BOC
A Linde company

2021 BOC KENYA PLC ANNUAL REPORT AND FINANCIAL STATEMENTS

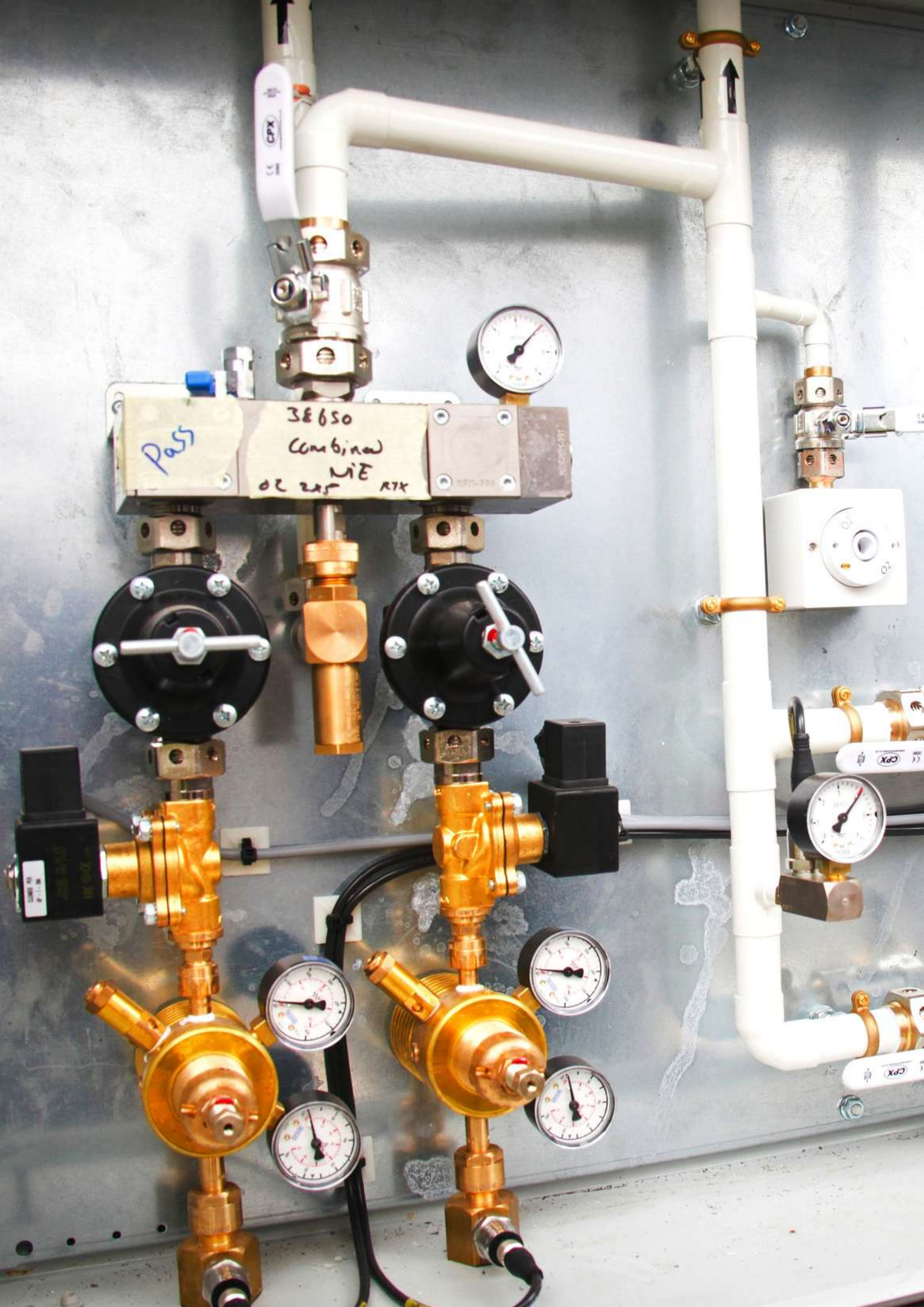
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TABLE OF CONTENTS

NOTICE OF THE 2022 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighty-First Annual General Meeting of **BOC Kenya PLC** will be held Virtually on 23 June 2022, 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 2021, together with the Reports of the Chairman, Directors and Auditors thereon.

2. To declare a final dividend of KES 2.90 per ordinary share, payable, net of Withholding Tax, on or about 19 July 2022 to Shareholders on the Register at the close of business on 27 May 2022.

3. To re-elect Directors:

   (i) Mr. J. Ramashala, retires and being eligible, offers himself for re-election in accordance with Article 28 of the Articles of Association.

   (ii) Mrs. M. Gathoga-Mwangi and Mr. S. Maina retire by rotation, and being eligible, offer themselves for re-election in accordance with Article 29 of the Articles of Association.

   (iii) In accordance with the provisions of Section 769 of the Companies Act 2015, Mr. S. Maina, Mr. J. Ramashala 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 2021.

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

25 April 2022

- Notes accompanying this Notice of Annual General Meeting are contained on pages 3 to 6.
- This Notice is also available for download on the Company's website www.boc.co.ke.

NOTICE OF THE 2022 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*041#** or via a link to the AGM Platform that will be sent to them via SMS and/or Email and follow 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 **Monday 13 June 2022 at 08:00am** and will close on **Wednesday 22 June 2022 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 the link to the AGM Platform to view the livestream, vote and submit questions. Shareholders without internet access can access the Virtual AGM and vote and submit questions via USSD using short code number ***384*041#**.

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

   (i) Accessing Virtual AGM via the link to the AGM 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*041#; Use the menu prompts to Select 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 22 2022 by 12:00 Noon.

7. Shareholders wishing to vote may do so by:

(i) Accessing Virtual AGM via the link to the AGM 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 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 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 2022 ANNUAL GENERAL MEETING (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 21 June 2022**.

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 **22 June 2022 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 2021 have been made available on the Company’s website www.boc.co.ke in the downloads section of the website.

NOTICE OF THE 2022 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 23 JUNE 2022

ORDINARY BUSINESS

Agenda Item 1 - Report and Accounts 2021

Resolution 1:

THAT the Report of the Directors and the Financial Statements for the year ended 31 December 2021, 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 2021 were approved by the Board of Directors on 25 April 2022 and are presented and proposed for adoption by Shareholders.

Agenda Item 2 - Dividend

Resolution 2:

THAT a final dividend of KES 2.90 per ordinary share payable, net of Withholding Tax, on or about the 19 July 2022 to Shareholders on the Register at the close of business on 27 May 2022 be and is hereby approved.

The final dividend was approved by the Board of Directors on 25 April 2022 and is recommended for approval by Shareholders.

Agenda Item 3 – Re-election of Directors

Resolution 3:

THAT Mr. J. Ramashala be and is hereby re-elected a Director of the Company in accordance with Article 28 of the Articles of Association.

Upon recommendation by the Nominations and Corporate Governance Committee Mr. J. Ramashala was appointed as a Director by the Board effective 13 September 2021. In accordance with Article 28 of the Company's Articles of Association Mr. J. Ramashala retires and offers himself for re-election.

Resolution 4:

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

Mrs. M. Gathoga-Mwangi resigned as Managing Director of the Company on 31 December 2021 but remained on the Board as a Non-Executive Director. She retires by rotation and offers herself for re-election in accordance with Article 29 of the Company's Articles of Association.

Resolution 5:

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

Mr. S. Maina retires by rotation and offers herself for re-election in accordance with Article 29 of the Company's Articles of Association.

NOTICE OF THE 2022 ANNUAL GENERAL MEETING (continued)

Explanatory Notes to Resolutions proposed to be passed at the AGM to be held on 23 JUNE 2022 (continued)

Resolution 5: (continued)

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 pages 27 to 29 of the Annual Report 2021.

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.

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

Resolution 6:

THAT Mr. Steve Maina, Mrs. Cosima Wetende and Mr. J. Ramashala 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 above-named Directors offer themselves for re-election to continue to serve as Members of the Board Audit & Risk Committee.

Agenda Item 4 - Directors Remuneration and Remuneration Report

Resolution 7:

THAT the Directors remuneration as stated in Note 30(f) to the Financial Statement and the Remuneration Report set out on page 55 of the Company's 2021 Annual Report, be and are hereby Approved.

Resolution 7 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 on page 55 of the 2021 Annual Report posted on the Company's website www.boc.co.ke.

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

Resolution 8:

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.

PricewaterhouseCoopers LLP have 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 their 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. J. Ramashala*	
Mrs. C. Wetende**	
Mr. S. Maina**	
Ms. R. T. Ngobi	(Company Secretary)

Audit and Risk Committee

Mr. S. Maina**	(Chairman)
Mr. J. Ramashala *	
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

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

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

Nationality where not Kenyan

Mr. J. Ramashala (South African)

Auditor

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

Transfer Agents

Custody & Registrar Services Limited
IKM Place, 1st floor Fifth Ngong Ave, Nairobi
PO Box 8484 – 00100
Nairobi

Advocates

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

J.A Guserwa & Company Advocates
5th Avenue Office Suits
PO Box 8384-00200
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 and industrial 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, is a leading global industrial gases and engineering company with 2021 sales of $31 billion (€26 billion). 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 a variety of specialized 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.

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.

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

ABOUT US (continued)

Mission and values

We live the Linde mission of making our world more productive by providing high-quality solutions, technologies and services to our customers more successful and helping to sustain and protect our planet.

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.

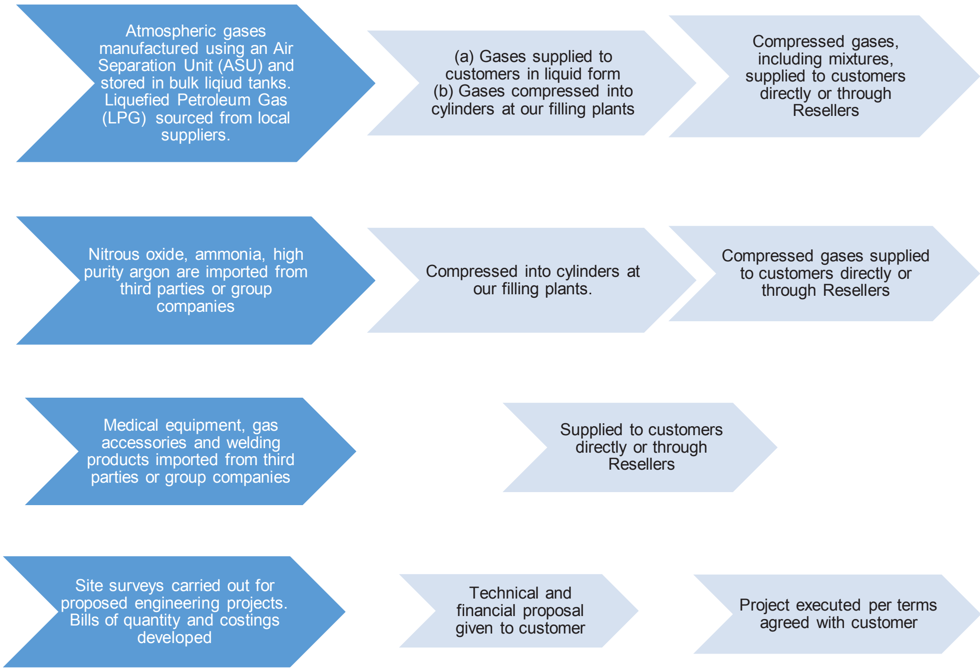
We seek to consolidate and grow the medical gases segment and to maintain and grow the industrial gases segment (especially oxygen and dissolved acetylene) and aim to become the gas supplier of choice in the Kenyan market. We seek to partner with real estate developers for Liquefied Petroleum Gas (Gas) 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 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 2021.

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

Proposed Shares Acquisition

As noted in our Annual Report and Financial Statements for the prior year (2020), Carbacid Investments Plc and Aksaya Investments LLP published a Notice of Intention to acquire 100% of the Ordinary Shares of the Company on 26 November 2020. Arising therefrom the Directors of the Company commenced the process of facilitating the transaction in accordance applicable laws and regulations, not least the Capital Markets (Take-Overs and Mergers) Regulations 2002.

However, as Shareholders will no doubt be aware from the Notices subsequently published by the Company, this matter is now pending before the Capital Markets Tribunal (CMT) following the lodging of an appeal at the Tribunal by a minority shareholder. There have been another two matters in respect of the transaction that were filed at the High Court, one of which has not yet been concluded before the Court.

In view of the above ongoing litigation, the proposed transaction remains in abeyance awaiting completion of the legal processes, and further guidance from the CMT and the High Court.

The Directors remain committed to ensuring that the Board fulfils its mandate and responsibilities under applicable law and will keep shareholders informed through public notices in the print media as well as on the company's website, as further information becomes available.

COVID-19

The year 2021 was a challenging one for the Company due to a high of Covid-19 hospitalisations and the ensuing demand for medical oxygen.

As noted in the Managing Director's report, it became necessary for the Company to supplement its locally produced oxygen with imports to ensure that the Company's customers in the health care sector did not suffer oxygen outages. I am pleased to report that the objective of keeping the hospitals supplied was met, and I commend all those in the Company and our affected customers for surmounting the logistical and other challenges encountered in making sure the gas was made available to patients at the various health care facilities.

Business overview

The Company's consolidated financial results for the year are discussed in the Managing Directors report from page 13 to 17.
Turnover increased by 25.8% from prior year driven by increased Covid-19 demand for medical oxygen also increased revenues from Industrial Gases and from Customer Engineering Services projects

CHAIRMAN'S STATEMENT (continued)

Whereas the peak demand of oxygen 2021 may not recur in 2022 as Covid-19 infection and hospitalization rates locally have been decreasing, the pandemic led to a realisation by various health sector stakeholders on the importance of oxygen therapy in patient care. This in turn has spurred sudden growth in medical oxygen infrastructure, building on a health care sector that has been growing in organically for many years before the Covid-19 pandemic. The Directors are pleased that the Company continues to be an important participant in this growth and has the necessary industry knowledge and expertise in providing medical oxygen solutions to its existing and new customers.

