	20,334	18,373	(3,787)
Effects of exchange rate changes on foreign cash and cash equivalents		1,561	97	-	-
Cash and cash equivalents at end of year	22	315,498	37,980	290,751	18,373

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 Reporting entity

The Company is incorporated as a limited liability company under the Kenyan Companies Act, 2015 and is domiciled in Kenya. Its registered address is at Kitui Road, PO Box 18010 – 00500 Nairobi Industrial Area. The consolidated financial statements of the Group as at and for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group primarily is involved in the manufacture and sale of industrial and medical gases and welding products.

The Company's shares are listed on the Nairobi Securities Exchange (NSE).

The ultimate holding company of BOC Kenya Plc is Linde Plc, which is an Irish-domiciled multinational chemical company formed by the merger of Linde AG of Germany (founded in 1879) and Praxair (founded in 1907 as Linde Air Products Company) of the United States.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated and separate financial statements (the 'financial statements') have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2015. The measurement basis applied is the historical cost basis, except for fair value through other comprehensive income investments which have been measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of current events, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 3 – Critical accounting estimates and judgements.

These financial statements are presented in Kenya Shillings, which is the Company's functional currency. Except where otherwise indicated, financial information presented in Kenya Shillings has been rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policies

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2020

Amendments to IFRS 3 Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

(ii) Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2020

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted.

Reference to the Conceptual Framework – Amendments to IFRS 3

Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Reference to the Conceptual Framework – Amendments to IFRS 3 (continued)

within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively. The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the consolidated and company financial statements.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The Directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the consolidated and company financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments are not expected to have a material impact on the Group.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The amendments are not expected to have a material impact on the Group.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are re-measured in each reporting period. The new rules will affect the financial

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

IFRS 17 Insurance Contracts (continued)

statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023. The Directors of the Group do not anticipate that the application of the standard in the future will have an impact on the consolidated and company financial statements.

(b) Basis of consolidation

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the purchase consideration paid is less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. If the aggregate of the consideration transferred is in excess of the amount recognised for non-controlling interests and any previous interest held over fair value of the net identifiable assets acquired and liabilities assumed, then goodwill is recognised initially at cost and subsequently assessed for impairment on an annual basis.

The investment in subsidiaries is recognised at cost, less impairment in the separate financial statements.

(c) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Kenya Shillings, which is the Company's Functional and Presentation currency.

(i) Transactions and balances in Group entities

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary items that are measured on historical cost basis in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in profit or loss. However, foreign currency differences arising from retranslation of equity investments are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Foreign operations

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Group entity are translated at the closing rate at the reporting date; and
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity.

When a foreign operation is sold, exchange differences recognised in other comprehensive income are reclassified to profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Revenue

The Group recognises revenue from the sale of goods and services in the ordinary course of the Group's activities. The Group recognises revenue at a point in time or over time as and when it satisfies a performance obligation by transferring control of a product or service to a customer.

The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as value-added tax (VAT), returns and discounts and after eliminating sales within the Group.

Revenue is recognised as follows:

i. Sale of gases, equipment, welding products and accessories are recognised in the period in which the Group delivers products to the customer, the customer accepts the products and collectability of the related receivables is reasonably assured.

ii. Revenue from cylinder rentals and facility charges on cryogenic gas tanks installed at Customer premises is recognized at the end of every month.

iii. The Company follows the 5-step model of IFRS 15 (Revenue from contracts with customers) to determine how much revenue and at what time, or over which period of time, it will recognize revenue in respect of Customer Engineering Services (CES).

(e) Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(f) Income tax (continued)

Foreign currency gains and losses are reported on a gross basis as either finance income or finance cost.

(f) Income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. The directors periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(g) Property, plant and equipment

All items of property, plant and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognised in profit or loss on a straight-line basis to write down the cost of each asset to residual values over their estimated useful life as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Buildings	40 years
Plant and machinery	5 - 20 years
Cylinders	15 - 25 years
Motor vehicles	5 - 10 years
Furniture and fixtures	4 - 10 years
Computer programs, computers and related equipment	3 – 5 years
Right of use assets	Over the remaining period of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Capital work in progress represents assets that are under construction or that are not immediately available for use and is not depreciated but is reviewed for impairment.

Gains or losses on disposal of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

(h) Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised to their residual values over their estimated useful lives (three to five years).

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised to their residual values over their estimated useful lives (not exceeding three years).

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other related direct costs and production overheads (based on normal operating activities), but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. If the purchase or production cost is higher than the net realisable value, inventories are written down to the net realisable value.

(j) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and for the purposes of the statement of cash flows, bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments

Financial instruments include balances with banks, term deposits, equity and debt investments, trade and other receivables, trade and other liabilities, inter-company balances.

(i) Recognition and measurement
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair Value through Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group and Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group and Company's continuing recognition of the assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement **(continued)**

Financial assets (continued)

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. The Group does not have any financial assets measured at FVTPL.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss. The Group measures recognises trade receivables, cash, deposits, amounts due from related parties, certain investment securities, and other receivables at amortised cost.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss. The Group classifies its equity investments at FVOCI.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Group classifies all its financial liabilities as subsequently measured at amortised cost.

(iii) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(iii) Derecognition **(continued)**

Financial assets (continued)

transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Impairment

The Group and Company recognises loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortised cost. The Group and Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group and Company's historical experience and informed credit assessment and including forward-looking information.

The Group and Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and Company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired.

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(vi) Write-off
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets.

The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group and Company's procedures for recovery of amounts due.

(l) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(l) Impairment of non-financial assets (continued)

assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, an appropriate valuation model is used. Impairment losses are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

(m) Provisions

Provisions are recognised when the Group and Company have a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss net of any reimbursement.

(n) Employee benefits

(i) Retirement benefit obligations

The Group operates a defined contribution scheme for all its employees. Contributions to the defined contribution plan are recognised in profit or loss as incurred and presented as an employee benefit expense. Any difference between the amount recognised in profit or loss and the contributions payable is recorded in the statement of financial position under other receivables or other payables.

(ii) Termination benefits

Termination benefits are recognised as an expense at the earlier of the following dates:

- When the Group can no longer withdraw the offer; and
- When the Group recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

(iii) Other Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(p) Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the period in which they are declared.

(q) Related party transactions

The Group discloses the nature, volume and amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the Directors, executive officers and Group or related companies.

