BOC GASES

BOC KENYA LIMITED

(Formerly East African Oxygen Limited)

ANNUAL REPORT AND ACCOUNTS 1995

BOC GASES

BOC KENYA LIMITED

(Formerly East African Oxygen Limited)

BOARD OF DIRECTORS

A.N. Ngugi (Chairman and Managing Director)

J.P. Fredericks*
A.C. Juma
J.G. Kibe
Ngugi Kiuna
R.T. Vice*

South African*

SECRETARY

H.R. Chege

BANKERS

Barclays Bank of Kenya Limited
Standard Chartered Bank Kenya Limited

AUDITORS

Coopers & Lybrand

REGISTERED OFFICE

Kitui Road
P.O. Box 18010
NAIROBI

REGISTRARS

Specialist Corporate Consultants
P.O. Box 30633
NAIROBI

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BOC KENYA LIMITED
(Formerly East African Oxygen Limited)

BOARD OF DIRECTORS

Allan N. Ngugi
Chairman and Managing Director

Now 58 years of age, Allan graduated with a University of London BA (Hons) degree from Makerere College and started his career with the East African Power and Lighting Company Ltd. in 1963. He joined BOC Kenya Ltd. in February 1976 as Managing Director (Designate), becoming a full member of the Board later in June. He was appointed Chairman of the Board in 1991.

Royden T. Vice
Director

A BCom Graduate and Chartered Accountant, Royden Vice 48 is Chairman and Managing Director of African Oxygen Limited (Afrox). He has 20 years service with that Company. During his tenure with the company he has held the positions of General Manager Finance and Administration and General Manager Healthcare. He was transferred to an American sister company in 1986 where he held the position of President. He was appointed Managing Director of Afrox in January 1993 and Chairman in February 1994. He was appointed a Director of BOC Kenya Ltd. in February 1995.

John P. Fredericks
Director

John Fredericks 56 has 34 years service with the African Oxygen Ltd. and has held the positions of General Manager Welding and General Manager Inland before assuming the role of General Manager Natal in 1982. He is Chairman of BOC Zimbabwe (Pvt) Ltd., Chairman of Industrial Gases Ltd. of Malawi and a Director of Lasey Seychelles. He has been a Director of Afrox Ltd. since 1977. He was appointed a director of BOC Kenya Ltd. in February 1995.

Joseph G. Kibe
Director

A BA graduate of London University through Makerere College, Joe Kibe 60 has had a long career in the Kenya Government where he served as Permanent Secretary in six Ministries. He is currently a businessman and farmer. He was appointed a non-executive director of BOC Kenya Ltd. in August 1991.

Ngugi Kiuna
Director

A holder of BSc. (Hons) degree in Mechanical engineering from Portsmouth Polytechnic, England. Ngugi Kiuna 46 is the General Manager/Director of Diversey Eastern & Central Africa Ltd. He was appointed a non-executive director of BOC Kenya Ltd. in October 1993.

Alfred C. Juma
Director

A BA (Hons) graduate of [illegible] ge, Alfred Juma 57 was the Managing [illegible] a) Limited until the end of 1995. He is the Chairman of Kenya Ports Authority and was the Chairman of the Federation of Kenya Employers from 1991 to 1993. He was appointed a non-executive director of BOC Kenya Limited in May 1994.

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BOC GASES

1. BOC Kenya limited -- Periodicals

BOC KENYA LIMITED
(Formerly East African Oxygen Limited)

NOTICE OF THE MEETING

Notice is hereby given that the Fifty Fifth Annual General Meeting of BOC Kenya Limited will be held at the offices of the Company at Kitui Road, Nairobi on Thursday 15 February 1996 at 10.00 a.m.

ORDINARY BUSINESS

(a) To receive and consider the statement of accounts and the reports of the directors and auditors thereon.

(b) To declare a dividend.

(c) To elect directors.

(d) To re-appoint auditors and authorise the directors to fix their remuneration.

(e) To approve the payment of fees to the directors for the year ended 30 September 1995.

BY ORDER OF THE BOARD
H.R. Chege
Secretary

Kitui Road
P.O. Box 18010
Nairobi

19 January 1996

Notes: A member of the Company entitled to vote at the meeting may appoint a proxy who need not be a member, to attend instead of him.

A proxy shall not vote on a show of hands but may vote on a poll.

A representative of a corporation may vote on a show of hands.

Proxies must be lodged at the registered office of the Company not later than 24 hours before the appointed time for the meeting.

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BOC GASES

BOC KENYA LIMITED

(Formerly East African Oxygen Limited)

REPORT OF THE DIRECTORS

The directors submit their report and statement of accounts for the year ended 30 September 1995.