The Company is also focused on the industrial gases sector, where its products include industrial oxygen and dissolved acetylene. We will continue working with our distributors to ensure availability of these products to our customers nearest to the point of use. However, the Company expects a challenging year for dissolved acetylene due to steeply rising commodity prices in the world market, which have adversely affected the cost of calcium carbide, the source raw material for acetylene gas. We will endeavour to mitigate this through Company-wide productivity initiatives.

Meanwhile, we look forward to the Government's promised reduction in the cost of power in 2022. This will greatly assist in maintaining competitive customer pricing as electricity constitutes our largest input cost in the production of oxygen and nitrogen. To ensure efficient consumption of energy the Company's ensures that the Plant is operating optimally at all times, and the target output for gas for a kilowatt hour of electricity consumed by the Plant is met.

The Directors remain committed to the maintenance of a strong risk management and corporate governance environment, both being foundational to good financial performance and business sustainability for the coming years.

Board of Directors

The following changes have occurred on the Board of Directors since the last Annual General Meeting (AGM) of the company on 24 June 2021:

- Resignation of Marius Kruger and Ruben Chetty
- Appointment of Joseph Ramashala

On behalf of the Board, the Shareholders and members of staff I wish to thank Marius and Ruben for their many years of service as Directors of the Company, and their willingness to continue being available to provide any necessary support in their capacities as senior managers with the African Oxygen Company (Afrox), the Linde Group Company in South Africa.

I also welcome Joseph to the Board, whom we look forward to working with, especially in his area of expertise, Sales, Marketing and Business Development.

Appreciation

I wish to thank our customers across the various industries for trusting us to supply your requirements for gases, medical gases pipelines, welding products as well as gas accessories. Our aspiration remains to continue meeting your expectations with products that are of the highest quality and safety standards.

Finally, we recognize and acknowledge our employees', distributors and other partners who all different ways contribute to the business and its success. We look forward to developing these partnerships further in the coming years as we seek to be of better service to our customers. Our shareholders can be assured of the Boards commitment to strengthen the business in the coming years.

Robert Mbugua
Chairman

25 April 2022

MANAGING DIRECTOR'S REPORT

BOC Kenya Plc's (BOC) immediate majority shareholder is BOC Holdings (UK) and the ultimate majority shareholder is Linde plc.

About Linde

Linde is a leading global industrial gases and engineering company with sales of $31 billion (€26 billion) in the year 2021. The Group's mission is making our world more productive every day by providing high-quality solutions, technologies and services which are making our customers more successful and helping to sustain and protect our planet.

The Group serves a variety of end markets including chemicals & energy, food & beverage, electronics, healthcare, manufacturing, metals and mining. Linde's industrial gases are used in numerous applications, from life-saving oxygen for hospitals to high-purity & specialty gases for electronics manufacturing, hydrogen for clean fuels and much more. Linde also delivers state-of-the-art gas processing solutions to support customer expansion, efficiency improvements and emissions reductions.

Vision and Mission

BOC Kenya's vision is to be the best performing medical and industrial gases company in East Africa, where our people deliver innovative and sustainable solutions for our customers in a connected world.
In line with the Linde Group Mission, we seek to make our world more productive. This 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 grow with customers
- Profitably and sustainably grow our industrial and medical gases business by increasing density.

Values

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.

MANAGING DIRECTOR'S REPORT (continued)

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.

Inclusion

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

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.

Key performance indicators

Revenue streams

The Company's core products are oxygen (which has both medical and non-medical applications), nitrogen and dissolved acetylene (DA). Oxygen and nitrogen are supplied to customers either in liquid form or packaged (compressed) into high pressure cylinders. The Company also constructs pipelines for the gases that it supplies - especially medical gases pipelines in health care facilities - and procures and installs storage tanks for such gases.

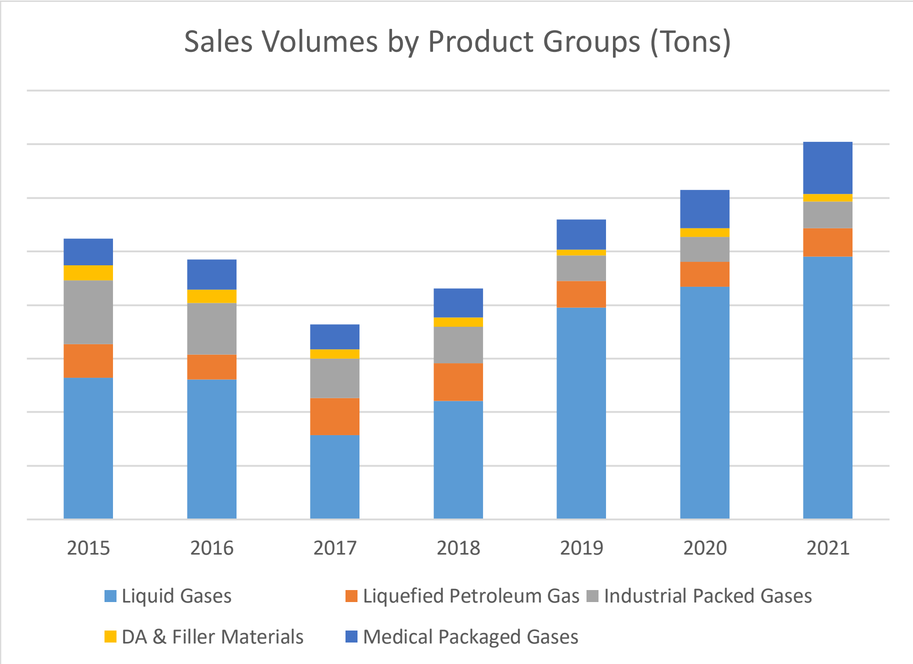
Gas sales in liquid form comprise medical oxygen supplied to hospitals that have cryogenic storage that are either owned by the Company or by the customer. The oxygen is then delivered to the patient at the bedside through medical pipelines in their wards and other patient care areas. Liquid oxygen and liquid nitrogen is supplied to customers and is likewise piped to the point of use. Filler materials constitute welding products.

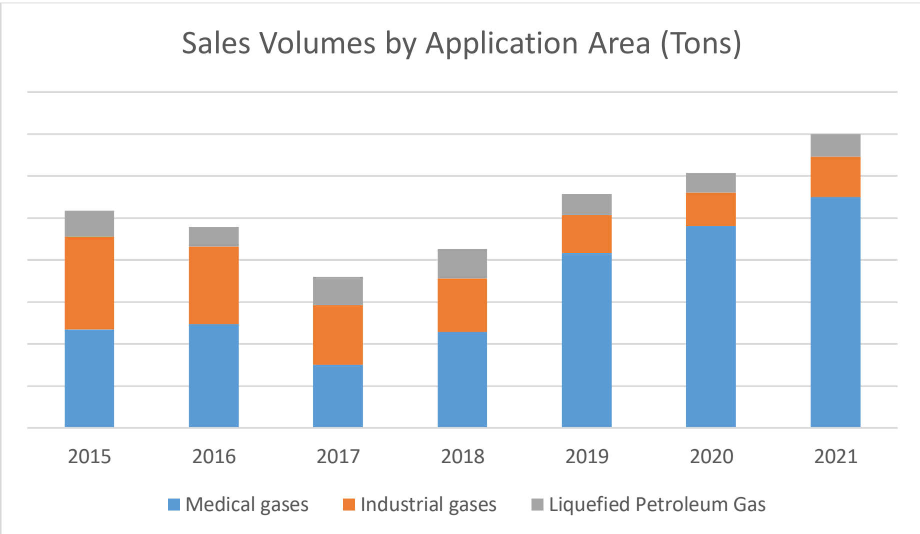
Sales volumes

During the year the Company recorded increased sales volumes across its various product groups, contributing to the 25.8% increase in revenue as reported in the Directors' Report on page 33.

Volumes of medical gases grew 17.1%, driven medical oxygen whose demand rose during Covid-19 related hospitalization and corresponding increase expansion of both consumption and new customers. Volumes of industrial gases grew 17.1% as the economy recovered from the downturn experienced at the outset of Covid-19 in 2020 and the ensuing movement restrictions of that year along with a renewed focus on the sector internally.

MANAGING DIRECTOR'S REPORT (continued)





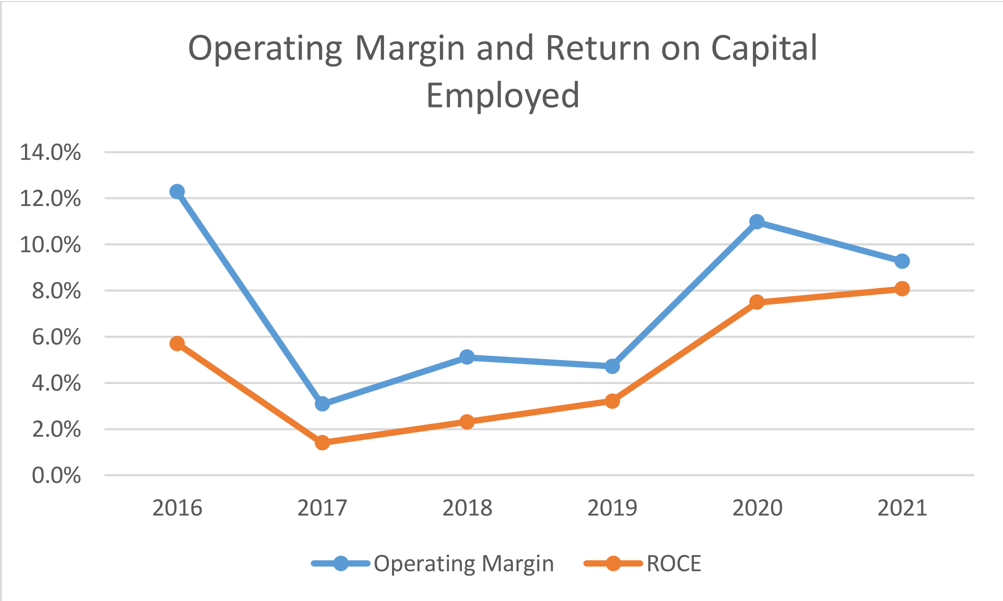
Profitability and Return on Capital Employed (ROCE)

Whereas Turnover increased 25.8% from 2020 to Gross Profit rose by 16.4%. The lower growth in Gross Profit was due to more expensive medical oxygen that the Company imported to supplement local production when hospitalizations were rose at a high rate quite fast. The Company absorbed part of the attendant cost increases as it sought to maintain competitive pricing in what was a difficult and volatile pandemic environment. Though the gross profit as a percentage of revenue decreased from 43.8% to 40.5% on account of the increased costs, it was above the target threshold of 40%.

Operating Profit increased by 6.4% from KShs 120.4 Million to KShs 128.1 Million, lower than the 16.4% realised in gross profit amount due to a 16.3% increase in Selling and Administration costs which was driven by a material cost of KShs 25.4 Million in legal and other costs arising from the proposed divestment of shares by the Company's majority shareholder, BOC Holdings (UK). Selling and Administration expenses reflect an increase due to the comparator of

MANAGING DIRECTOR'S REPORT (continued)

2020 when there was a once-off liability write-back and reestablishment of variable pay in 2021 for employees that had been suspended in prior years.



Various other financial performance KPIs are presented on the table below.

	2017	2018	2019	2020	2021
Revenue	967,626	966,543	975,863	1,098,104	1,381,768
Gross profit	53.7%	49.7%	44.0%	43.8%	40.5%
Distribution costs	111,841	110,693	95,268	102,374	105,122
Selling & Admin costs	348,864	305,987	298,008	266,890	325,707
Operating profit	29,677	49,315	37,349	120,388	128,144
Operating profit/sales	3.1%	5.1%	3.9%	11.0%	9.3%
Quick assets2	721,758	667,388	497,436	560,541	585,794
Quick ratio	1.2	1.1	0.9	1.2	1.5
Liquidity ratio	2.0	1.9	2.0	2.5	2.9
Debt to equity ratio	0.38	0.41	0.38	0.30	0.3
Long term debt	Nil	Nil	Nil	Nil	Nil
Dividends	101,532	101,532	45,885	81,031	85,912
Dividend per share (KShs)	5.20	5.20	2.35	4.15	4.40
Capital expenditure	110,539	73,503	83,500	40,352	52,212
Return on total assets	1.3%	2.3%	1.9%	5.8%	6.4%

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)

Outlook

The Company expects that the increased access to medical oxygen and improvement in oxygen infrastructure in the Country because of the Covid-19 pandemic in 2020 and 2021 will result in organic growth in oxygen volumes over the coming years. The Company has noted and welcomes various ongoing initiatives by health sector players to increase the number of healthcare facility owned oxygen cylinders and liquid oxygen cryogenic tanks as this will increase access of medical gases for other medical uses as well.

The industrial gases sector also performed relatively well in the year even with interruptions in supply when the company prioritised medical gases. The Company expects that growth in industrial gas volumes will in the price-sensitive market due to the various initiatives taken to support our customers. The illegal filling of the Company's cylinders remains rampant and it is hoped that the interventions in place will stem the same.

In 2022, the Company is continuing with its focus on productivity, driven primarily by Continuous Improvement initiatives. This will aid in ensuring its high product quality of many years will be maintained, no comprises are made on Safety and operations are efficient to ensure competitiveness in the marketplace.

Appreciation

I would like to acknowledge and thank the various stakeholders with whom we worked very closely in the year to deliver unprecedented Oxygen volumes during the COVID-19 crisis.

I also 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 2022 and in the coming years.

Marion Mwangi
Managing Director (Outgoing)

25 April 2022

SUSTAINABILITY REPORT

At BOC Kenya PLC we embody Sustainability in our operations and activities. We recognize that the business is only as strong as its performance economically as well as socially and environmentally. We build these parameters into how we operate, how we relate with our stakeholders and how we make decisions. We have upheld this commitment through our engagement with the United Nations Global Compact and through our contribution to the Sustainable Development Goals (SDGs).

The United Nations Global Compact

The United Nations Global Compact offers the Company an opportunity to embody the ten principles in strategy and operations and thus play a vital role in addressing issues around Human Rights, Labour, Environment and Corruption. The Global Compact boasts of a global membership of 15,478 companies working together towards transforming the world ad attaining the SDGs.