(r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

i) Group as a lessee

The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. For leases of real estate for which the group is a lessee, it has elected to separate lease and non-lease components and instead accounted for them as separate component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability; any lease payments made at or before the commencement date less any lease incentives received; any initial direct costs; and restoration costs.Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

ii) Group as lessor

When assets are leased out under a finance lease, the present value of the lease payments is recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

2 Summary of significant accounting policies (continued)

(r) Leases (continued)

ii) Group as lessor (continued)

unearned finance income. Lease income is recognized over the term of the lease using the net investment method (before income tax expense), which reflects a constant periodic rate of return. Payments received under operating lease are charged to profit or loss on a straight-line basis over the period of the lease.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the management team who make decisions (under supervision of the Board of Directors) about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

(t) Comparatives

Where necessary, comparative figures have been adjusted to conform to presentation in the current year and changes in accounting policy.

3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Expected Credit Losses on trade receivables

The Group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss account, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated

In determining the Expected Credit Loss (ECL), the Group first determines the Historical Loss Rate (HLR) of a financial asset. The HLR is then evaluated and adjusted for expected future events and circumstances to determine the ECL that will be applied at each date.

ii) Provision for inventories

The Group assesses impairment for inventories at each reporting date. In determining whether inventories are impaired, the Group exercises judgement in determining the which items are considered to be impaired based on the age and future expected utilisation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management

The Group's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risks which mainly comprise effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing the financial risks. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Board Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Board Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board Audit Committee.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

The Risk Management Committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases references. Credit limits are established for each customer, which represents the maximum open amount without requiring approval from the Risk Management Committee. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for Groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments
The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a good credit rating. Given the good credit ratings, management does not expect any counterparty to fail to meet its obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

Write-off policy

Where it is considered that there is no realistic prospect of recovering an element of an account against which an impairment allowance has been raised, then that amount will be written off. The determination is reached after considering information such as the occurrence of significant changes in the customer's position such that the customer can no longer pay the obligation.

The maximum exposure to credit risk at the reporting date was:

	2020 Group		2019 Company	
	KShs'000	KShs'000	KShs'000	KShs'000
Debt investments (Note 16)	245,043	226,458	245,043	226,458
Term deposits (Note 21)	243,934	232,998	243,934	151,415
Trade receivables (Note 19)	399,722	328,865	392,187	329,135
Other receivables	52,332	38,750	33,508	15,186
Cash at bank (Note 22)	71,564	37,980	46,817	18,373
	1,012,595	865,051	961,489	740,567

No collateral is held on any of the above assets. The ageing of trade and contract receivables at the reporting date was as follows:

	2020 Group		2019 Company	
Trade receivables	KShs'000	KShs'000	KShs'000	KShs'000
Neither past due not impaired				
Not past due	185,013	120,955	183,801	110,384
Past due and impaired				
Past due 0-30 days	70,351	48,872	71,340	48,448
Past due 31-90 days	73,524	59,926	73,461	57,980
More than 90 days	190,965	207,926	210,061	219,318
	519,853	437,679	538,663	436,130
Expected credit losses	(120,131)	(108,814)	(146,476)	(106,995)
Net trade receivables	399,722	328,865	392,187	329,135

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

The gross trade receivables at the reporting date by geographic region was as follows:

	2020 Group		2019 Company	
	KShs'000	KShs'000	KShs'000	KShs'000
Kenya	518,362	412,271	538,663	436,130
Uganda	2	4,589	-	-
Tanzania	1,489	20,819	-	-
Total (Note 19)	519,853	437,679	538,663	436,130

The movement in expected credit losses in the year is as follows:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
At start of year	108,814	107,329	106,995	101,554
Impairment charge in the year	10,743	5,797	39,481	5,441
Write-off	-	(4,297)	-	-
Effect of exchange rates	574	(15)	-	-
At end of year	120,131	108,814	146,476	106,995

Cash balances held by financial institutions

The Company recognises loss allowances on cash balances at an amount equal to 12-month expected credit losses. The expected credit losses on cash balances are assessed by reference to external credit ratings such as Standard & Poor's Credit Rating Agency if available or historical information about counterparty default rates. The ECL was not material to the financial statements.

Intercompany receivables

Management assesses whether the individual intercompany debtors are in significant financial difficulty based on the net asset value of each entity. The net liquid position was therefore measured against the outstanding receivable and impairment losses booked as appropriate.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

Debt investments

	2020 KShs'000	2019 KShs'000
Treasury bills	251,161	232,906
Expected credit losses	(6,118)	(6,448)
Net investments	245,043	226,458
The movement in expected credit losses:		
At start of year	6,448	6,448
Decrease in the year	(330)	-
At end of year	6,118	6,448

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below analyses liabilities into relevant maturity groupings based on the remaining period at 31 December 2020 and 2019 to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(b) Liquidity risk (continued)

All figures are in thousands of Kenya shillings (KShs '000)

Group

	Less than 1 year	1-5 years	Over 5 years	Total
At 31 December 2020				
Lease liabilities (Note 25)	1,052	4,208	23,658	28,918
Trade and other payables (Note 26)	471,618	-	-	471,618
	472,670	4,208	23,658	500,536
At 31 December 2019				
Lease liabilities (Note 25)	1,000	4,000	23,000	28,000
Trade and other payables (Note 26)	545,625	-	-	545,625
	546,625	4,000	23,000	573,625

Company

	3-12 months	1-5 years	Over 5 years	Total
At 31 December 2020				
Lease liabilities (Note 25)	1,052	4,208	23,658	28,918
Trade and other payables (Note 26)	405,556	-	-	405,556
	406,608	4,208	23,658	434,474
At 31 December 2019				
Lease liabilities (Note 25)	1,000	4,000	23,000	28,000
Trade and other payables (Note 26)	464,731	-	-	464,731
	465,731	4,000	23,000	492,731

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated are South African Rand (ZAR), US Dollars (USD) and Great Britain Pound (GBP), Uganda Shillings (UShs) and Tanzania Shillings (TShs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

i) Currency risk (continued)

A 10 percent strengthening of the Kenyan Shilling against the following currencies at 31 December 2020 would have increased/(decreased) profit or loss and equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis has been performed on the same basis as in 2019.