PROFIT AND APPROPRIATIONS:

	KShs'000
Profit from ordinary activities before taxation	133,160
Taxation	(55,387)
Profit from ordinary activities after taxation	77,773
Transfer from reserves	40,495
	118,268
Dividends	(54,623)
Retained profit for the year	63,645

BONUS ISSUE:

During the year a bonus issue of 1 share for every 5 shares held was made to shareholders registered in the books of the company on 1 March 1995. The bonus shares ranked in full for all dividends thereafter paid or declared including the final dividend for the year ended 30 September 1994.

CHANGE OF COMPANY NAME:

The name of the company was changed from East African Oxygen Limited to BOC Kenya Limited with effect from 27 March 1995. The new name was adopted for trading with effect from 1 June 1995.

DIVIDENDS:

An interim dividend of 16%, equal to KShs. 15,572,117 was declared in May 1995 and paid in July 1995. The directors recommend that a final dividend of 40%, equal to KShs. 39,050,892 be paid on 29 March 1996 to shareholders on the register at the close of business on 1 March 1996.

DIRECTORS:

The names of the directors as at 30 September 1995 are set out on page 1.

Messrs R.G. McFarland and P.S. Mearns resigned as directors on 21 February 1995. Messrs R.T. Vice and J.P. Fredericks were appointed on the same day and in accordance with Article 98 of the Articles of Association, they vacated office and were re-elected at the annual general meeting on 23 February 1995.

Mr. Ngugi Kiuna retires by rotation and being eligible offers himself for re-election.

AUDITORS:

The auditors, Coopers & Lybrand, will continue in office in accordance with the provisions of Section 159(2) of the Companies Act (Cap. 486).

BY ORDER OF THE BOARD
H.R. Chege

Secretary

21 December, 1995

CHAIRMAN'S REPORT

BUSINESS ENVIRONMENT:

In my report last year I made a brief reference to the abolition of import licences and foreign exchange restrictions. The more relaxed economic environment thus ushered in, opened the flood-gates for an avalanche of imports which included all the products in which we deal — Welding, Health Care and some types of Industrial Gases. Bearing in mind that internal competition in all these products has been vigorous for many years, my forecast last year that competition would "be more severe in 1995" has turned out to be a clear understatement. Many of our customers in the Agricultural, textile and fabrication industries also suffered, for example from imports of sugar, finished garments and fully assembled vehicles. Consequently, they were forced to scale down their operations, with concomitant reduction in demand for our products.

During the year under review, the Kenya shilling experienced mixed fortunes. At the end of our last financial year, the Kenya shilling had appreciated from the massive devaluation of 1993 to an exchange rate of Shs. 45 to the dollar. In the course of 1995, it was generally expected that the rate would stabilize at around Shs. 55 to the dollar. However, during the four months period to July, the shilling was in steady decline against the hard currencies. In July, it slumped to its lowest level in two years to exchange at over Shs. 61/- to the U.S. dollar and the Central Bank was forced to intervene by substantially raising Treasury Bill interest rates. This intervention in turn had the undesirable effect of forcing commercial banks to raise their base lending rates, thus increasing the cost of borrowing, with adverse consequences for productive investment.

As a logical conclusion of the structural economic reforms which have been effected in the last two years, the Exchange Control Act has now been repealed. This formally brings to an end the foreign exchange control regime which previously gave the Government a strangle hold on all aspects of the economy. This is an encouraging development for business.

PRODUCTION:

Air Separation Unit:
The ASU production of Oxygen, Nitrogen and Argon increased by 6.2% during the year.

However, the production efficiency measured in specific power usage increased by only 3.2% due to frequent power supply interruptions. We have drawn the attention of The Kenya Power & Lighting Company Ltd. to the additional production unit costs which such interruptions cause.

Hydrogen:
Hydrogen production volumes declined due to reduced demand from our customers. However, the performance efficiency of our hydrogen plant measured by specific power usage, improved by 5% over the previous year.

Nitrous Oxide:
This is an anaesthetic gas preferred for use during major surgery. Production volume declined somewhat during the year, but plant performance measured by litres of gas produced from a kilogramme of ammonium nitrate improved by approximately 2%. Demand for the gas and the associated anaesthesia delivery systems was adversely affected by the continuing cash liquidity problems in many of our public hospitals.

Dissolved Acetylene:
Following the fire accident in July 1994 which destroyed the DA compressing facility in Nairobi, the Mombasa Plant was progressively expanded by 216% of the original capacity to finally cope with the market requirements. Although we had to purchase some gas from competition at the beginning of the year, it is gratifying to note that despite the complex logistics involved in trucking gas from Mombasa for distribution to our customers stretching to the Uganda border, there were minimal interruptions in supplies.

Electrodes:
Electrode's production volume declined further as both internal and external competition intensified. A number of measures designed to lower our cost base and generally improve efficiency have been taken during the year and it is expected that results for the coming year will be an improvement on the year under review.