Since 2007, the Company has actively engaged in the initiative by:

- Taking part in the Target Gender Equality initiative as well as the Women Empowerment Principles.
- Sharing our efforts through our transparent Communication on Progress annually and demonstrating our continuous improvement
- Renewing our commitment to the initiative every year through the Managing Director's letter of support.
- Ensuring the Engagement Manager is accorded much needed support to deliver results on our Sustainability efforts

Target Gender Equality

Our engagement in the year 2021 has seen the company join the Target Gender Equality (TGE) initiative. This is an accelerator initiative focused on gender equality and supporting women's representation and leadership in business. It enables business to set ambitious goals and targets around gender equality within the business.

The Company has greatly benefited from this ongoing program through capacity building workshops delivered by the local network. These workshops have provided much needed insight on:

- Identifying our current Gender equality baseline using the Women Empowerment Principles Gender Gap Analysis Tool
- Internal and external factors to consider when setting targets to increase women's leadership and representation
- Preparation and implementation of action plans on gender equality

Additionally, Unconscious Bias Training was rolled out in 2021 to the Executive Team. The training targeted at the department heads sought to bring to the fore the different unconscious biases that exist and demonstrate how those biases influence decision making. The Company recognizes that promoting diversity, inclusion and belonging in the workplace begins with identifying these biases and beginning to actively combat them. Plans are thus underway to roll out Unconscious Bias Training to all other employees in 2022.

Human Rights

The company firmly supports the protection of human rights. We continuously manage the impact of our operations in order to support and respect the human rights of not only our staff members but other stakeholders as well. The United Nations Guiding Principles on Business and Human Rights provides 3 pillars in its framework. These pillars guide our commitment in protecting human rights.

1 Protect – While the framework effectively affirms the state's duty to protect against human rights abuses, The Company through adherence with the law supports the state in its efforts.
2 Respect – Having effective policies and procedures in place, we continue to protect against human rights abuses.
3 Remedy – The Company has a confidential Whistle Blowing policy and infrastructure to report complaints. Procedures are in place to provide for a timely and fair remedy to victims.

SUSTAINABILITY REPORT (continued)

Labour

The Company plays a significant role in contributing to sustainable development through the generation of direct jobs to our employees and indirect jobs through our supply chain. Even as we do so, we are aware of the need to provide decent jobs that meet international and local standards and provide holistic development. To this end, the Company has put in place the below measures to promote fair labour practices:

1. Good working relationships with the trade union in our sector in place to promote collective bargaining on behalf of employees as well as negotiate for better working conditions.
2. Effective screening in place for new employees to ensure necessary minimum requirements is met.
3. No discrimination on basis of gender especially in terms of remuneration. We adhere to Section 5 of the Employment Act.

Environment

The Company continues to emphasize on environmental protection through managing our operations and committing resources to addressing the environmental challenges we face as a whole. We are committed to:

- Operational efficiency through minimal use of inputs (especially water, energy and raw materials), minimal waste production and adoption of sustainable transport.
- Promoting individual environmental responsibility among staff members through behavior change.
- Monitoring environmental compliance across all levels of the organization and meeting the regulator's requirements

Anti-Corruption

Fighting corruption, bribery and extortion contributes to a stable environment in which businesses can thrive. The Company believes that it plays a critical role in addressing corruption to ensure equitable share of resources, sustained economic growth and peaceful and just societies. Within the company we have instituted the below measures:

- Promoting compliance with local and international laws and regulations
- Regular training of our staff on anti-corruption and bribery and the role they play in fighting these vices.
- Demonstrating transparency in contracts, beneficial ownership and commitments in our annual report.
- Continuous and inclusive engagement with stakeholders to capture diverse views and discuss anti-corruption.

The Sustainable Development Goals (SDGs)

BOC is committed to 9 of the 17 SDGs. Over the last year, we have worked to effectively support the attainment of the SDGs. In the past year, we have seen increased dialogue among staff members on the SDGs and integration of more monitoring systems for the success of the SDGs.

SUSTAINABILITY REPORT (continued)

The Sustainable Development Goals (SDGs) (continued)

SDG 3: Good Health and Well-Being

The Company appreciates how vital good health is to our workers as well as other stakeholders. SDG 3 is particularly of interest to us as we work closely with healthcare providers and as such contribute to strong healthcare management systems. We are guided in our engagement on this goal by 3 pillars:

1. Adopt Preventive healthcare
2. Support Universal Health Coverage
3. Build a Resilient health care system

Adopt Preventive Healthcare

We embrace interventions for our staff to reduce the occurrence of disease or infirmity through:

- Improved health and nutrition knowledge
- Provision of regular health check-ups on site
- Allocation of a well-equipped lactation room for lactating mothers
- Preparation of healthy and nutritious meals at the cafeteria
- Improve road safety
- Safety of our stakeholders
- Preparedness plans

Health And Nutrition Knowledge

In the year 2021 several health-related engagement sessions have been conducted touching on several topics including:

- First Aid
- Occupational Accidents
- Occupational Diseases
- Stress & Stress management
- Drugs & Alcohol abuse
- HIV & AIDS at the workplace

Regular Health Check-ups on Site

As per the requirements of the Occupational Safety and Health Act 2007, the Company contracts a licensed Occupational Health Practitioner to conduct annual medical check-ups of all employees. The tests conducted are role specific to take into account the different hazards individual team members are exposed to in the execution of their duties. Tests include:

- Electrocardiogram test (ECG)
- Audiometry and visual acuity tests (Including color blindness)
- Physical fitness tests (Including grip strength, confined space movement and fear of heights)
- Spirometry and lung function tests
- General examination
- Urinalysis and blood work tests

Well-Equipped Lactation Room for Lactating Mothers

We provide a warm and comfortable space for nursing mothers to support exclusive breastfeeding of children up to 6 months and continued nursing after that. The room is equipped with tabletops, chairs, a deep sink, refrigerator and electrical outlets.

Healthy and Nutritious Meals at The Cafeteria

Food ingredients are fresh and sourced daily and the food prepared daily. There is an adequate storage facility available for dry food and proper inventory management is observed. There is a cold room to store perishable items especially meat products.

SUSTAINABILITY REPORT (continued)

The Sustainable Development Goals (SDGs) (continued)

BOC employees with management staff at Songa Mbele na Masomo Children Centre.

SUSTAINABILITY REPORT (continued)

The Sustainable Development Goals (SDGs) (continued)

The Centre comprises two sections: 1) Special Unit for the children with disabilities and 2) Coaching Unit for children who have never been to school or who dropped out of school for one reason or another. Their goal is to promote positive mindsets and attitudes towards children living with disabilities, and create a second chance for those children who dropped out of school or delayed joining school.

Improve Road Safety

Safety in general and road safety in particular is a key performance measure for the Company. Our commitment is to ensure that no harm comes from our operations to our employees, contractors, visitors and the communities and societies in which we operate. This is summed up succinctly in our slogan of "GOAL ZERO" for all incidences or accidents. To enhance our road safety we have the programs below in place:

- Sourcing of all our vehicles from the approved Original Equipment Manufacturers (OEMs). This allows us to leverage on technologically superior models equipped with advanced on-board computers from vehicle manufacturers with a proven track record of focus on safety. Authorized OEMs provide vehicle documentation such as vehicle operation and maintenance manuals.
- We have a robust internal training program on vehicle operating standards to ensure that all drivers are trained on the standard operating procedures for the vehicles they use. Some of the programs are conducted within the country and some are provided outside the country at the companies cost to leverage on technology such as driving simulators that may not be available locally. These trainings include:
  i. Defensive driving
  ii. Dangerous goods handling
  iii. Vehicle rollover training (South Africa)
  iv. Fixed rig vehicle driving (South Africa)
  v. Articulated vehicle driving (South Africa)

This safety focus is also highlighted in the case of any contracted transporters engaged to transport our products to our customer network. This is done by:

- Highlighting our safety requirements in any contracts entered.
- Regular performance reviews as per our procurement guidelines.

Safety of our Stakeholders

Unfortunately, we had 1 incident in 2021. This was a 3rd party instigated truck accident. This resulted in injury to the driver's left knee as well as significant damage to the Company truck. Root cause analysis absolved the driver of fault through video review of the incident – which was attributed to the visible intoxication of the third-party driver. Retraining of the drivers was conducted to further enhance their reactions and risk awareness while on the road.

SUSTAINABILITY REPORT (continued)

The Sustainable Development Goals (SDGs) (continued)

Preparedness Plans
The Company appreciates that our industrial activities as well as other activities can result in accidents. We therefore invest in training of our staff to prevent, prepare for as well as respond to such accidents. Employee preparedness was enhanced by provision of First Aid and Fire Marshal refresher and awareness training for the employees in 2021. The training included preparations and drills on the right course of action in the event of accidents as well as communicating with the relevant emergency response teams.

Universal Health Coverage
In the spirit of ensuring a healthy workforce, we contribute to the National Health Insurance Fund (NHIF) and provide a competitive health cover to all our staff members. In the year 2021, we made contributions of KES 1,349,500.00. Additional contributions were made of KES 2,620,371.00 to supplement the services that our staff can access from different healthcare providers.

SDG 5: Gender Equality

This goal focuses on achieving gender equality and empowering all women and girls. BOC Kenya supports the advancement of women and we actively seek out opportunities for their growth and advancement.

We are working on the integration of Diversity, Inclusion and Belonging in our recruitment and selection processes by deliberately encouraging women to apply for advertised positions, using gender sensitive language in our calls for applications and making a deliberate effort to onboard more women especially in the STEM driven areas of operation. To this end we are working towards a 30% female work force by 2030.

We have established a partnership with the Technical University of Kenya to develop interest among women in STEM subjects and lend much needed support in terms of industry experience and skills development.

SDG 8: Decent Work and Economic Growth

The Company embodies SDG 8 by promoting local sourcing of goods and services. This contributes to inclusive economic growth through the business opportunities enjoyed by our direct suppliers and by local contractors. In the year 2021, we paid out KES 610, 985,862.70 to our local suppliers.
In the coming years, we would wish to increase this support by increasing supplier capacity in health and safety, financial management and Sustainability.

SDG 12: Responsible Consumption and Production

This goal focuses on improving consumption and production in order to ensure sustainable consumption and production patterns. The premise is that there are limited resources yet the demand for these same resources is exacerbated by increased population growth and economic growth. The Company recognizes this and we continue to promote sustainable consumption and production through:

1 Efficient use of natural resources
2 Sustainability Reporting
3 Coordinate approaches to sustainability

Efficient Use of Natural Resources
Energy Use:
We benefit directly from energy efficiency especially through cost savings. Our dedication to improving energy efficiency and conserving the resource has yielded lower power usage in the last year. We measure the amount of electricity in Kilowatt hours used to produce one kilogram of gas (the Power Factor), comparing this key performance indicator to our target and prior months performance. Adverse trends are investigated and resolved.

In 2021 the power factor improved by 12.4% driven by the replacement of a key plant component, the Chiller Unit and a strict plant maintenance schedule.

SUSTAINABILITY REPORT (continued)

SDG 12: Responsible Consumption and Production (continued)

We also measure gas losses emanating from our production processes as such losses imply wasteful use of electricity. We ere happy to report that in the year the aggregate gas loss in the production process was below set benchmarks.

Water Use:
We are incessantly working towards increasing water efficiencies in our processes and ensuring sustainable water withdrawals from our various water sources.

Waste Management
One of the targets of SDG 12 is to substantially reduce waste generation through prevention, reduction, recycling and reuse by 2030. The Company prides itself in the caution taken in handling waste and effluent. In the year 2021, 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 only 5.5% was landfilled.

Sustainability Reporting
Sustainability reporting allows the Company to capture the impact of sustainability initiatives undertaken and preparing this report in a set format under specific guidelines and sharing the same with stakeholders. We communicate progress made on Sustainability efforts through the annual Communication of Progress under UNGC and in our Sustainability Review in the annual report.

Sustainability reporting emphasizes the link between financial and non-financial performance. Tracking performance against environmental and social indicators shows how well or how poorly we are doing on more than just monetary terms.

Coordinate Approaches to Sustainability
While appreciating the role that the Company plays in supporting Sustainability and the attainment of the SDGs, the business has identified a need for staff members to embrace behaviour change to boost Sustainability efforts. With the support of Beyond Profit Kenya Limited and using the Act Now App, our Sustainability champions have taken to tracking individual actions in addressing climate change.

Each of the Champions has 7 actions that they deliberately do every day and track the impact of. This is the starting point for the development of personal Sustainability plans. Having rolled out this initiative in December of 2021, the Champions have so far:

- Saved 71,700 liters of water
- Saved 2,382 kWh of electricity
- Saved 4,099 kg of Carbon dioxide

The year 2022 will see the champions preparing personal Sustainability plans. The Company will also coordinate rolling out the use of the App across the business and thus spurring the conversation on individual responsibility for sustainable development.

SDG 16: Peace, Justice and Strong Institutions

Within the company we have instituted the below measures:

- Promoting compliance with local and international laws and regulations – Our tax obligations for the year 2021 were met as and when they fell due. Additionally, the company did not incur any penalties, fines or interest for non-compliance imposed by any of our regulators. Our tax contributions for 2021 are summarized below:
    i. VAT: KShs 71,856, 587
    ii. PAYE: KShs 44,414,700
    iii. Import duty: KShs 79,537,633
    iv. Corporation tax: KShs 68,346,590
- Regular training of our staff on anti-corruption and bribery and the role they play in fighting these vices. Through our virtual learning platform TRACCESS, anti-corruption training is delivered to all members of staff.

SUSTAINABILITY REPORT (continued)

SDG 16: Peace, Justice and Strong Institutions (continued)

- Demonstrating transparency in contracts, beneficial ownership and commitments. Our annual report details our top-ten shareholders as well as our Top Customers and Top Suppliers for the year.
- Continuous and inclusive engagement with stakeholders to capture diverse views and discuss anti-corruption

SDG 17: Partnerships for the Goals

Attaining the SDGs cannot be done through isolated action by a select few but rather through combined efforts of different sector players. The need for partnership and collaboration cannot be overlooked especially in accelerating action before 2030. The Company appreciates the benefits of partnerships and in our pursuit of the SDGs we endeavour to:

- Support well-meaning and impactful initiatives
- Engage in multi-stakeholder initiatives advancing sustainable development.