Group

	Profit or loss / equity	
	2020 KShs '000	**2019 KShs '000**
As at 31 December		
US Dollar	(3,349)	(358)
GBP	(923)	(19)
Euro	970	(63)
Rand	(1,802)	1,940
Net impact	(5,104)	1,500

Company

	Profit or loss / equity	
	2020 KShs '000	**2019 KShs '000**
As at 31 December		
US Dollar	(3,349)	(342)
GBP	(923)	(19)
Euro	970	(63)
Rand	(1,802)	1,675
Net impact	(5,104)	1,251

A 10 percent weakening of the Shilling against the above currencies at 31 December 2020 would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Group

	Effective interest rate %	Less than a year KShs'000	Due between 1 and 5 years KShs'000	Over 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
As at 31 December 2020						
ASSETS						
Debt investments	9.25	245,043	-	-	-	245,043
Equity investment	-	-	-	-	179,685	179,685
Trade and other receivables	-				457,947	457,947
Term deposits	3.35	243,934	-	-	-	243,934
Cash at bank	-	-	-	-	71,564	71,564
	-	488,977	-	-	709,196	1,198,173
LIABILITIES						
Lease liabilities		42	232	8,546	-	8,820
Trade and other payables		-	-	-	473,389	473,389
		42	232	8,546	473,389	482,209
As at 31 December 2019						
ASSETS						
Debt investments	9.63	226,458	-	-	-	226,458
Equity investment	-	-	-	-	118,800	118,800
Trade and other receivables	-	-	-	-	374,357	374,357
Term deposits	6.92	232,998	-	-	-	232,998
Cash at bank	-	-	-	-	37,980	37,980
		459,456	-	-	531,137	990,593
LIABILITIES						
Lease liabilities	-	37	205	7,199	-	7,441
Trade and other payables	-	-	-	-	545,625	545,625
		37	205	7,199	545,625	553,066

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Company

	Effective interest rate %	Less than a year KShs'000	Due between 1 and 5 years KShs'000	Over 5 years KShs'000	Non-interest bearing KShs'000	Total KShs'000
As at 31 December 2020						
ASSETS						
Debt investments	9.25	245,043	-	-	-	245,043
Equity investment	-	-	-	-	179,685	179,685
Trade and other receivables	-	-	-	-	431,549	431,549
Term deposits	3.35	243,934	-	-	-	243,934
Cash at bank	-	-	-	-	46,817	46,817
		488,977	-	-	658,051	1,147,028
LIABILITIES						
Lease liabilities		42	232	8,546	-	8,820
Trade and other payables		-	-	-	408,091	408,091
		42	232	8,546	408,091	416,911
As at 31 December 2019						
ASSETS						
Debt investments	9.63	226,458	-	-	-	226,458
Equity investment	-	-	-	-	118,800	118,800
Trade and other receivables	-	-	-	-	350,968	350,968
Term deposits	6.92	151,415	-	-	-	151,415
Cash at bank	-	-	-	-	18,373	18,373
		377,873	-	-	488,141	866,014
LIABILITIES						
Lease liabilities	-	37	205	7,199	-	7,441
Trade and other payables	-	-	-	-	464,731	464,731
		37	205	7,199	464,731	472,172

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

An increase of one percentage point in interest rates at the reporting date would have increased/ (decreased) profit or loss and equity by the amounts shown below.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2019.

Effect in Kenyan Shillings thousands

	Profit or loss/equity			
	Group		Company	
	2020 KShs	2019 KShs	2020 KShs	2019 KShs
Interest bearing assets	4,890	3,541	4,890	3,109

A decrease of one percentage point in interest rates at the reporting date would have had an equal but opposite effect on the profit or loss, on the basis that all other variables remain constant.

(iii) Equity price risk

The Group is exposed to fluctuation in the market price on its equity investment. The fair value of the investment at 31 December 2020 and 31 December 2019 is as follows:

	2020 KShs	2019 KShs
Group and Company		
Equity investment (Note 16)	179,685	118,800

Sensitivity analysis on equity prices

A decrease of 10% in the share prices would have the following effect on the fair value.

Effect in Kenyan Shillings thousands

	Other reserves	
	2020 KShs	2019 KShs
Group and company		
Equity investment	(17,969)	(11,880)

An increase of 10% in the share price would have had an equal but opposite effect on the reserves, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

d) Fair value of financial assets and financial liabilities

The fair values of other financial assets and financial liabilities is the same as the carrying amounts as shown in the statement of financial position due to their short-term nature.

Group

	Financial assets at amortised cost KShs '000	Financial assets at FVOCI KShs '000	Other amortised cost KShs '000	Total carrying value KShs '000	Fair value KShs '000
2020					
Financial assets					
Equity and debt investments	245,043	179,685	-	424,728	424,728
Trade and other receivables	457,947	-	-	457,947	457,947
Term deposits	243,934	-	-	243,934	243,934
Cash at bank	71,564	-	-	71,564	71,564
	1,018,488	179,685	-	1,198,173	1,198,173
Financial liabilities					
Trade and other payables	-	-	471,618	471,618	471,618
Lease liabilities	-	-	8,820	8,820	8,820
	-	-	480,438	480,438	480,438
2019					
Financial assets					
Equity and debt investments	226,458	118,800	-	345,258	345,258
Trade and other receivables	374,357	-	-	374,357	374,357
Term deposits	232,998	-	-	232,998	232,998
Cash at bank	37,980	-	-	37,980	37,980
	871,793	118,800	-	990,593	990,593
Financial liabilities					
Trade and other payables	-	-	545,625	545,625	545,625
Lease liabilities	-	-	7,441	7,441	7,441
	-	-	553,066	553,066	553,066

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

d) Fair value of financial assets and financial liabilities (continued)

Company

	Financial assets at amortised cost KShs '000	Financial assets at FVOCI KShs '000	Other amortised cost KShs '000	Total carrying value KShs '000	Fair value KShs '000
2020					
Financial assets					
Equity and debt investments	245,043	179,685	-	424,728	424,728
Trade and other receivables	431,549	-	-	431,549	431,549
Term deposits	243,934	-	-	243,934	243,934
Cash at bank	46,817	-	-	46,817	290,751
	967,343	179,685	-	1,147,028	1,390,962
Financial liabilities					
Trade and other payables	-	-	405,556	405,556	405,556
Lease liabilities	-	-	8,820	8,820	8,820
	-	-	414,376	414,376	414,376
2019					
Financial assets					
Equity and debt investments	226,458	118,800	-	345,258	345,258
Trade and other receivables	350,968	-	-	350,968	350,968
Term deposits	151,415	-	-	151,415	151,415
Cash at bank	18,373	-	-	18,373	18,373
	747,214	118,800	-	866,014	866,014
Financial liabilities					
Trade and other payables	-	-	464,731	464,731	464,731
Lease liabilities	-	-	7,441	7,441	7,441
	-	-	472,172	472,172	472,172

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

4 Financial risk management (continued)

d) Fair value of financial assets and financial liabilities (continued)

Fair value hierarchy

The valuation hierarchy, and types of instruments classified into each level within that hierarchy, is set out below:

	Level 1	Level 2	Level 3
Fair value determined using:	Unadjusted quoted prices in an active market for identical assets and liabilities	Valuation models with directly or indirectly market observable inputs	Valuation models using significant non-market observable inputs
Types of financial assets:	Listed equities	None	None
Types of financial liabilities:	None	None	None

The table below shows the classification of financial instruments held at fair value into the valuation hierarchy set out below as at 31 December:

Group and Company

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2020:				
Financial assets at FVOCI				
Equity investments	179,685	-	-	179,685
Total assets	179,685	-	-	179,685
31 December 2019:				
Financial assets at FVOCI				
Equity investments	118,800	-	-	118,800
Total assets	118,800	-	-	118,800

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. Capital comprises all components of equity (i.e. share capital, retained earnings, and other reserves).