Support well-meaning and Impactful Initiatives

In the year 2021, the Company extended support to several institutions through donations and sponsorships. The Company has long been committed to the wellbeing of society and especially those in vulnerable situations. As a testament of this the business has supported worthy causes by way of:

- Financial support that goes a long way in lessening the burden of care givers and well-meaning institutions
- In kind support where the company will offer its own goods and services to support a project
- Staff commitment to volunteer time and skills in aid of a project
    i. AMREF Health Africa Sponsorship -Supporting Lifesaving Initiative On Hand Washing In Schools
    ii. Hericare Rehabilitation Clinic
    iii. The Salvation Army Mombasa Children's Home
    iv. Nyaura Primary School -Special Needs

Multi-Stakeholder Initiatives

Engaging in stakeholder dialogue is essential in:

- Aligning Sustainability interests – Understanding BOC's commitment to Sustainability can facilitate partnerships with different stakeholders.
- Receiving multiple perspectives – Stakeholders offer an objective opinion of the organization with respect to its impact on the environment, society and economics.
- Identifying material topics – stakeholders are able to value different issues and thus guide what areas BOC can focus on immediately and in future.

During the year, we engaged in continuous dialogue with different stakeholders on different issues through facilitated sessions with:

1 Kenya Association of Manufacturers
2 EAC Manufacturers Network
3 KAM, CBK Governors Post Monetary Policy Committee
4 Eastern Africa Association
5 KAM, Manufacturing Priority Agenda 2021
6 KAM, Tanzania High Level Business Forum
7 The Kenya Private Sector Alliance (KEPSA)

SUSTAINABILITY REPORT (continued)

BOARD OF DIRECTORS

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 54)

Independent Non-Executive Chairman
Kenyan

Position: Chairman since June 2018; Non-Executive Director since May 2012.

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 50)

Managing Director until 31 December 2021
Non-Executive Director effective 1 January 2022
Kenyan

Position: Appointed as Managing Director in July 2018.

Skills and experience: Mrs. 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 (Sea board Corporation). 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 a full member of Women Corporate Directors, Kenya Chapter and the Women on Boards Network.

Key Appointments: She holds directorship in British American Tobacco Kenya Plc.

NOTE: Mrs. Gathoga-Mwangi resigned effective 31 December 2021 to take up an executive role with another Linde company, Africa Oxygen Limited (AFROX) as Director, Healthcare Business. She remains on the Board as a Non-Executive Director.

BOARD OF DIRECTORS (continued)

MR. ARTHUR KAMAU (AGE 56)

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.

NOTE: Following the resignation of Mrs. M. Gathoga-Mwangi effective 31 December 2021, Mr. Kamau assumed the position of Acting Managing Director of the Company.

MR. JOSEPH RAMASHALA (AGE 54)

Non-Executive Director
South African

Position: Appointed to the Board in September 2021. He is a Member of the Audit & Risk Committee and the Nominations and Corporate Governance Committee.

Skills and experience: Mr. Ramashala is based at African Oxygen Limited, BOC's sister Company in South Africa, and is the Director responsible for Emerging Africa with regional responsibility for general management, profitability, and new business development across a number of countries in Sub-Saharan Africa. He brings to the Board a wealth of experience gained over twenty-seven years in the industrial gas industry and Food and Beverage industries. He holds a Bachelor of Commerce Degree (Law) from the University of Durban-Westville and a Bachelor of Commerce Degree (Business Management) from the University of South Africa.

Key Appointments: Mr. Ramashala holds directorships in BOC Zimbabwe Limited and Les Gaz Industriels Limited in Mauritius.

MRS. COSIMA WETENDE (AGE 47)

Independent Non-Executive Director
Kenyan

Position: Appointed to the Board in March 2016. She is Chairman of the Nominations and Corporate Governance Committee and a Member of the Audit & Risk Committee.

Skills and experience: Mrs. Wetende is an Advocate of the High Court of Kenya of 19 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 52)

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.

MS. R. T. NGOBI (AGE 61)

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 36 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 Holdings Limited, Stanbic Bank 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	Ramashala	Wetende	Kamau
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		✓	✓	✓		✓
Public Health Experience		✓		✓		

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 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

BOARD OF DIRECTORS (continued)

BOARD DIVERSITY (continued)

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

MANAGEMENT TEAM

The Company's Management team comprises the Managing Director and the Finance Director (see page 20 and 21) 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.

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.

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 2021.

1 Principal activities

The principal activity of the Group is the manufacture and sale of industrial gases, medical gases, gas mixtures, sale of welding products and the installation of pipelines and storage tanks for the gases that it trades in.

2 Results and Dividend

The net profit for the year of KShs 108,349,000 (2020: KShs 101,656,000) has been added to retained earnings.

During the year an interim dividend of KShs 1.60 per share amounting to KShs 29,288,169 was paid (2020: Nil)

The Directors recommend approval at the next Annual General Meeting of a final dividend of KShs 2.90 per ordinary share amounting to a total of KShs 56,623,793, payable, net of Withholding Tax, on or about the 19 July 2022, to Shareholders on the Register at the close of business on 27 May 2022 (2020: 4.15 per share amounting to KShs. 81,030,601).

The total dividend for the year is therefore KShs 4.40 per share (2020: KShs 4.15) amounting to a total of KShs 85,911.962 (2020: KShs 4.15 per share amounting to KShs. 81,030,601).

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.

The following changes have taken place in the Board of Directors since the last Annual General Meeting:

- Mr. Ruben Chetty resigned as a Non-Executive Director of the Company on 24 June 2021.
- Mr. Marius Kruger resigned as a Non-Executive Director of the Company on 13 September 2021.
- Mr. Joseph Ramashala was appointed a Non-Executive Director of the Board effective 13 September 2021.
- Mrs. Marion Gathoga-Mwangi resigned as Managing Director of the Company effective 31 December 2021 but remained on the Board as a Non-Executive Director.

In accordance with Article 28 of the Articles of Association, Mr. Joseph Ramashala retires from the Board, and being eligible, offers himself for re-election.

Mrs. Marion Gathoga-Mwangi and Mr. Stephen Maina by rotation, and being eligible, offer themselves for re-election in accordance with Article 29 of the Articles of Association.

4 Business overview and outlook

Overview:

The Company consolidated revenues increased by 25.8% on account of increased demand for medical oxygen driven by the Covid-19 pandemic. Revenues of medical gases increased by 33.9%, industrial gases volumes by 15.1% and welding products and services grew 20.9%.

In order to meet the increased emergency demand for medical oxygen by its customers in the health care sector, the Company supplemented its local production with more expensive imported product. Consequently, though gross profit increased from KShs 481.2 Million in 2020 to KShs 559.9 Million in 2021, the gross profit percentage decreased from 43.8% in 2020 to 40.5% in 2021 on account of the imported product as the Company absorbed some of the cost increase in order to maintain competitive pricing notwithstanding the demand spikes driven by Covid-19.

DIRECTORS' REPORT (continued)

Profit before tax increased by 8.1% from KShs 156.3 Million to KShs 168.9 Million, which is lower than the 16.4% in the gross profit amount due to a 16.3% increase in Selling and Administration costs and KShs 25.4 Million in legal and other costs arising from the proposed divestment of shares by the Company's majority shareholder, BOC Holdings (UK). Selling and Administration expenses increased due to the absence on a once-off liability write-back that was present in 2020 and also due to variable pay for employees that had been suspended in the prior year.

Outlook:

With a general decrease in Covid-19 infection rates and infection rates in the Country since September 2021/ October 2021, through to March 2022, demand for medical oxygen has settled at the pre-pandemic levels. However, the Company expects that with the increased access to medical oxygen and improvement in oxygen infrastructure in the Country that the pandemic wrought, organic growth in oxygen volumes will continue to be realised in the coming years. In particular, the Company welcomes various ongoing initiatives by health sector players to increase the number of healthcare facility owned oxygen cylinders and liquid oxygen cryogenic tanks as this will increase access of the gas for ailments other than Covid-19.

The industrial gases sector also performed relatively well in the year albeit when hospital demand for oxygen was very high, the Company was unable to supplier the product to its customers in the industrial sector where it is used for welding and cutting metal in the fabrication industry. The Company expects that this growth will continue though this is a more price-sensitive market and a sector in which the illegal filling of the Company's cylinders is rampant.

In 2022 the Company is continuing with its focus on productivity, driven primarily by Continuous Improvement initiatives. This will aid in ensuring its high product quality of many years will be maintained, no comprises are made on Safety and operations are efficient to ensure competitiveness in the market-place.

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.

6 Statement as to disclosure to the Group's auditor

The Directors in office at the date of this report confirm that:

a) There is no relevant audit information of which the Company's auditor is unaware; and
b) Each Director has taken all the steps that he or she ought to have taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

7 Approval of the Financial Statements

The financial statements set out on pages 65 to 121 were approved and authorised for issue by the Directors on 25 April 2022.

By order of the Board

R.T. Ngobi (Ms.)
Company Secretary

25 April 2022

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 2021 and to the date of this Annual Report, the Company endeavored 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's principal collective 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 behaviours 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;
- Ensuring work place policies and practices align with values and support sustainable success;
- Effective engagement, as appropriate, with shareholders, staff and under stakeholders;
- 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

GOVERNANCE REPORT (continued)

Board Governance Framework (continued)

also ensure that all Board members are aware of their duties and responsibilities and that they act in the best interest of the Company and its stakeholders. The Board Charter was last reviewed by the Board on 4 April 2022 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 four (4) Non-Executive Directors as at 31 December 2021 and five (5) Non-Executive Directors as at the date of this Report. 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 Company Secretary

The Company Secretary is a member in good standing with the Institute of Certified Secretaries. The Company Secretary provides a central source of guidance and advice to the Board on matters of governance, statutory compliance and compliance with the regulators. The roles and responsibilities of the Company Secretary are more specifically delineated in the Board Charter published on the Company's website (www.boc.co.ke).

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;

GOVERNANCE REPORT (continued)

The Executive Team (continued)

- Managing functions;
- Reviewing functional budgets;
- Monitoring Company operating performance; and
- Overseeing the management and development of talent.

BOARD EFFECTIVENESS

Overview of the Board

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 a third of the total number of Directors.

The Board comprises of the Chairman, who is a Non-Executive Director, two (2) Executive Directors, and three (3) Non-Executive Directors. As at the date of this Annual Report the composition of the Board is as set out on pages 27 to 29 above.

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 on pages 27 to 29. 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 2021 the NCG Committee assessed and confirmed to the Board the independence of Board Directors as follows:

- Mr. R. Mbugua - Non-Executive Director
- Mrs. M. Gathoga-Mwangi* - Executive Director
- Mr. A. Kamau - Executive Director
- Mrs. C. Wetende - Independent Non-Executive Director
- Mr. S. Maina - Independent Non-Executive Director
- Mr. J. Ramashala - Non-Executive Director

*Mrs. M. Gathoga-Mwangi resigned as Managing Director on 31 December 2021 but remains on the Board as a Non-Executive Director.

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).

GOVERNANCE REPORT (continued)

Overview of the Board (continued)

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 23 June 2022, Mr. J. Ramashala being eligible will offer himself for re-appointment and Mrs. M. Gathoga-Mwangi and Mr. S. Maina will retire by rotation and being eligible, offer 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 2021 are set out on page 43 The 2022 Board work plan was approved by the Board on 3 December 2021.

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 and 2021 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 Annual General Meeting and other Board and General Meetings if called in addition to Board Committee meetings as appropriate.

In 2021 Members attended Board meetings held in April, June, August, September and December and the Annual General Meeting held in June 2021 as disclosed in the table below. Apart from the Board meeting held in December 2021 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 conduct of Board, Committee and AGM meetings virtually.

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. J. Ramashala*	2	2
Mrs. C. Wetende	5	5
Mr. S. Maina	5	5

**Mr. J. Ramashala was appointed a Non-Executive Director in September 2021.*

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

GOVERNANCE REPORT (continued)

Overview of the Board (continued)

Board Induction (continued)

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.

Mr. J. Ramashala commenced his Non-Executive induction programme in Q4 2021 following his appointment to the Board on 13 September 2021. Due to Covid-19 restrictions Mr. J. Ramashala's induction was conducted primarily through virtual meetings. With the lifting of Covid-19 restrictions Mr. J. Ramashala's induction will be extended to include a factory tour during the course of 2022.

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.

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 2021, 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 2021 included but were not limited to the following topics:

- Data Privacy Basics - May 2021
- Impact of Covid-19 on HR and future of work - September 2021
- Linde Code of Business Integrity - November 2021
- Investment Management Master Class (NSE) - November 2021
- Data Protection Act - December 2021

Access to independent advice

The Board recognises that there may be occassions when one or more Directors consider it necessary to take independent advice on various matters such as legal or financial advice, at the Company's expense. This is provided for in the Board Charter and the terms of reference of each committee.

GOVERNANCE REPORT (continued)

Overview of the Board (continued)

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 2021 was conducted by the Board at the beginning of April 2022. The full Board joined the Nominations and Corporate Governance Committee in evaluating the results. The Board recognized the outstanding effort of the Executive Directors throughout the challenges presented by Covid-19. Directors appreciated the regularity of feedback to the Board in response to escalated demand on the Company's products due to the pandemic during the course of 2021.

The 2021 Board strategy session was well received. During 2022, additional time will be reserved on the Board Agenda for deep dives on strategic objectives and review of major initiatives. Further emphasis is planned in the Board Agenda on market analysis, competitor performance and emerging issues.

The Board's monitoring of key risks and oversight of compliance during 2021 was considered to be effective.

The Board and Committee meetings were considered to be chaired effectively, with Company Secretariat support well regarded. Although the fully virtual meeting format adopted in 2020 worked well for the Board that year a hybrid format was adopted for 2021 and going forward.

The evaluation for 2021 identified other opportunities for improvement such as stakeholder engagements which were impeded by Covid-19 restrictions for the better part of 2021. Recommendations together with fresh action points identified for implementation from the 2021 Board evaluation exercise will be monitored and tracked by the Board throughout the course of 2022.

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 during 2021 was given to them by the Nominations and Corporate Governance Committee.

Time Commitment

It is expected that in order to discharge their responsibilities effectively all Directors allocate sufficient time to their roles on the Board. Before appointing prospective Directors, the Board takes into account their other commitments and significant time commitments are established and disclosed prior to appointment.

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 endeavor to ensure that they have adequate time to discharge their responsibilities to the Board effectively. The Letters of Appointment issued to the Chairman and Non-Executive Directors set out the expectation that additional external appointments following appointment to the Board require prior notification to the Board (in the case of the Chairman) and the Chairman in the case of other Non-Executive Directors.

During 2021 the Chairman and the Board was not notified of any new significant external appointments for consideration and approval.

GOVERNANCE REPORT (continued)

Overview of the Board (continued)

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 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 2021 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 2021. 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 page 55 of this Report.

GOVERNANCE REPORT (continued)

Overview of the Board (continued)

Communication with Shareholders and Stakeholders

The Board is committed to promoting effective and open communication with all shareholders and stakeholders, 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 2021 the half-year and annual results were released in the local press, the Company's website and through distribution of the 2020 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 2021 AGM was conducted virtually, due to the Covid-19 pandemic on 24 June 2021. The Chairman, all Directors and Executive Team members attended the AGM. 322 Shareholders together holding 15,510,121 shares representing 79.44% of total shareholding registered for the AGM. All resolutions which were proposed at the 2021 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 August 2021.

  The 2022 AGM will be held virtually on 23 June 2021. The Notice of the AGM will be sent to shareholders within the required timelines.
- 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 was held virtually in May 2021 and was well attended. The Company was able to share its' results for the year ended 31 December 2020.
- 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 2021 Governance Audit. An unqualified opinion was issued which opinion will be presented to the shareholders at the forthcoming Annual General Meeting. The Report has been disclosed on page 52 and is also available on the Company's website (www.boc.co.ke).

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 2021. 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.

GOVERNANCE REPORT (continued)

Overview of the Board (continued)

Legal and Compliance Audit (continued)

The Audit 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 Report has been disclosed on page 54 and will be published on the Company's website www.boc.ke.co. The Legal and Compliance Policy is also published on the Company's website.

STRATEGIC BOARD ACTIVITIES IN 2021

Strategic Board activities conducted in 2021 include the following:

- Reviewing and agreeing a re-articulation of the Company's strategy;
- Approval of Budget and oversight of resource allocation activities to support strategy execution;
- 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 2021 Budget and the previous year under review and monitoring operational key performance indicators;
- Reviewing half-year results, trading updates, year-end results and the Annual Report;
- Reviewing the impact of Covid-19 on the operations of the Company and supply chain in addition to steps taken to deliver continuity of supply;
- Keeping the competitive landscape under review;
- 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;
- Reviewing operations of the subsidiary companies, BOC Tanzania Limited and BOC Uganda Limited;
- 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 the talent pipeline and succession planning for key roles in the organization;
- Considering the impact of Covid-19 on Staff and reviewing strategies for securing safe on-site environments, effective connectivity for remote working, and for supporting Staff wellbeing;
- Reviewing succession planning at Board Level including Executive Directors and the Executive Team and approving the appointment of Mr. Joseph Ramashala as a Non-Executive Director in September 2021;
- Determining the independence of Non-Executive Directors and proposing Directors for re-appointment at the Company's 2021 AGM;
- Reviewing shareholder concerns raised at the AGM held on 24 June 2021;
- Reviewing the outcomes of the evaluation of the effectiveness of the Board and its Committees in 2020;
- Reviewing and approving submission to the Capital Markets Authority (CMA) on 31 April 2021, of the Company's CMA Reporting Template.

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

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

Audit and Risk Committee

Current Members

- Mr. S. Maina (Chairman)
- Mr. J. Ramashala
- Mrs. C. Wetende
- Ms. R.T. Ngobi (Secretary)

In 2021 Members attended Committee meetings held during the months of April, May, August and December as disclosed in the table below.

Attendance at meetings in 2021

Name	Meetings Attended	Meetings Eligible to Attend
Mr. S. Maina	4	4
Mr. J. Ramashala*	1	1
Mrs. C. Wetende	4	4
Mrs. M. Gathoga Mwangi**	4	4
Mr. A. Kamau**	4	4
Ms. N. Nakana**	2	4

**Mr. J. Ramashala was appointed a Non-Executive Director in September 2021.*
***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 2021. 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 recommendations for change), and approving their terms of engagement and the level of audit fees payable to them.

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

Audit and Risk Committee (continued)

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

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 in addition to findings therefrom.

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

Key Audit and Risk Committee activities in 2021

The Board Audit & Risk Committee's agenda in 2021 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 2021:

- Progress on the 2021 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 2020 results, 2021 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 2020 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;
- 2022 External Auditor's Audit plan and fees for recommendation to the Board; and
- Annual review of external auditors' independence;

External Auditors Effectiveness

The Audit and Risk Committee, on behalf of the Board, is responsible for the relationship with the external auditors. The Committee carries out an annual evaluation of the external auditors, covering qualification, expertise and resources and objectivity and independence, as well as the effectiveness of the audit process. The evaluation takes into account the Committee's interactions with the external auditors in addition to the following:

- experience and expertise of the external auditors in their direct communication with, and support to the Committee;
- their professional skepticism;
- their effectiveness in completing the agreed external audit plan;
- content, quality and robustness of the external auditors' reports; and
- their provision of non-audit services and any other matters that may impact independence.

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

Audit and Risk Committee (continued)

External Auditors Effectiveness (continued)

No material issues were identified from the evaluation of the external auditors for the year 2021. The Committee remains satisfied with the effectiveness of the external auditors including qualification, experience, resources, objectivity and independence. The Committee has recommended to the Board the proposed re-appointment of PricewaterhouseCoopers at the 2022 AGM.

External 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 2021 and is expected to do so on an annual basis.

Nominations and Corporate Governance Committee

Current Members

- Mrs. C. Wetende (Chairman)
- Mr. R. Mbugua
- Mr. J. Ramashala
- Ms. R. T. Ngobi (Secretary)

In 2021 Members attended the Committee meetings held during the months of March and December 2021.

Attendance at meetings in 2021

Name	Meetings Attended	Meetings Eligible to Attend
Mrs. C. Wetende	2	2
Mr. R. Mbugua	2	2
Mrs. J. Ramashala*	1	1
Mrs. M. Gathoga-Mwangi**	2	2

** Mr. J. Ramashala was appointed a Non-Executive Director in September 2021.*
***Mrs. M. Gathoga-Mwangi attended as a Permanent Invitee.*

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (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 2021 the Committee recommended the appointment of Mr. J. Ramashala as a Non-Executive Director to fill the vacancy left following the resignation of Mr. M. Kruger.

The services of specialist external search firms are used for identification and shortlisting of appropriate candidates to take up Executive Director roles. This process will be followed for the recruitment of the role of Managing Director following the resignation of Mrs. M. Gathoga-Mwangi as Managing Director on 31 December 2021.

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 last Governance Audit Report and the recommendations from the CMA to the Company's Compliance Report submitted on 30 April 2021. The Compliance Report is available on the Company's website (www.boc.co.ke).

Key Nominations and Corporate Governance Committee activities in 2021

- Reviewing succession planning for the Board Executive Directors and Non-Executive Directors;
- Making recommendations to the Board in respect of Non-Executive Director and Board Committee appointments including appointment of Mr. J. Ramashala as a Non-Executive Director and to the Audit & Risk and Nominations and Corporate Governance Committees;
- 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 the Committee's effectiveness in 2020, following the Committee evaluation process;
- 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;
- Making recommendations to the Board in relation to Directors' annual appointment and re-election at the AGM;

GOVERNANCE REPORT (continued)

BOARD COMMITTEES (continued)

Nominations and Corporate Governance Committee (continued)

Key Nominations and Corporate Governance Committee activities in 2021 (continued)

- Reviewing the Corporate Governance Statement for the 2020 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 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 page 52 of this Report.

Key Retirement and Remuneration activities in 2021
- Reviewing the application and continuing impact of the Remuneration Policy during 2021;
- 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 2021;
- 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

GOVERNANCE REPORT (continued)

GOVERNANCE POLICIES (continued)

Terms of Reference are periodically reviewed to ensure that they remain current and were most recently reviewed in April 2022. 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.

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 2021.

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

GOVERNANCE REPORT (continued)

GOVERNANCE POLICIES (continued)

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 2021 financial year.

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

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 2021 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 under Note 30 to the Financial Statements on Pages 120 and 121.

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.

GOVERNANCE REPORT (continued)

GOVERNANCE POLICIES (continued)

Safety Health and Environment Policy (continued)

- 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.

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. The Corporate Social Responsibility and Investment Policy is published on the Company's website (www.boc.co.ke).

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).

Operational Policies

There are other broad operation policies that guide Management in executing of the Company's operations in an efficient and socially responsible manner. The policies cover various operational functions across the Company including human resources, risk management, financial management, sustainability, environment, safety and health.

GOVERNANCE AUDITOR'S REPORT

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code"), requires the Board of a listed Company to subject the Company to an annual Governance Audit to check the level of compliance with sound governance practices.

The Code specifically requires the Annual Governance Audit to be conducted by a competent and recognized professional accredited for that purpose by the Institute of Certified Secretaries (ICS). In compliance with the Code, BOC Kenya PLC. retained Ms. Catherine Musakali of Dorion Associates ("the Auditor") to conduct a Governance Audit of the governance structures, procedures and processes of the Company in order to assure the Board that its goals, structure and operations are consistent with the law, the Code, as well as the latest developments in Corporate Governance; and that the Company has adopted best practices in Corporate Governance as a means of ensuring sustainability. The Code further requires that after undergoing the Governance Audit, the Board should provide an explicit statement on the level of compliance.

The scope of the Audit is derived from the Code, the Act and the Governance Audit Tool developed by the ICS. More specifically, the Audit covers the following broad areas;

1. Leadership and strategic management;
2. Transparency and disclosure;
3. Compliance with laws and regulations;
4. Communication with stakeholders;
5. Board independence and governance;
6. Board systems and procedures;
7. Consistent shareholder and stakeholders' value enhancement; and
8. Corporate social responsibility and investment.

GOVERNANCE AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the existence and effectiveness of governance instruments, policies, structures, systems, and practices in the Company in accordance with best governance practices as envisaged within the legal and regulatory framework. We conducted our Audit in accordance with the Institute of Certified Secretaries' Governance Audit Standards and Guidelines, which conform to global Standards. These standards require that we plan and perform the Governance Audit to obtain reasonable assurance on the adequacy and effectiveness of the Company's policies, systems, practices, and processes. The Audit involved obtaining audit evidence on a sample basis. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

OPINION

The Board of Directors has made commendable steps towards enhancing the governance practices and putting in place governance structures that are appropriate for the achievement of the Company's objectives and in this regard we issue an unqualified opinion.

Catherine Musakali

FCS. Catherine Musakali, ICPSK GA. No 006
For Dorion Associates LLP
Argwings Kodhek road, Green Shade Apartments, C1
Nairobi.

1st April 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES - GOVERNANCE AUDIT

The Companies Act, 2015 ("the Act") requires Directors to act in good faith, to promote the success of the Company for the benefit of its stakeholders and to avoid conflict between their personal interests and those of the Company, always acting in the best interest of the Company.

The Code of Corporate Governance for Issuers of Securities to the Public, 2015 ("the Code") requires listed companies to engage the services of an independent and accredited Governance Auditor to establish the extent to which the Board has applied corporate governance principles. The Code further requires that after undergoing the Governance Audit, the Directors should provide an explicit statement on the level of compliance.

As required by the Code therefore, the Directors commissioned a Governance Audit with the aim of ensuring that the Company has complied with the Act, the Code, and adopted best practices in corporate governance in order to deliver long term value to stakeholders.

The Directors are responsible for putting in place governance structures and systems that support the practice of good governance in accordance with best practice, the requirements of the Act, the Code and the Governance Audit Tool developed by the Institute of Certified Secretaries (ICS). The responsibility includes planning, designing and maintaining governance structures that ensure effective leadership and strategic management, transparency and disclosure, compliance with laws and regulations, communication with stakeholders, Board independence and governance, Board systems and procedures, consistent shareholder and stakeholders' value enhancement and corporate social responsibility and investment.

The Directors further accept that:

(i) The independent Governance Audit does not relieve them of their responsibilities.

(ii) They are not aware of any material governance issues that may adversely impact the governance

(iii) and operations of the Company.

The Directors have adopted this Governance Audit report for the year ended 31st December 2021, and which discloses the state of governance within the Company.

Adoption of the Governance Audit Report

The Governance Audit Report was adopted by the Board of Directors of BOC Kenya PLC on the 1st day of April 2022.

Robert N. Mbugua	**Arthur Kamau**
Board Chairman	**Ag. Managing Director**

LEGAL COMPLIANCE AUDITOR'S REPORT FOR THE ANNUAL REPORT

Statement of the responsibility of Directors

It is the role of the Board to establish internal procedures and monitoring systems to promote compliance with applicable laws, regulations and standards. In addition, the Board should also ensure the compliance strategy is aligned with the operations of the company. This responsibility includes organizing an independent legal and compliance audit to be conducted periodically. It is on this basis that the Board commissioned a legal compliance audit to ensure that the Company conducts its operations in accordance with the Constitution, all relevant laws, regulations and standards as well as minimize legal risks.

The Directors have ensured that the Company has undergone a legal compliance audit for the year ended 31 December 2021 and obtained a report, which discloses the state of legal compliance within the Company.

Legal Compliance Auditor's Responsibility

It is the responsibility of a legal compliance auditor to provide an opinion on the level of compliance of the Company's operations with the existing legal and regulatory framework.