There is no externally imposed capital requirement.

There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5 Segment information

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(i) Business segments
The Group sells various products in each of subsidiaries. The products and services the Group offers its customers include:
- Medical and industrial gases
- Equipment, accessories & welding products
- Equipment and facilities rentals
- Service and delivery revenue

Due to the relatively small size of the Group, the Group trades in the above products and services without any significant separation as far as selling, marketing and distribution activities are concerned. For management purposes, the results of each business unit (entity) is reviewed separately for the purpose of making decisions.

Other than revenue, it is not practicable to segregate selling, distribution and administration expenses as well as assets and liabilities for each product and service as any apportionment would not result in meaningful information for decision making purposes.

(ii) Operating segments
The Group has three reportable segments which are the strategic business units in the following regions. These are Kenya, Tanzania and Uganda.

For each of the strategic business units, the Board reviews internal management reports. Information regarding the results of each reportable segment is described below. Performance is measured based on each segment profit before tax as indicated in the internal management reports that are reviewed by the Board.

	Kenya KShs'000	Tanzania KShs'000	Uganda KShs'000	Elimination KShs'000	Total KShs'000
Year ended 31 December 2020					
Revenue	1,093,798	6,725	1,291	(3,710)	1,098,104
Operating profit/(loss)	106,298	(17,083)	(1,129)	32,303	120,388
Net finance income	117,105	2,627	196	(84,046)	35,883
Profit/(loss) before income tax	223,403	(14,456)	(933)	(51,743)	156,271
Income tax expense	(56,261)	1,646	-	-	(54,615)
Profit/(loss) for the year	167,142	(12,810)	(933)	(58,983)	101,656

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5 Segment information (continued)

	Kenya KShs'000	Tanzania KShs'000	Uganda KShs'000	Elimination KShs'000	Total KShs'000
Year ended 31 December 2019					
Revenue	930,610	52,289	8,640	(15,676)	975,863
Operating profit/(loss)	61,036	(23,964)	(240)	916	37,748
Net finance income	47,364	39	4,383	-	51,786
Profit/(loss)before income tax	108,400	(23,925)	4,143	916	89,534
Income tax expense	(32,801)	(236)	(596)	-	(33,633)
Profit/(loss) for the year	75,599	(24,161)	3,547	916	55,901

Other segment items included in the profit or loss are:

	Note	Kenya KShs'000	Tanzania KShs'000	Uganda KShs'000	Total KShs'000
Year ended 31 December 2020					
Depreciation	12	92,074	2,181	677	94,932
Depreciation on right-of-use asset	13	513	-	-	513
Amortisation of intangible assets	14	62	-	-	62
Stock provisions and write-offs		71	1,418	-	1,489
Impairment of trade receivables					
Gross	7(b)	39,481	20	206	39,707
Group		(28,964)	-	-	(28,964)
Net		10,517	20	206	10,743

	Note	Kenya KShs'000	Tanzania KShs'000	Uganda KShs'000	Total KShs'000
Year ended 31 December 2019					
Depreciation	12	86,304	12,201	603	99,109
Depreciation on right-of-use asset	13	372	-	-	372
Amortisation of intangible assets	14	188	-	-	188
Stock provisions and write-offs		(7,918)	(216)	686	(7,448)
Impairment of trade receivables	7(b)	5,441	(218)	(219)	5,004

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

5 Segment information (continued)

The segment assets and liabilities at 31 December and capital expenditure for the period then ended are as follows:

	Kenya KShs'000	Tanzania KShs'000	Uganda KShs'000	Elimination KShs'000	Total KShs'000
Year ended 31 December 2020					
Assets	2,019,992	30,878	43,428	(5,040)	2,089,258
Liabilities	415,594	80,211	14,849	(28,964)	481,690
Capital expenditure:					
Additions to property, plant and equipment	35,574	-	-	-	35,574
Year ended 31 December 2019					
Assets	1,806,153	49,995	113,640	(31,237)	1,938,551
Liabilities	472,172	82,390	22,358	(23,671)	553,249
Capital expenditure:					
Additions to property, plant and equipment	102,098	-	-	(18,598)	83,500

Segment assets comprise property, plant and equipment, intangible assets, inventories, receivables, debt and equity investment and cash. They exclude current and deferred taxes.

Segment liabilities comprise operating liabilities. They exclude tax and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment and intangible assets.

6 Revenue

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Sale of medical and industrial gases	894,076	755,210	891,998	740,843
Equipment, accessories & welding products	78,428	84,122	75,507	50,304
Equipment and facilities rentals	43,922	51,530	43,922	51,392
Service and delivery revenue	81,678	85,001	82,371	88,071
	1,098,104	975,863	1,093,798	930,610
Recognised at a point in time	983,863	844,927	979,557	799,632
Recognised over time	114,241	130,936	114,241	130,978
	1,098,104	975,863	1,093,798	930,610

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

7 Other operating income and expenses

	Group		Company	
	2020 KShs'000	**2019 KShs'000**	**2020 KShs'000**	**2019 KShs'000**
(a) Other income				
Profit on disposal of property, plant and equipment	8,485	2,004	8,382	2,004
Other charges	5	72	-	72
	8,490	2,076	8,382	2,076
(b) Expenses by nature comprise:				
Product costs	304,086	253,287	302,663	227,575
Employee benefits and other staff costs	224,189	231,931	220,713	225,322
Electricity costs	140,549	145,252	140,533	145,223
Depreciation on PPE (Note 12)	94,932	99,109	92,074	86,304
Depreciation on RoUA (Note 13)	513	372	513	372
Amortisation of intangible assets (Note14)	62	188	62	188
Management fee	21,826	19,501	21,654	18,283
Vehicle expenses	34,389	35,484	33,554	34,210
Repairs & maintenance	50,049	25,211	49,900	25,132
Travel and accommodation	11,018	14,610	10,345	13,898
Security and cleaning services	19,548	17,967	17,784	16,479
Legal and professional Fees	32,229	34,117	25,796	22,524
Insurance	3,540	6,178	5,279	5,109
Directors fees	7,118	10,470	7,118	10,470
Auditor's remuneration	4,759	4,708	4,111	4,089
Foreign currency exchange gains	(3,127)	(255)	(167)	-
Foreign currency exchange loss	14,076	8,470	14,095	7,864
Other expenses	16,521	39,750	10,983	32,334
Impairment charge/(release) on financial assets:				
Impairment of trade receivables (Note 4a)	10,473	5,797	39,481	5,441
Other financial assets	(814)	(11,957)	(609)	(9,167)
Net impairment	9,929	(6,160)	38,872	(3,726)
Grand Total	986,206	940,190	995,882	871,650
Expenses by function comprise:				
Cost of sales	616,942	546,914	615,432	511,673
Distribution costs	102,374	95,268	100,679	92,296
Selling and administrative expenses	266,890	298,008	279,771	267,681
Grand Total	986,206	940,190	995,882	871,650

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

7 Other operating income and expenses (continued)

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
(c) Employee benefit expense				
The following items are included within staff costs				
Social security benefits	443	908	165	168
Retirement benefits costs: - defined contribution scheme	14,974	15,867	14,974	15,867

The average number of employees at 31 December 2020 was 70 (2019 – 70).

8 Finance income and finance costs

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
(a) Finance income				
Interest income	26,675	43,482	26,478	39,061
Dividend income	10,395	10,395	91,814	10,395
Total	**37,070**	**53,877**	**118,292**	**49,456**
(b) Finance costs				
Interest on lease liabilities (Note 25(c))	1,063	971	1,063	971
Interest on overdraft	124	1,121	124	1,121
Total	**1,187**	**2,092**	**1,187**	**2,092**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

9 Income tax expense

	Note	Group		Company	
		2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Current tax expense:					
Current income tax charge	20	79,011	19,156	78,844	18,807
Deferred income tax (credit)/charge	17	(24,396)	14,477	(22,583)	13,994
Income tax expense		54,615	33,633	56,261	32,801

The tax on the Group and Company profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Profit before income tax	156,271	89,534	223,402	108,400
Tax calculated at 25% (2019:30%)	51,234	26,860	55,850	32,520
Alternative minimum tax	33	183	-	-
Tax effect of:				
Dividend income taxed at 5%	(2,079)	(2,599)	(2,079)	(2,599)
Effect of use of change in tax rate	(3,764)	-	(3,764)	-
Expenses not deductible for tax	14,469	2,620	14,470	2,941
Non-taxable income	(11,457)	-	(11,457)	-
Prior year under provision of current tax	3,375	(6)	3,241	(61)
Deferred tax asset not recognised	2,804	6,575	-	-
Income tax expense	54,615	33,633	56,261	32,801

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders with the weighted average number of ordinary shares outstanding during the year.

There were no potentially dilutive shares outstanding at 31 December 2020 or 31 December 2019. Therefore, the dilutive earnings per share and the calculation thereof equals the basic earnings per share.

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Net profit attributable to shareholders	101,656	55,901	167,142	75,599
Weighted average number of ordinary shares in issue (Number)	19,525	19,525	19,525	19,525
Basic and dilutive earnings per share (KShs)	5.21	2.86	8.56	3.87

11 Dividends per share

At the next Annual General Meeting a final dividend in respect of the year ended 31 December 2020 of KShs. 4.15 per share amounting to a total of KShs 81,030,601 is to be proposed.

No interim dividend was paid in the year 2020. In 2019 an interim dividend of 2.35 per share, amounting to a total of KShs 45,884,798 was paid. No final dividend was paid in that year.

Payment of dividends is subject to withholding tax at a rate of either 5% for resident shareholders or 10% in for non-resident shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Property, plant and equipment

(a) Group

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Work in Progress KShs' 000	Total KShs' 000
2020							
Cost:							
At 1 January 2020	133,706	707,034	214,276	781,882	45,592	20,613	1,903,103
Reclassification	(9,816)	(28,841)	-	(1)	-	20,988	(17,670)
Currency translation	-	840	1,364	1,722	240	-	4,166
Additions	-	8,419	-	8,401	-	18,754	35,574
Transfers	-	1,378	1,676	16,447	33	(19,534)	-
Write-off	-	-	-	(162,437)	-	-	(162,437)
Disposals	(21,006)	(1,081)	(17,376)	-	(2,140)	-	(41,603)
At 31 December 2020	102,884	687,749	199,940	646,014	43,725	40,821	1,721,133
Depreciation:							
At 1 January 2020	(87,298)	(442,826)	(139,022)	(420,419)	(39,727)	-	(1,129,292)
Reclassification	9,818	(18,577)	26,430	(1)	-	-	17,670
Currency translation	-	(820)	(825)	(1,167)	(239)	-	(3,051)
Charge for the year	(2,891)	(35,569)	(21,906)	(31,641)	(2,925)	-	(94,932)
Write-off	-	-	-	130,253	-		130,253
Disposals	12,992	1,017	16,038	-	2,090	-	32,137
At 31 December 2020	(67,379)	(496,775)	(119,285)	(322,975)	(40,801)	-	(1,047,215)
Carrying value: At 31 December 2020	**35,505**	**190,974**	**80,655**	**323,039**	**2,924**	**40,821**	**673,918**

The reclassifications above of KShs 17,670,000 under both cost and depreciation, which have a nil effect on the total carrying value of property, plant and equipment, have been made to resolve offsetting differences between asset class values in the financial statements and the fixed asset register.

During the year, the Group received KShs 3,961,538 (2019 – KShs 2,197,455) from third parties for lost cylinders and disposal of trucks. The net book value of the disposed assets was KShs 38,634,166.