We conducted the legal compliance audit as required by the CMA Code of Corporate Governance Practices 2015. The Code requires that we plan and undertake a legal compliance audit to obtain reasonable assurance on the level of compliance of the company's operations with the existing legal and regulatory framework. The audit involved obtaining audit evidence through site visits, targeted audit interviews with senior management including the Company Secretary and acting Managing Director, desktop review of the applicable laws and regulations and review of documents. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our legal compliance audit report contains audit findings and recommendations.

Legal Compliance Auditor's Opinion

In our 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. However, the audit revealed areas for improvement that gives the Company the opportunity to better its compliance framework. The report, therefore, recommended appropriate action for every specific finding.

Legal compliance auditor overall ranking of the company: **GOOD.**

Dr. Seth Wekesa
For: Munyao, Muthama & Kashindi (MMK) Advocates.

Date: 25 April 2022.

DIRECTORS' REMUNERATION REPORT 2021

Information not subject to audit

The Directors Remuneration Policy and Remuneration Report for the Executive and Non-Executive Directors applicable in 2021 were approved by the Shareholders at the 2020 Annual General Meeting held on 24 June 2021. 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.

Principles of remuneration policy 2021

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.

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 overleaf 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.

DIRECTORS' REMUNERATION REPORT 2021 (continued)

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.

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.

DIRECTORS' REMUNERATION REPORT 2021 (continued)

Audited information

Executive Directors' remuneration and compensation for the year ended 31 December 2021

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 2021 together with comparative figures for 2020:

Name	Basic salary		Housing & Other allowances		Retirement benefits		Bonus		Grand total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Marion Mwangi	11,600	11,020	7,774	6,635	1,940	1,770	2,709	553	**24,023**	19,978
Arthur Kamau	9,654	9,235	4,465	4,261	1,414	1,352	1,748	418	**17,281**	15,266
	21,254	**20,255**	**12,239**	**10,896**	**3,354**	**3,122**	**4,457**	**971**	**41,304**	**35,244**

All figures in KShs' 000

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 2021 (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 the year

		2021			2020		
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	2,280	550	**2,830**	2,109	437	**2,546**
Lucy Njoroge	Non-Executive	-	-	**-**	280	-	**280**
Cosima Wetende	Non-Executive	1,680	760	**2,440**	1,554	627	**2,181**
Steve Maina	Non-Executive	1,680	550	**2,230**	1,554	557	**2,111**
Marius Kruger*	Non-Executive	-	-	**-**	-	-	**-**
Ruben Chetty*	Non-Executive	-	-	**-**	-	-	**-**
Joseph Ramashala*	Non-Executive	-	-	**-**	-	-	**-**
Totals		**5,640**	**1,860**	**7,500**	**5,497**	**1,621**	**7,118**

- Marius Kruger, Ruben Chetty and Joseph Ramashala are Directors nominated by the Company's Shareholder (BOC Holdings, UK) and did not earn any personal remuneration for being on the Board. Marius and Ruben resigned in the year while Joseph was appointed in the year. All three 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
25 April 2022

SHAREHOLDING STRUCTURE AT 31 MARCH 2022

Major shareholders

Shareholder Name	Total Shares	Percentage Shareholding
BOC Holdings (UK)	12,765,582	65.38%
Kiuna, Kiuna Ngugi	1,577,700	8.08%
Standard Chartered Kenya Nominees Ltd A/C Ke002670	1,046,600	5.36%
Standard Chartered Kenya Nominees Ltd A/C Ke004630	905,400	4.64%
Allied Storage Limited	127,479	0.65%
Standard Chartered Kenya Nominees Ltd A/C Ke004667	121,056	0.62%
Mrs Carolyn Anne Gray Rosso	110,143	0.56%
Mr Allan Njoroge Ngugi	100,281	0.51%
Ogango, John Okuna	85,800	0.44%
Shah, Minesh Mulchand	80,108	0.41%
Total for Top Ten	16,920,149	86.66%
Other Shareholders	2,605,297	13.34%
Total Shares Issued	19,525,446	100.00%

Domicile analysis

Domicile	Shares	%	Number of Shareholders
Foreign Companies	14,838,738	76.00%	5
Foreign Individuals	279,378	1.43%	26
Local Companies	429,870	2.20%	75
Local Individuals	3,977,460	20.37%	902
Total	19,525,446	100.00%	1,008

Analysis by number of shares

Number of shares	Shares	%	Number of Shareholders
1 - 500	91,803	0.47%	550
501 – 5,000	644,518	3.30%	352
5,001 – 10,000	294,468	1.51%	42
10,001 – 100,000	1,740,416	8.91%	56
100,001 – 1,000,000	1,364,359	6.99%	5
>1,000,000	15,389,882	78.82%	3
Totals	19,525,446	100.00%	1,008

Directors' shareholding

None of the directors holds shares in the Company.

TOP CUSTOMERS

The top ten customers by revenue for the Group in 2021 were:

1. Kenyatta National Hospital
2. Kenya Hospital Association (The Nairobi Hospital)
3. Kenya Medical Supplies Authority (KEMSA)
4. Aga Khan Health Services
5. Ministry of Health
6. Mogere Agencies Limited
7. Jcall Gases Investments
8. Kiambu County Level 4 Hospital & the Tigoni Hospital
9. Mater Misericordiae Hospital
10. Ratili Cargo Africa Limited

TOP SUPPLIERS

Top Suppliers of the Company were as follows:

1. Kenya Power and Lighting Company Plc
2. Brothers Gas Bottling & Distribution Co. Llc
3. Intraspeed Arcpro (Kenya) Limited
4. Fortischem A.S.
5. Jaguar Petroleum Limited
6. Precision Parts (UK) Limited
7. Muller Gas Equipment A/S
8. Chart Ferox, A.S.
9. African Gas and Oil Company Limited
10. TotalEnergies Marketing Kenya Plc

STATEMENT OF DIRECTORS RESPONSIBILITIES

The 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 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 assessed 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 25 April 2022 and signed on its behalf by:

Robert Mbugua
Chairman

Arthur Kamau
Ag. Managing Director

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

Report on the audit of the financial statements

We have audited the accompanying financial statements of BOC Kenya Plc (the Company) and its subsidiaries (together, the Group) set out on pages 65 to 121, which comprise the consolidated statement of financial position at 31 December 2021 and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the Company statement of financial position at 31 December 2021, and 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 Limited give a true and fair view of the financial position of the Group and the Company at 31 December 2021 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.

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.

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S O Norbert's B Okundi K Saiti

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

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 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 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 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 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 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 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.

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

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 safegaurds.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's 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 report of directors' report on pages 33 to 34 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 55 to 58 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

25 April 2022

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

	Note	GROUP 2021 KShs'000	GROUP 2020 KShs'000	COMPANY 2021 KShs'000	COMPANY 2020 KShs'000
Revenue	6	1,381,768	1,098,104	1,376,117	1,093,798
Cost of sales	7 (b)	(821,875)	(616,942)	(819,130)	(615,432)
Gross profit		559,893	481,162	556,987	478,366
Other income/(expense)	7 (a)	(920)	8,490	47	8,382
Distribution costs	7 (b)	(105,122)	(102,374)	(103,814)	(100,679)
Selling and administrative expenses	7 (b)	(325,707)	(266,890)	(302,839)	(279,771)
Operating profit		128,144	120,388	150,381	106,298
Finance income	8 (a)	41,859	37,070	41,859	118,292
Finance costs	8 (b)	(1,010)	(1,187)	(1,010)	(1,187)
Profit before income tax		168,993	156,271	191,230	223,403
Income tax expense	9	(60,644)	(54,615)	(60,641)	(56,261)
Profit for the year		108,349	101,656	130,589	167,142
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Translation differences arising from foreign operations		(451)	5,637	-	-
Change in fair value of investments held at FVOCI (Note 16)		(16,335)	60,885	(16,335)	60,885
Total other comprehensive (loss) /income for the year net of tax		(16,786)	66,522	(16,335)	60,885
Total comprehensive income for the year		91,563	168,178	114,254	228,027
Earnings per share (KShs per share) Basic and diluted	10	5.55	5.21	6.69	8.56

GROUP AND COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	GROUP 2021 KShs'000	GROUP 2020 KShs'000	COMPANY 2021 KShs'000	COMPANY 2020 KShs'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	624,557	673,918	628,448	671,202
Right-of-use asset	13	10,698	11,089	10,698	11,089
Investments in subsidiaries	15	-	-	60	60
Equity and debt investments	16	163,350	179,685	163,350	179,685
Deferred income tax	17	43,044	33,267	43,044	33,267
Total non-current assets		841,649	897,959	845,600	895,303
Current assets					
Inventories	18	206,705	160,012	205,809	157,346
Equity and debt investments	16	-	245,043	-	245,043
Trade and other receivables	19	348,866	457,947	330,544	431,549
Current income tax	20	14,094	12,799	-	-
Term deposits	21	-	243,934	-	243,934
Cash and cash equivalents	22	585,794	71,564	562,817	46,817
Total current assets		1,155,459	1,191,299	1,099,170	1,124,689
TOTAL ASSETS		1,997,108	2,089,258	1,944,770	2,019,992
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	88,116	104,902	113,623	129,958
Retained earnings		1,400,515	1,402,485	1,394,529	1,374,259
Total equity		1,588,812	1,607,568	1,608,333	1,604,398
Non-current liability					
Lease liabilities	25	7,726	7,768	7,726	7,768
Current liabilities					
Lease liabilities	25	1,052	1,052	1,052	1,052
Current income tax	20	3,289	1,252	3,289	1,218
Trade and other payables	26	396,229	471,618	324,370	405,556
Total current liabilities		400,570	473,922	328,711	407,826
TOTAL EQUITY AND LIABILITIES		1,997,108	2,089,258	1,944,770	2,019,992

The financial statements on pages 65 to 121 were approved and authorised for issue by the Board of Directors on 25 April 2022.

Robert Mbugua
Chairman

Arthur Kamau
Ag. 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 2021						
At start of year	97,627	2,554	130,893	(25,991)	1,402,485	1,607,568
Profit for the year	-	-	-	-	108,349	108,349
Other comprehensive income, net of tax						
Foreign currency translation differences	-	-	-	(451)	-	(451)
Change in fair value of investments at FVOCI	-	-	(16,335)	-	-	(16,335)
Total other comprehensive income	-	-	(16,335)	(451)	-	(16,786)
Total comprehensive income for the year	-	-	(16,335)	(451)	108,349	91,563
Transactions with owners						
Dividends to equity holders						
- Final dividend paid for 2020	-	-	-	-	(81,031)	(81,031)
- Interim dividend paid for 2021	-	-	-	-	(29,288)	(29,288)
Total transactions with owners	-	-	-	-	(110,319)	(110,319)
At end of year	97,627	2,554	114,558	(26,442)	1,400,515	1,588,812

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 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

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 2021					
At start of year	97,627	2,554	129,958	1,374,259	1,604,398
Profit for the year	-	-	-	130,589	130,589
Other comprehensive income, net of tax					
Change in fair value of investments at FVOCI	-	-	(16,335)	-	(16,335)
Total other comprehensive income	-	-	(16,335)	130,589	114,254
Total comprehensive income for the year	-	-	(16,335)	108,349	91,563
Transactions with owners					
Dividends to equity holders					
- Final for 2020 paid	-	-	-	(81,031)	(81,031)
- Interim for 2021 paid	-	-	-	(29,288)	(29,288)
Total transactions with owners	-	-	-	(110,319)	(110,319)
At end of year	97,627	2,554	113,623	1,394,529	1,608,333

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 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

GROUP AND COMPANY STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
	Note	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Cash flows from operating activities:					
Cash generated from operating activities	27	210,455	76,713	213,793	76,828
Tax paid	20	(68,853)	(35,733)	(68,347)	(35,236)
Net cash flows from operating activities		141,602	40,980	145,446	41,592
Cash flows from investing activities:					
Purchase of property, plant and equipment	12	(52,212)	(35,574)	(52,212)	(35,574)
Proceeds from disposal of equipment		5,292	17,951	1,132	16,415
Proceeds from maturing debt investments		245,043	1,125,061	-	1,045,998
Investment in debt investments		-	(898,805)	245,043	(898,805)
Interest received		33,633	27,572	33,633	27,367
Dividends received		10,395	-	10,395	76,613
Net cash flows from investing activities:		242,151	236,205	237,991	232,014
Cash flows from financing activities:					
Payment of lease liabilities	25(d)	(1,052)	(1,104)	(1,052)	(1,104)
Interest on overdraft	8	-	(124)	-	(124)
Dividends paid		(110,319)	-	(110,319)	-
Net cash flows from financing activities		(111,371)	(1,228)	(111,371)	(1,228)
Increase in cash and cash equivalents		272,382	275,957	272,066	272,378
Cash and cash equivalents at start of year		315,498	37,980	290,751	18,373
Effects of exchange rate changes on foreign cash and cash equivalents		(2,086)	1,561	-	-
Cash and cash equivalents at end of year	22	585,794	315,498	562,817	290,751

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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 2020 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.

Changes in accounting policies

(i) Relevant new standards and amendments to published standards effective for the year ended 31 December 2021

Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (IBOR) reform (Phase 2)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policies (continued)

Annual periods beginning on or after 1 January 2021(Published August 2020)

The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment

Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)

The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

(ii) Relevant new and revised standards and amendments in issue but not yet effective for the year ended 31 December 2021

Amendment to IFRS 3, 'Business combinations' Asset or liability in a business combination clarity

Annual periods beginning on or after 1 January 2022 (Published May 2020)

The Board has updated IFRS 3, 'Business combinations', to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination.

In addition, the Board added a new exception in IFRS 3 for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', or IFRIC 21, 'Levies', rather than the 2018 Conceptual Framework.

The Board has also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

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

Annual periods beginning on or after 1 January 2022 (Published May 2020)

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policies (continued)

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts— Cost of Fulfilling a Contract

Annual periods beginning on or after 1 January 2022 (Published May 2020)

The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.

Annual improvements cycle 2018 -2020

Annual periods beginning on or after 1 January 2022 (Published May 2020)

These amendments include minor changes to:

- IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

- IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation.

- IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current

Annual periods beginning on or after 1 January 2022 (Published Jan 2020)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(c) Foreign currency translation (continued)

(ii) Foreign operations (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(f) Income tax (continued)

(i) Current income tax (continued)

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. Freehold land is not depreciated.

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:

Buildings	40 years
Plant and machinery	5 - 20 years
Cylinders	15 - 25 years
Motor vehicles	5 - 10 years
Furniture, fixtures and equipment	3 - 10 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

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.

(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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(i) Recognition and measurement (continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(iii) Derecognition (continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(k) Financial instruments (continued)

(v) Impairment (continued)

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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

2 Summary of significant accounting policies (continued)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

4 Financial risk management (continued)

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 expected 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 expected credit losses. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

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

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Debt investments (Note 16)	-	245,043	-	245,043
Trade receivables (Note 19)	288,764	399,722	289,811	392,187
Other receivables (Note 19)	53,482	52,332	34,153	33,508
Term deposits (Note 21)	-	243,934	-	243,934
Cash at bank (Note 22)	585,584	71,564	562,817	46,817
	927,830	1,012,595	886,781	961,489

No collateral is held on any of the above assets. None of the above assets was impaired except for the following:

	Group		Company	
Trade receivables	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Neither past due not impaired				
Not past due	44,637	185,013	67,943	183,801
Past due and impaired				
Past due 0-30 days	44,994	70,351	44,994	71,340
Past due 31-90 days	70,830	73,524	69,701	73,461
More than 90 days	244,984	190,965	233,661	210,061
	405,445	519,853	416,299	538,663
Expected credit losses	(116,681)	(120,131)	(126,488)	(146,476)
Net trade receivables	288,764	399,722	289,811	392,187

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

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

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Kenya	392,435	518,362	416,299	538,663
Uganda	5,448	2	-	-
Tanzania	7,562	1,489	-	-
Total (Note 19)	405,445	519,853	416,299	538,663

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

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
At start of year	120,131	108,814	146,476	106,995
Release /impairment charge in the year	(3,864)	10,743	(19,988)	39,481
Effect of exchange rates	414	574	-	-
At end of year	116,681	120,131	126,488	146,476

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 2021 (continued)

4 Financial risk management (continued)

(a) Credit risk (continued)

Debt investments	2021 KShs'000	2020 KShs'000
Treasury bills	-	251,161
Expected credit losses	-	(6,118)
Net investments	-	245,043
Movement in expected credit losses:		
At start of year	6,118	6,448
Decrease in the year	(6,118)	(330)
At end of year	-	6,118

(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 2021 and 2020 to the contractual maturity date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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 2021				
Lease liabilities (Note 25)	1,052	5,260	22,695	29,007
Trade and other payables (Note 26)	396,022	-	-	396,022
	397,074	5,260	22,695	425,02*
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
Company				
At 31 December 2021				
Lease liabilities (Note 25)	1,052	5,260	22,695	29,007
Trade and other payables (Note 26)	324,370	-	-	324,370
	325,422	5,260	22,695	29,007
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

(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 2021 (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 2021 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 2020.

Group and Company:	Profit or loss / equity	
	2021	**2020**
	KShs '000	**KShs '000**
As at 31 December		
US Dollar	(872)	(3,349)
GBP	(210)	(923)
Euro	(408)	970
Rand	(67)	(1,802)
Net impact	(1,557)	(5,104)

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 2021 (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 2021						
ASSETS						
Equity investment	-	-	-	-	163,350	163,350
Trade and other receivables	-	-	-	-	348,866	348,866
Cash and cash equivalents	3.00	444,111	-	-	140,683	585,794
		444,111	-	-	652,899	1,098,010
LIABILITIES						
Lease liabilities	13.0	47	262	8,469	-	8,778
Trade and other payables		-	-	-	396,229	396,229
		47	262	8,469	396,229	405,007
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 and cash equivalents	-	-	-	-	71,564	71,564
		488,977	-	-	709,196	1,198,173
LIABILITIES						
Lease liabilities		42	232	8,546	-	8,820
Trade and other payables		-	-	-	471,618	471,618
		42	232	8,546	471,618	480,438

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Company

	Effective interest rate %	Less than 1 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 2021						
ASSETS						
Equity investment	-	-	-	-	163,350	163,350
Trade and other receivables	-		-	-	330,544	330,544
Cash at bank	-	445,111	-	-	117,706	562,817
		445,111	-	-	611,600	1,056,711
LIABILITIES						
Lease liability	-	47	262	8,469	-	8,778
Trade and other payables	-	-	-	-	324,370	324,370
		47	262	8,469	324,370	333,148
As at 31 December 2020						
ASSETS						
Debt investments	9.25	245,043	-	-	179,685	245,043
Equity investment	-	-	-	-	431,549	179,685
Trade and other receivables	-	-	-	-	-	431,549
Term deposits	3.35	243,934	-	-	46,817	243,934
Cash at bank	-	-	-	-	71,564	46,817
		488,977	-	-	658,051	1,147,028
LIABILITIES						
Lease liability	13.0	42	232	8,546	-	8,820
Trade and other payables	-	-	-	-	405,556	405,556
		42	232	8,546	405,556	414,376

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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 2020.

Effect in Kenyan Shillings thousands

	Profit or loss/equity			
	Group		Company	
	2021 KShs	2020 KShs	2021 KShs	2020 KShs
Interest bearing assets	4,451	4,890	4,451	4,890

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 2020 is as follows:

	2021 KShs	2020 KShs
Group and Company		
Equity investment (Note 16)	163,350	179,685

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	
	2021 KShs	2020 KShs
Group and company		
Equity investment	(16,335)	(17,969)

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 2021 (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
2021					
Financial assets					
Equity and debt investments	-	163,350	-	163,350	163,350
Trade and other receivables	348,903	-	-	348,903	348,903
Cash at bank	585,794	-	-	585,794	585,794
	934,697	163,350	-	1,098,047	1,098,047
Financial liabilities					
Trade and other payables	-	-	396,229	396,229	396,229
Lease liabilities	-	-	8,778	8,778	8,778
	-	-	405,007	405,007	405,007
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	-	-	-	-
Cash at bank	71,564	-	-	315,498	315,498
	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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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
2021					
Financial assets					
Equity and debt investments	-	163,350	-	163,350	163,350
Trade and other receivables	330,544	-	-	330,544	330,544
Cash at bank	562,817	-	-	562,817	562,817
	893,361	163,350	-	1,056,711	1,056,711
Financial liabilities					
Trade and other payables	-	-	324,370	324,370	324,370
Lease liabilities	-	-	8,778	8,778	8,778
	-	-	333,148	333,148	333,148
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	46,817
	967,343	179,685	-	1,147,028	1,147,028
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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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:

	Level 1 KShs'000	Level 2 KShs'000	Level 3 KShs'000	Total KShs'000
31 December 2021:				
Financial assets at FVOCI				
Equity investments	163,350	-	-	163,350
Total assets	163,350	-	-	163,350

	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

(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 2021 (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

The Group manages the above products and services as a single segment, as the sales of equipment and service and delivery revenue are considered ancillary to the sale of medical and industrial gases. Other than reviewing revenue for the different lines as disclosed in Note 6, management information reviewed by the management team does not distinguish other elements of financial performance for the products and services. No assets or liabilities are apportioned to any of the products and services..

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

5 Segment information (continued)

(ii) Operating segments (continue)

Year ended 31 December 2021	**Kenya KShs'000**	**Tanzania KShs'000**	**Uganda KShs'000**	**Elimination KShs'000**	**Total KShs'000**
Revenue	1,376,117	2,017	6,481	(2,847)	1,381,768
Operating profit/(loss)	150,381	(5,731)	(333)	(16,173)	128,144)
Net finance income	40,849	-	-	-	40,849
Profit/(loss) before income tax	191,230	(5,731)	(333)	(16,173)	168,993
Income tax expense	(60,641)	(3)	-	-	(60,644)
Profit/(loss) for the year	130,589	(5,734)	(333)	(16,173)	108,349
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)	(51,743)	101,656

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

5 Segment information (continued)

	Note	Kenya KShs'000	Tanzania KShs'000	Uganda KShs'000	Elimination KShs'000	Group KShs'000
Other segment items included in the profit or loss are:						
Year ended 31 December 2021:						
Depreciation	12	93,881	1,415	618	-	95,914
Depreciation on right-of-use asset	13	391	-	-	-	391
Stock provisions and write-offs		2,528	435	-	-	2,963
Impairment of trade receivables	7(b)	19,988	319	(4)	(16,439)	3,864
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	7(b)	39,481	20	206	(28,964)	10,743
Segment assets, liabilities and capital expenditure:						
Year ended 31 December 2021:						
Assets		1,944,770	18,238	35,187	(1,087	1,997,108
Liabilities		336,437	75,957	19,764	(23,862	408,296
Capital expenditure: Additions to property, plant and equipment		52,212	-	-	-	52,212
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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

6 Revenue

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Sale of medical and industrial gases	1,144,036	894,076	1,141,547	891,998
Equipment, accessories & welding products	73,285	78,428	70,788	75,507
Equipment and facilities rentals	129,137	43,922	128,472	43,922
Service and delivery revenue	35,310	81,678	35,310	82,371
	1,381,768	1,098,104	1,376,117	1,093,798
Recognised at a point in time	1,220,982	983,863	1,215,331	979,557
Recognised over time	160,786	114,241	160,786	114,241
	1,381,768	1,098,104	1,376,117	1,093,798

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

7 Other operating income and expenses

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
(a) Other income				
(Loss)/profit on disposal of property, plant and equipment	(920)	8,485	47	8,382
Other income	-	5	-	-
	(920)	8,490	47	8,382
(b) Expenses by nature comprise:				
Product costs	521,853	304,086	519,141	302,663
Employee benefits and other staff costs	267,648	224,189	267,648	220,713
Electricity costs	126,227	140,549	126,225	140,533
Depreciation on Property, Plant and Equipment (Note 12)	95,913	94,932	93,881	92,074
Legal and professional Fees	45,512	32,229	41,394	25,796
Vehicle expenses	41,642	34,389	41,358	33,554
Repairs & maintenance	35,479	50,049	35,479	49,900
Management fee	27,580	21,826	27,510	21,654
Travel and accommodation	15,496	11,018	15,385	10,345
Foreign currency exchange loss	13,858	14,076	13,998	14,095
Security and cleaning services	11,692	19,548	11,332	17,784
Directors fees	7,499	7,118	7,499	7,118
Insurance	5,653	3,540	5,653	5,279
Auditor's remuneration	5,095	4,759	4,316	4,111
Depreciation on Right of Use Asset (Note 13)	391	513	391	513
Amortisation of intangible assets (Note14)	-	62	-	62
Other expenses	41,365	16,521	40,776	10,983
Foreign currency exchange gains	(435)	(3,127)	(97)	(167)
Impairment increase/(decrease) on financial assets:				
Impairment of trade receivables (Note 4a)	(3,864)	10,743	(19,988)	39,481
Other financial assets	(5,900)	(814)	(6,118)	(609)
Net impairment	(9,764)	9,929	(26,106)	38,872
Total expenses	1,252,704	986,206	1,225,783	995,882

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

7 Other operating income and expenses (continued)

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Expenses by function comprise:				
Cost of sales	821,875	616,942	819,130	615,432
Distribution costs	105,122	102,374	103,814	100,679
Selling and administrative expenses	325,707	266,890	302,839	279,771
Grand Total	1,252,704	986,206	1,225,783	995,882

Included in administrative expenses are costs of KShs 25,429,000 (2020: KShs 8,662,000) that are in respect of the proposed divestment of shares by the Company's majority shareholder, BOC Holdings (UK). The costs primarily comprise legal fees, investment adviser fees and the cost of various public notices.

(c) Employee benefit expense

The following items are included within staff costs:				
Social security benefits	162	443	162	165
Retirement benefits costs:				
- defined contribution scheme	14,506	14,974	14,506	14,974

The average number of employees in 2021 was 68 (69 in 2020).

8 Finance income and finance costs

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
(a) Finance income				
Interest income	18,099	26,675	18,099	26,478
Dividend income	23,760	10,395	23,760	91,814
Total	41,859	37,070	41,859	118,292
(b) Finance costs				
Interest on lease liabilities (Note 25(c))	1,010	1,063	1,010	1,063
Interest on overdraft	-	124	-	124
Total	1,010	1,187	1,010	1,187

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

9 Income tax expense

		Group		Company	
	Note	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Current tax expense:					
Current income tax charge	20	70,421	79,011	70,418	78,844
Deferred income tax (credit)/charge	17	(9,777)	(24,396)	(9,777)	(22,583)
Income tax expense		60,644	54,615	60,641	56,261

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	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Profit before income tax	168,994	156,271	191,230	223,403
Tax calculated at 30% (2020:25%)	55,550	51,234	57,369	55,850
Alternative minimum tax	4	33		-
Tax effect of:				
Dividend income taxed at 5%	(5,940)	(2,079)	(5,940)	(2,079)
Effect of use of change in tax rate	-	(3,764)	-	(3,764)
Expenses not deductible for tax	8,229	14,469	8,229	14,470
Non-taxable income	-	(11,457)	-	(11,457)
Prior year under provision	983	3,375	983	3,241
Deferred tax asset not recognised	1,818	2,804	-	-
Income tax expense	60,644	54,615	60,641	56,261

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (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 2021 or 31 December 2020. Therefore, the dilutive earnings per share and the calculation thereof equals the basic earnings per share.

	Group		Company	
	2021 '000	**2020 '000**	**2021 '000**	**2020 '000**
Net profit attributable to shareholders	108,349	101,656	130,589	167,142
Weighted average number of ordinary shares in issue (Number)	19,525	19,525	19,525	19,525
Basic and dilutive earnings per share (KShs)	5.55	5.21	6.69	8.56

11 Dividends per share

At the next Annual General Meeting a final dividend in respect of the year ended 31 December 2021 of KShs. 2.90 per share amounting to a total of KShs 56,623,793 is to be proposed.

An Interim dividend of KShs 1.50 per share amounting to KShs 29,288,169 was paid in 2021 (2020 Nil).