Work in progress comprises costs incurred ongoing projects. Such costs are capitalised when the project has been completed and brought into use. Reversal in the year relates to arising differences between accrued costs and actual cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Property, plant and equipment (continued)

(a) Group

	Land & buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Cylinders KShs'000	Furniture and equipment KShs'000	Work in progress KShs'000	Total KShs' 000
2019							
Cost:							
At 1 January 2019	133,755	592,295	226,907	775,193	41,744	76,409	1,846,303
Additions	-	10,230	1,169	6,594	65	65,442	83,500
Transfers	-	104,445	12,934	69	3,790	(121,238)	-
Disposals	-	-	(26,624)	-	-	-	(26,624)
Currency translation	(49)	64	(110)	26	(7)	-	(76)
At 31 December 2019	133,706	707,034	214,276	781,883	45,592	20,613	1,903,103
Depreciation:							
At 1 January 2019	(76,432)	(437,191)	(118,367)	(387,486)	(37,234)	-	(1,056,710)
Charge for the year	(10,874)	(32,104)	(20,712)	(32,918)	(2,500)		(99,109)
Disposals	-	26,431	-	-	-	-	26,431
Currency translation	8	38	57	(15)	7	-	95
At 31 December 2019	(87,298)	(442,826)	(139,022)	(420,419)	(39,727)	-	(1,129,292)
Carrying value: At 31 December 2019	**46,408**	**264,208**	**75,254**	**361,464**	**5,865**	**20,612**	**773,811**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Property, plant and equipment (continued)

(b) Company

	Land & Buildings KShs' 000	Plant & machinery KShs'000	Motor vehicles KShs'000	Cylinders KShs'000	Furniture and equipment KShs'000	Capital WIP KShs' 000	Total Fixed Assets KShs' 000
Cost:							
At 1 January 2020	123,890	677,459	194,382	758,928	42,248	41,601	1,838,508
Additions	-	8,419	-	8,401	-	18,754	35,574
Transfers	-	1,378	1,676	16,448	32	(19,534)	-
Write-off	-	-	-	(162,437)	-	-	(162,437)
Disposals	(21,006)	-	(9,004)	-	(74)	-	(30,084)
At 31 December 2020	102,884	687,256	187,054	621,340	42,206	40,821	1,681,561
Depreciation:							
At 1 January 2020	(77,480)	(450,274)	(101,112)	(405,304)	(36,419)	-	(1,070,589)
Charge for the year	(2,891)	(35,383)	(20,213)	(30,667)	(2,920)	-	(92,074)
Write-off	-	-	-	130,253	-		130,253
Disposal	12,990	-	9,003	-	58	-	22,051
At 31 December 2020	(67,381)	(485,657)	(112,322)	(305,718)	(39,281)	-	(1,010,359)
Carrying value: At 31 December 2020	35,503	201,599	74,732	315,622	2,925	40,821	671,202

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

12 Property, plant and equipment (continued)

(b) Company

	Land & buildings KShs'000	Plant & machinery KShs'000	Motor vehicles KShs'000	Cylinders KShs'000	Furniture and equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
2019							
Cost:							
At 1 January 2019	123,890	554,416	204,866	752,266	38,393	87,166	1,760,997
Additions	-	18,598	1,169	6,593	65	75,673	102,098
Transfers	-	104,445	12,934	69	3,790	(121,238)	-
Disposals	-	-	(24,587)	-	-	-	(24,587)
At 31 December 2019	123,890	677,459	194,382	758,928	42,248	41,601	1,838,508
Depreciation:							
At 1 January 2019	(74,541)	(419,753)	(106,991)	(373,334)	(34,060)	-	(1,008,679)
Charge for the year	(2,939)	(30,521)	(18,515)	(31,970)	(2,359)	-	(86,304)
Disposals	-	-	24,394	-	-	-	24,394
At 31 December 2019	(77,480)	(450,274)	(101,112)	(405,304)	(36,419)	-	(1,070,589)
Carrying value: At 31 December 2019	**46,410**	**227,185**	**93,270**	**353,624**	**5,829**	**41,601**	**767,919**

Included in property, plant and equipment are assets with a gross value o KShs. 167,271,960 (2019 - KShs 204,809,022) which are fully depreciated but still in use. The notional depreciation charge on these assets would have been KShs 30,337,251.31 (2019 – KShs 31 493 389).

There were no idle assets at 31 December 2020 and 2019. The Group had no property pledged as security as at 31 December 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

13 Right-of-use assets

Group and company

Right-of-use asset related to leased land.

	Note	2020 KShs'000	2019 KShs'000
Cost			
At 1 January		10,182	-
Initial application of IFRS	25 (a)	-	7,470
Additions		1,420	-
Transfer from prepaid operating lease		-	3,084
At 31 December		11,602	10,554
Deduct			
Depreciation charge for the year	27	(513)	(372)
Net carrying amount at 31 December		11,089	10,182

14 Intangible assets

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Cost:				
At start of the year	16,857	16,857	16,622	16,622
Accumulated amortisation				
At start of year	(16,795)	(16,607)	(16,560)	(16,372)
Charge for the year	(62)	(188)	(62)	(188)
At end of year	(16,857)	(16,795)	16,622	(16,560)
Net carrying amount at 31 December	-	62	-	62

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

15 Investment in subsidiaries

	Percentage shareholding	2020 KShs'000	2019 KShs'000
Company			
East African Oxygen Limited	100%	-	-
BOC Tanzania Limited	100%	10	10
BOC Uganda Limited	100%	50	50
Kivuli Limited	100%	-	-
Total		60	60

East African Oxygen Limited is incorporated in Kenya and is a dormant company.

BOC Tanzania Limited and BOC Uganda Limited are incorporated in Tanzania and Uganda respectively. The principal activity of the companies is the sale of industrial and medical gases, and welding products.

Kivuli Limited, a structured consolidated entity, is incorporated in Kenya and holds certain investments on behalf of BOC Kenya Plc.

16 Equity and debt investments - Group and Company

Quoted shares at FVOCI

	2020 KShs'000	2019 KShs'000
Non-current:		
At start of year	118,800	149,014
Increase/(decrease) in fair value	60,885	(30,214)
At end of year	179,685	118,800
Treasury bills at amortised cost		
Current:		
Treasury bills	251,161	232,906
Less expected credit losses	(6,118)	(6,448)
At end of year	245,043	226,458

The weighted average effective interest rate on the treasury bills at year end was 8.89% (2019: 9.36%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

17 Deferred income tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2019 – 30%).

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Deferred income tax	33,267	8,871	33,267	10,684

The movement on the deferred tax account is as follows:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
At start of year	8,871	28,270	10,684	24,678
Recognised in profit or loss (Note 9)	24,396	(14,477)	22,583	(13,994)
Recognised in OCI	-	(4,923)	-	-
Currency translation differences	-	1	-	-
At end of year	33,267	8,871	33,267	10,684

Consolidated deferred tax assets and deferred tax charge/(credit) to profit or loss account are attributable to the items on the next two pages:

Deferred tax of KShs 2,804,693 (2019 – KShs 6,575,000) relating to tax losses and taxable temporary differences in a subsidiary Company have not been recognised in these financial statements due to uncertainty on the profitability of the subsidiary Company in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

17 Deferred income tax (continued)

(a) Group

	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	Recognised in other comprehensive income Kshs '000	Foreign currency translation differences Kshs '000	At 31 December Kshs '000
Year ended 31 December 2020					
Property, plant and equipment	(52,055)	25,878	-	-	(26,177)
Accrued expenses and provisions	62,920	(1,859)	-	-	61,061
Other temporary differences	(1,994)	377	-	-	(1,617)
Totals	8,871	24,396	-	-	33,267

	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	Recognised in other comprehensive income Kshs '000	Foreign currency translation differences Kshs '000	At 31 December Kshs '000
Year ended 31 December 2019					
Property, plant and equipment	(55,648)	3,593	-	-	(52,055)
Accrued expenses and provisions	85,533	(22,613)	-	-	62,920
Unrealized loss on FVOCI financial assets	2,830	2,093	(4,923	-	-
Other temporary differences	(4,445)	2,450	-	1	(1,994)
Totals	28,270	(14,477)	(4,923)	1	8,871

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

17 Deferred income tax (continued)

(b) Company

	At 1 January KShs '000	Recognised in profit or loss KShs '000	Recognised in other comprehensive income KShs '000	At 31 December KShs '000
Year ended 31 December 2020				
Property, plant and equipment	(50,242)	24,065	-	(26,177)
Accrued expenses and provisions	62,920	(1,859)	-	61,061
Other temporary differences	(1,994)	377	-	(1,617)
Totals	10,684	22,583	-	33,267
Year ended 31 December 2019				
Property, plant and equipment	(54,200)	3,958	-	(50,242)
Accrued expenses and provisions	84,481	(21,561)	-	62,920
Unrealized loss on FVOCI financial assets	2,830	2,093	(4,923)	-
Other temporary differences	(3,510)	1,516	-	(1,994)
Totals	29,601	(13,994)	(4,923)	10,684

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

18 Inventories

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Raw materials	11,654	18,058	11,654	18,058
Finished goods and other saleable stock	107,283	98,015	100,479	89,374
Spares	65,215	58,370	65,215	58,370
Goods in transit	21,625	27,419	20,765	26,268
Impairment allowance	(45,765)	(46,830)	(40,767)	(40,838)
Total	160,012	155,032	157,346	151,232

The cost of inventory recognised as an expense and included in cost of sales amounted to KShs 553,517,000 (2019 – KShs 517,016,000) for Group and KShs 546,286,000 (2019 – KShs 490,750,000) for Company.

19 Trade and other receivables

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Trade receivables	448,610	343,640	438,457	318,232
Contract assets	41,349	68,775	41,349	68,775
Receivables from related companies (Note 30(c))	29,894	25,264	58,857	49,123
Total	519,853	437,679	538,663	436,130
Less allowance	(120,131)	(108,814)	(146,476)	(106,995)
Net of impairment allowance	399,722	328,865	392,187	329,135
Deposits and prepayments	5,893	6,742	5,854	6,647
Other receivables	52,332	38,750	33,508	15,186
Total	457,947	374,357	431,549	350,968

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

20 Current income tax

	Note	Group		Company	
		2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
At 1 January		53,905	35,810	42,390	25,731
Tax paid	27	35,733	37,191	35,236	35,466
Charge for the year	9	(79,011)	(19,156)	(78,844)	(18,807)
Foreign currency translation		918	(60)	-	-
At 31 December		11,547	53,905	(1,218)	42,390
Tax recoverable		12,799	54,088	-	42,390
Tax payable		(1,252)	(183)	(1,218)	-
At 31 December		11,547	53,905	(1,218)	42,390

21 Term deposits

Term deposits comprise fixed and call deposits with financial institutions whose maturities are above three months.

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Maturing in the year:				
Original maturity of 3 months	243,934	-	243,934	-
Maturing after 3 months	-	232,998	-	151,415
	243,934	232,998	243,934	151,415

The weighted average effective interest rate on the treasury bills at year end was 3.35% (2019: 6.92%)

The expected credit loss was not material to the financial statements. (2019: Not material).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

22 Cash and cash equivalents

For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Deposits maturing within three months (Note 21)	243,934	-	243,934	-
Cash at bank	71,564	37,980	46,817	18,373
Total	315,498	37,980	290,751	18,373

23 Share capital and share premium

(a) Share capital

	Number of shares	Share capital KShs'000
Group and Company:		
Authorised (ordinary shares)	20,000,000	100,000
Issued and fully paid 2020 and 2019	19,525,446	97,627

The total authorised and issued number of ordinary shares is 19,525,446 with a par value of Shs 5 per share. All issued shares are fully paid up.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Share premium

Share premium arose when the shares of the Company were issued at a price higher than the nominal (par) value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

24 Other reserves

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Fair value reserve	130,893	70,008	129,958	69,073
Foreign currency translation reserve	(25,911)	(31,628)	-	-
Total	104,902	38,380	129,958	69,073

(a) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of financial instruments measured at fair value through Other Comprehensive Income (OCI), recognised in other comprehensive income excluding impairment losses, until the investment is derecognised.

(b) Foreign currency translation reserve

Translation reserves relate to differences arising from closing and opening exchange rates applicable to assets and liabilities in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

25 Lease liability

The Company leases land in Nairobi Industrial Area where its offices and production facilities are located as well as in Mombasa and Kisumu where it has branch offices. Information on these leases for which the Company is a lessee is presented below.

	Note	Group and Company	
		2020 KShs'000	2019 KShs'000
(a) Lease liability			
At 1 January		7,441	7,470
Additions		1,420	-
Interest on lease		1,063	971
Payment/payable in the year		(1,104)	(1,000)
At 31 December		8,820	7,441
Non-current		7,768	6,556
Current		1,052	885
		8,820	7,441
(b) Leases terms			
		Lease Term	Unexpired Lease Term
Nairobi		99 years	28 years
Mombasa		55 years	27 years
Kisumu		99 years	70 years
(c) Amounts recognised in profit or loss			
Depreciation of right-of-use assets		513	372
Interest on lease liabilities	8(b)	1,063	971
(d) Amount recognised in statement of cash flows			
Total cash outflows for leases		1,104	1,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

25 Lease liability (continued)

(e) Maturity analysis

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date

	Group and Company	
	2020 KShs'000	**2019 KShs'000**
Not later than one year	1,052	1,000
Between 1 and 5 years	4,208	4,000
Longer than five years	23,658	23,000
Total	28,918	28,000

26 Trade and other payables

	Group		Company	
	2020 KShs'000	**2019 KShs'000**	**2020 KShs'000**	**2019 KShs'000**
Cylinder deposits	176,187	213,385	142,598	182,090
Trade payables	95,099	137,999	87,292	122,443
Amounts due to related companies (Note 30(d))	80,383	37,631	80,383	30,037
Accruals and other payable	119,949	156,610	95,283	130,161
Total	471,618	545,625	405,556	464,731