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 2021 (continued)

12 Property, plant and equipment

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
2021							
Cost:							
At 1 January 2021	102,884	687,749	199,940	646,014	43,725	40,821	1,721,133
Reclassification							
Currency translation	-	586	543	1,356	85	-	2,570
Additions	-	-	-	-	-	52,211	52,211
Transfers	-	30,548	-	37,763	3,137	(71,448)	-
Write-off	-	-	-	-	-	-	-
Disposals	-	-	(13,430)	(2,577)	-	-	(16,007
At 31 December 2021	102,884	718,883	187,053	682,556	46,947	21,584	1,759,907
Depreciation:							
At 1 January 2021	(67,379)	(496,775)	(119,285)	(322,975)	(40,801)	-	(1,047,215)
Reclassification	-	-	-	-	-	-	-
Currency translation		(581)	(328)	(987)	(85)	-	(1,981)
Charge for the year	(2,738)	(36,906)	(21,165)	(32,406)	(2,699)	-	(95,914)
Write-off	-	-	-	-	-	-	-
Disposals	-	-	8,268	1,492	-	-	9,760
At 31 December 2021	(70,117)	(534,262)	(132,510)	(354,876)	(43,585)	-	1,135,350
Carrying value:							
At 31 December 2021	32,767	184,621	54,543	327,680	3,362	21,584	624,557

During the year, the Group received KShs 5,292,404 (2020 – KShs 3,961,538) from third parties for lost cylinders and disposal of trucks. The net book value of the disposed assets was KShs 6,247,290.

Work in progress comprises costs incurred on assets under construction. Such costs are capitalised when the asset has been completed and brought into use. Reversal in the year relates to arising differences between accrued costs and actual cost.

12 Property, plant and equipment (continued)

Group (continued)

	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.
Work in progress comprises costs incurred on assets under construction. Such costs are capitalised when the asset 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 2021 (continued)

12 Property, plant and equipment (continued)

Company

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & Equipment KShs' 000	Capital WIP KShs' 000	Total Fixed Assets KShs' 000
Cost:							
At 1 January 2021	102,884	687,256	187,054	621,340	42,206	40,821	1,681,561
Additions	-	-	-	-	-	52,212	52,212
Transfers	-	30,548	-	37,763	3,137	(71,448)	-
Write-off	-	-	-	-	-	-	-
Disposals	-	-	-	(2,577)	-	-	(2,577)
At 31 December 2021	102,884	717,804	187,054	656,526	45,343	21,585	1,731,196
Depreciation:							
At 1 January 2021	(67,381)	(485,657)	(112,322)	(305,718)	(39,281)	-	(1,010,359)
Charge for the year	(2,738)	(36,871)	(20,191)	(31,382)	(2,699)	-	(93,881)
Write-off	-	-	-	-	-	-	-
Disposal	-			1,492	-	-	1,492
At 31 December 2021	(70,119)	(522,528)	(132,513)	(335,608)	(41,980)	-	(1,102,748)
Carrying value:							
At 31 December 2021	32,765	195,276	54,541	320,918	3,363	21,585	628,448

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

12 Property, plant and equipment (continued)

Company (continued)

	Land & Buildings KShs' 000	Plant & Machinery KShs' 000	Motor Vehicles KShs' 000	Cylinders KShs' 000	Furniture & 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)
IWrite-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 2021 (continued)

13 Right-of-use assets

Group and company

Right-of-use asset related to leased land.

	Note	2021 KShs'000	2020 KShs'000
Cost			
At 1 January		11,089	10,182
Additions		-	1,420
At 31 December		11,089	11,602
Deduct			
Depreciation charge for the year	27	(391)	(513)
Net carrying amount at 31 December		10,698	11,089

14 Intangible assets

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Cost:				
At start of the year	16,857	16,857	16,622	16,622
Accumulated amortisation				
At start of year	(16,857)	(16,795)	(16,622)	(16,560)
Charge for the year	-	(62)	-	(62)
At end of year	(16,857)	(16,857)	(16,622)	(16,622)
Net carrying amount at 31 December	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

15 Investment in subsidiaries

Company	Percentage shareholding	2021 KShs'000	2020 KShs'000
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. BOC Tanzania Limited is in the process of winding down it operations however at Group level its assets are not material.

Kivuli Limited, a structured consolidated entity, is incorporated in Kenya and previously held quoted shares as disclosed under note 16 for Carbacid Investment Plc which has now ben transferred to BOC Kenya Plc.

16 Equity and debt investments - Group and Company

Quoted shares at FVOCI	2021 KShs'000	2020 KShs'000
Non-current:		
At start of year	179,685	118,800
(decrease) /increase in fair value	(16,335)	60,885
At end of year	163,350	179,685
Treasury bills at amortised cost		
Current:		
Treasury bills	-	251,161
Less expected credit losses	-	(6,118)
	-	245,043

The quoted shares are held Carbacid Investment Plc by BOC Kenya Plc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

17 Deferred income tax

Deferred income tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2020 – 30%).

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Deferred income tax	43,044	33,267	43,044	33,267

The movement on the deferred tax account is as follows:

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
At start of year	33,267	8,871	33,267	10,684
Recognised in profit or loss (Note 9)	9,777	24,396	9,777	22,583
At end of year	43,044	33,267	43,044	33,267

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 1,818,000 (2020 – KShs 2,804,693) 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 2021 (continued)

17 Deferred income tax (continued)

Group and Company:

	At 1 January Kshs '000	Recognised in profit or loss Kshs '000	At 31 December Kshs '000
Year ended 31 December 2021			
Property, plant and equipment	(26,177)	4,106	(22,071)
Accrued expenses and provisions	61,061	4,025	65,086
Other temporary differences	(1,617)	1,646	29
Totals	33,267	9,777	43,044

	At 1 January Kshs '000	Recognised in profit or loss 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

18 Inventories

	Group		Company	
	2021 KShs'000	**2020 KShs'000**	**2021 KShs'000**	**2020 KShs'000**
Raw materials	8,694	11,654	8,694	11,654
Finished goods and other saleable stock	143,882	107,283	138,449	100,479
Spares	74,607	65,215	74,607	65,215
Goods in transit	28,250	21,625	27,354	20,765
Impairment allowance	(48,728)	(45,765)	(43,295)	(40,767)
Total	206,705	160,012	205,809	157,346

The cost of inventory recognised as an expense and included in cost of sales amounted to KShs 522,119,000 (2020 – KShs 553,517,000) for Group and KShs 519,141,000 (2020 – KShs 546,286,000) for Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

19 Trade and other receivables

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Trade receivables	359,935	421,184	373,926	411,031
Contract assets	18,509	68,775	18,509	68,775
Receivables from related companies (Note 30(c))	-	29,894	23,864	58,857
Total	405,445	519,853	416,299	538,663
Less allowance	(116,681)	(120,131)	(126,488)	(146,476)
Net of impairment allowance	288,764	399,722	289,811	392,187
Deposits and prepayments	6,620	5,893	6,580	5,854
Other receivables	53,482	52,332	34,153	33,508
Total	348,866	457,947	330,544	431,549

20 Current income tax

		Group		Company	
	Note	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
At 1 January		11,547	53,905	(1,218	42,390
Tax paid	27	68,853	35,733	68,347	35,236
Charge for the year	9	(70,421)	(79,011)	(70,418)	(78,844)
Foreign currency translation		826	920	-	-
At 31 December		10,805	11,547	(3,289)	(1,218)
Tax recoverable		14,094	12,799	-	-
Tax payable		(3,289)	(1,252)	(3,289)	(1,218)
At 31 December		10,805	11,547	(3,289)	(1,218)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

21 Term deposits

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

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Maturing in the year:				
Maturing after 3 months	-	243,934	-	243,934

The expected credit loss was not material to the financial statements. (2020: Not material).

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	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Deposits maturing within three months	445,111	-	445,111	-
Cash at bank	140,683	71,564	117,706	46,817
Total	585,794	71,564	562,817	46,817

The expected credit loss was not material to the financial statements (2020: Not material).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

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 2020	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.

24 Other reserves

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Fair value reserve	114,558	130,893	113,623	129,958
Foreign currency translation reserve	(26,442)	(25,991)	-	-
Total	88,116	104,902	113,623	129,958

(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.

(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 2021 (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	
		KShs'000 2021	KShs'000 2020
(a) Lease liability			
At 1 January		8,820	7,441
Additions		-	1,420
Interest on lease		1,010	1,063
Payment/payable in the year		(1,052)	(1,104)
		8,778	8,820
Non-current		7,726	7,768
Current		1,052	1,052
At 31 December		8,778	8,820
(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	7(b)	391	513
Interest on lease liabilities	8(b)	1,010	1,063
(d) Amount recognised in statement of cash flows			
Total cash outflows for leases		1,052	1,104

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

26 Trade and other payables

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Cylinder deposits	181,668	176,187	146,039	142,598
Trade payables	45,226	95,099	41,763	87,292
Amounts due to related companies (Note 30(d))	41,315	80,383	41,315	80,383
Accruals and other payable	128,020	119,949	95,253	95,283
Total	396,229	471,618	324,370	405,556

27 Cash generated from operations

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

		Group		Company	
	Note	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Profit before tax		168,993	156,271	191,230	223,403
Adjustments for:					
Depreciation on PPE	12	95,913	94,932	93,881	92,074
Depreciation on ROU asset	13	391	513	391	513
Amortisation of intangible assets	14	91	62	-	62
Profit on sale of property and equipment		955	(8,485)	(47)	(8,382)
Impairment of PPE	12	-	32,184	-	32,184
Effect of foreign currency translations		222	(305)	-	-
Interest income	8	(17,089)	(26,674)	(17,089)	
Interest on overdraft		-	124	-	124
Interest on lease liability	25	1,010	1,063	1,010	1,063
Dividend income		(23,760)	(10,395)	(23,760)	(91,814)
Changes in working capital:					
Trade and other receivables		105,902	(83,590	97,826	(80,581
Inventories		(46,693)	(4,980)	(48,463)	(6,114)
Trade and other payables		(75,389)	(74,007)	(81,186)	(59,226)
Cash generated from operating activities		210,455	76,713	213,793	76,828

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

28 Contingent liabilities

At 31 December 2021, 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 143,327,500 (31 December 2020 – KShs 25,211,046).

The Company has the following bank facilities:

		Limit (US$)	
Facility description	**Currency**	**2021**	**2020**
Trade Finance, Bonds and Guarantees	USD	1,561,000	2,000,000
Open-ended Bonds and Guarantees	KES	100,000	-
Overdrafts and advances	USD	1,000,000	1,000,000
Pre-settlement Exposure on Foreign Currency Transactions	USD	500,000	500,000

The facilities above were reviewed in 2021 and aligned with current business needs.

There are certain pending routine tax reconciliations with the tax authorities and labour-related legal claims for which provision has not been made in the books as the Directors are of the opinion that the possibility of payment is remote.

29 Capital commitments

At 31 December 2021, the Group had capital commitments of KShs 22,888,377 (2020 – KShs 45,011,174).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

30 Related party transactions

The ultimate parent of the Group is Linde plc a company incorporated and domiciled in Ireland while the immediate parent is BOC Holdings (UK) . 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:

(a) Purchase of goods and services

	2021 KShs'000	2020 KShs'000
Group		
African Oxygen Limited	73,899	50,804
Cryostar SAS France	25,245	3,210
BOC Group plc	714	6,264
Total	99,858	60,278

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

(b) Sales to subsidiaries

	Company	
	2021 KShs'000	2020 KShs'000
Sales to subsidiaries:		
BOC Tanzania Limited	-	2,778
BOC Uganda Limited	2,847	931
Total	2,847	3,709

(c) Outstanding balances included in receivables

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
Due to BOC Kenya Plc:				
African Oxygen Limited	-	29,894	-	29,894
BOC Tanzania Limited	-	-	23,864	28,963
BOC Uganda Limited	-	-	-	-
Total	-	29,894	23,864	58,857

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

30 Related party transactions (continued)

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

	Group		Company	
	2021 KShs'000	2020 KShs'000	2021 KShs'000	2020 KShs'000
African Oxygen Limited	25,803	79,242	25,803	79,242
Cryostar SAS France	15,512	-	15,512	-
BOC Group plc	-	75	-	75
Afrox Zambia	-	1,066	-	1,066
Total	41,315	80,383	41,315	80,383

(e) Key management compensation

Group and Company

	2021 KShs'000	2020 KShs'000
Salaries and short-term benefits	31,765	37,269

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	
	2021 KShs'000	2020 KShs'000
Fees	7,500	7,118
Salaries and short-term benefits	41,305	35,244
Total	48,805	42,362

BOC KENYA PLC

PROXY FORM FOR THE 2022 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 Email 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 23 June 2022 at 11.00 a.m.**, and at any adjournment thereof.

Dated this____________________day of______________________2022.

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. 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*041#** or via a link to the AGM Platform that will be sent to them via SMS and/or Email and follow 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 **Monday 13 June 2022 at 08:00am** and will close on **Wednesday 22 June 2022 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 the link to the AGM Platform to view the livestream, vote and submit questions. Shareholders without internet access can access the Virtual AGM and vote and submit questions via USSD using short code number ***384*041#**.

PROXY FORM FOR THE 2022 ANNUAL GENERAL MEETING (continued)

6. Shareholders wishing to raise any questions for the AGM may do so by:
   (i) Accessing Virtual AGM via the link to the AGM 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*041#; Use the menu prompts to Select 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 22 2022 by 12:00 Noon.*

7. Shareholders wishing to vote may do so by:
(i) Accessing Virtual AGM via the link to the AGM 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 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 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.

   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 21 June 2022**.

   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 **22 June 2022 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 hours' time.

10. The Annual Report and Financial Statements of the Company for the year ended 31 December 2021 have been made available on the Company's website www.boc.co.ke in the downloads section of the website.

NOTES


VID-19
EMERGENCY
NSE PROJECT
THE WORLD BANK
BOC GASES
Liquid Oxygen
No Smoking
No naked lights
Use no oil or grease

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Safaricom + 254 719 069000
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Email: boceastafrica@boc.com
www.boc.co.ke