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

27 Cash generated from operations

Reconciliation of profit before income tax to cash generated from operating activities:

	Note	Group		Company	
		2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Profit before tax		156,271	89,534	223,403	108,400
Adjustments for:					
Depreciation on PPE	12	94,932	99,109	92,074	86,304
Depreciation on ROU asset	13	513	372	513	372
Amortisation of intangible assets	14	62	188	62	188
Profit on sale of property and equipment		(8,485)	(2,004)	(8,382)	(2,004)
Impairment of PPE	12	32,184	-	32,184	-
Effect of foreign currency translations		(305)	387	-	-
Interest income	8	(26,674)	(41,390)	(26,478)	(36,969)
Interest on overdraft		124	1,121	124	1,121
Interest on lease liability	25	1,063	971	1,063	971
Dividend income		(10,395)	(10,395)	(91,814)	(10,395)
Changes in working capital:					
Trade and other receivables		(83,590)	(68,129)	(80,581)	(70,433)
Inventories		(4,980)	7,591	(6,114)	(2,005)
Trade and other payables		(74,007)	(36,329)	(59,226)	(8,926)
Cash generated from operating activities		76,713	41,026	76,828	66,624

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

28 Contingent liabilities

At 31 December 2020, the Group and Company's Bankers had issued various guarantees in favour of third parties (primarily the Group and Company's public sector customers) amounting KShs 25,211,046 (31 December 2019 – KShs 26,396,776).

The Company has the following bank facilities:

Facility description	Limit (US$)
Letters of credit and guarantees	2,000,000
Working capital and advances	1,000,000
Foreign exchange	500,000

There are certain pending tax and legal claims brought against the Group and Company as at 31 December 2020 for which a provision has been made in the books, where deemed necessary.

In the opinion of the Directors, after taking appropriate legal advice, the outcome of certain tax and legal claims will not give rise to any significant loss beyond the amounts already provided in these financial statements.

29 Capital commitments

At 31 December 2020, the Group had capital commitments of KShs 45,011,174 (2019 – KShs 18,706,119).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

30 Related party transactions

The ultimate parent of the Group is Linde plc a company incorporated and domiciled in Ireland. There are other companies that are related to BOC Kenya Plc through common shareholdings or common Directorships.

The following transactions were carried out with related parties:

	2020 KShs'000	2019 KShs'000
(a) Purchase of goods and services		
Group		
BOC Group plc	6,264	9,031
African Oxygen Limited	50,804	50,361
Cryostar France	3,210	-
Total	60,278	59,392
Company		
BOC Group plc	6,264	9,031
African Oxygen Limited	50,615	36,655
Cryostar France	3,210	-
Total	60,089	45,686

Expenses incurred on behalf of other related parties were recharged at actual cost.

	Company	
	2020 KShs'000	2019 KShs'000
(b) Sales to subsidiaries		
Sales to subsidiaries:		
BOC Tanzania Limited	2,778	10,631
BOC Uganda Limited	931	5,045
Total	3,709	15,676

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

30 Related party transactions (continued)

(c) Outstanding balances included in receivables

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
Due to BOC Kenya Plc:				
African Oxygen Limited	29,894	25,264	29,894	25,264
BOC Tanzania Limited	-	-	28,963	19,949
BOC Uganda Limited	-	-	-	3,910
Total	29,894	25,264	58,857	49,123

(d) Outstanding balances arising from the purchase of goods and services

	Group		Company	
	2020 KShs'000	2019 KShs'000	2020 KShs'000	2019 KShs'000
BOC Group plc	75	86	75	86
African Oxygen Limited	79,242	37,545	79,242	29,951
Linde A.G.	-	-	-	-
Afrox Zambia	1,066	-	1,066	-
Total	80,383	37,631	80,383	30,037

(e) Key management compensation

	2020 KShs'000	2019 KShs'000
Group and Company		
Salaries and short-term benefits	37,269	46,794

Key management compensation relates to salary and benefits paid to senior members of management excluding executive directors (whose remuneration is disclosed below)

(f) Directors' remuneration

	Group and Company	
	2020 KShs'000	2019 KShs'000
Fees	7,118	10,470
Salaries and short-term benefits	35,244	37,476
Total	42,362	47,946

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020 (continued)

30 Related party transactions (continued)

(g) Dividends paid

	Company	
	2020 KShs'000	2019 KShs'000
Group and Company		
BOC Group Plc	-	66,381

31 Subsequent events

No other matters or circumstances have occurred since the balance sheet date that would significantly affect the operations or the state of affairs of the Group in subsequent financial years.

BOC KENYA PLC

PROXY FORM FOR THE 2021 ANNUAL GENERAL MEETING

I/We____

of P.O. Box ____

Share Account No. ______________________ being a Shareholder/Shareholders of the above-named Company hereby appoint:

Proxy Name: ______________________________

Proxy P O Box ______________________________

Proxy Mobile No. ______________________________

Proxy Emil address: ______________________________

and failing him/her the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held Virtually on Thursday 24 June 2021 at 11.00 a.m., and at any adjournment thereof.

Dated this _________ day of 2021.

Signature(s)/Seal: ______________________

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Notes

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Such proxy need not be a member of the Company.

2. A form of proxy must be completed and signed by the shareholder or the shareholder's attorney duly authorized in writing. In the case of a shareholder being a limited liability company, this form must be completed under its common seal or under the hand of an attorney duly authorized in writing.

3. Proxies must be received by the Company's Share Registrars Registered Office, Custody & Registrars, 1st Floor, Tower B, IKM Place, 5th Ngong Avenue, P. O. Box 8484 – 00100, Nairobi, so as to arrive not later than **12:00 noon** on **Thursday 24 June, 2021**.

   Duly signed proxy forms and ID copies may also be emailed to proxy@candrgroup.co.ke in PDF format. (Attach a copy of your National ID for individual members and a copy of the National ID of the proxy appointed. For Corporates attach a copy of Certificate of Incorporation and copies of the Directors National ID/proxy appointed)

4. A member can also appoint a proxy during registration via USSD ***384*039#** by following the prompts.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BOC GASES

BOC Kenya Plc
Kitui Road, off Kampala Road
P O Box 18010
00500 Industrial Area
Nairobi, Kenya
Telkom: +254 20 6944000
Safaricom + 254 719 069000
Fax: + 254 20 6944001
Email: boceastafrica@boc.com
www.boc.co.ke