BUSINESS PERFORMANCE:

The management of debtors and stock was paramount in the three business divisions during the year. Stock holding increased by only 7% over the previous year.

Each of our three business divisions made a positive contribution to the operating profit which was about equal to last year's despite the more challenging business environment, in which many manufacturing enterprises have posted declining profitability.

Industrial Gases:
Our Industrial Gases business performed well in a year that saw many of our major customers scale down their activities as their products were crowded out of the market by alternative or cheaper products. We achieved particularly good sales in liquid and gaseous oxygen, high purity argon and gas mixtures.

Our gases application team benefited from close liaison with African Oxygen Ltd.'s specialists in South Africa and we are confident that our unique technologies in gases applications will continue to be of value to Kenyan industry.

Welding Products:
In a sluggish economy, with no major infrastructural projects and in a market awash with cheap imports, this business performed below original expectations. However, Kenya manufacturers benefited from regular visits by our overseas suppliers to our customers' workshops to advise on both equipment and accessories used. A number of new welding products were introduced to the market and an agency agreement was signed with Robert Bosch of South Africa for supply of Power Tools.

In the Kenyan market, we now have welding products from China, India and South Korea among others. Despite the pressure exacted on margins by these imports, we have stuck to our policy of delivering quality products and service and it is gratifying to see that the market is beginning to show a distinct preference for the superior goods. At the same time, together with other local manufacturers, we have made representations to the Minister for Industry in cases where there were indications that appropriate duties had not been applied to some of the imported products.

Health Care:
Like the Welding Business, the equipment sector of this business suffered from imports originating from Korea, India, Russia and China. Some Doctors running private Nursing Homes also brought in certain items of equipment, including second hand anaesthetic machines which will inevitably run into after sales service problems.

The gases sector achieved satisfactory results during the year despite lower than budgeted average selling prices in the face of a stronger shilling than we had anticipated.

SECURITY:

Measures taken last year have stood us in good stead as we did not have any attempted robberies in our factories. However, we experienced transit thefts and the general level of security in the country continues to be a matter for concern. We therefore cannot afford to lower our guard.

BUSINESS RE-ORGANISATION:

In order to continuously improve service to our customers through closer focus, the Industrial Gases and Welding Products divisions were merged under one General Business Manager with effect from 1st October, 1995. Our sales representatives will have appropriate skills in both Gases and Welding Products to serve the whole spectrum of our industrial customers.

An independent customer survey of a representative sample of our customers was undertaken during the year by a consulting firm and the response from our customers is encouraging. As a way of ensuring that our service delivery is continuously improved the issues raised in the survey will be vigorously addressed and recommended action taken swiftly in the new year.

DA COMPRESSION RECONSTRUCTION:

Reconstruction of the DA compression building commenced on May 24th 1995. Following a complete redesign of all major systems by our consultants in conjunction with BOC Southern Africa Region, it became apparent that much of the equipment required was not available in East Africa. Sourcing, purchasing and importing this equipment has led to delays beyond the originally estimated completion date. Production in Nairobi is now expected to recommence in January 1996.

SAFETY:

The BOC Group world-wide is determined to have all its managers place good safety performance at the top of their agenda, the objective being to provide for all employees an environment that is safe to work in. Here in BOC Kenya Ltd., the NOSA Safety rating referred to in my report last year was carried out in November 1994. The results were encouraging as Nairobi, Kisumu and Mombasa sites were awarded a 3, 2, and 1 star rating respectively. The next review will be in March 1996 and as a team striving to continuously improve safety performance and awareness among all our employees, we expect a higher rating at all the three sites.

PROSPECTS:

The main focus of attention in business circles at the end of our financial year was the general rise in interest rates in the money market, driven by a sharp rise in Treasury Bill yields. This trend is increasing the cost of borrowing and is not conducive to productive investment and economic growth.

Competition in our business is likely to intensify, with cheap imports posing the greatest threat. With a level playing ground, however, we are confident of our ability to compete and win.

The frequent power trips now constitute a major constraint in the efficient production of certain gases and is likely to lead to imports of products which would otherwise be cheaper produced locally. To mitigate the effects of power failures, we have acquired and installed a 700 KVA diesel generator which is sufficient to operate all plants except the 17 tpd ASU.

The repeal of the Exchange Control Act in December, 1995 is a positive sign to potential investors and the President is personally spearheading a Government campaign to woo foreign investors. It remains to be seen, however, whether with the General Elections due in 1997, political or economic considerations will be uppermost in our policy makers' minds. As for BOC Kenya Ltd., I am confident that we have a wealth of competent, well-trained managers and staff who will continue to respond effectively to the rapidly changing business climate in Kenya. We look to the future with optimism, based on confidence in our management and our unrivalled knowledge of the business portfolio in which we are engaged.

HUMAN RESOURCES:

As a Company incorporated in Kenya, we are fully responsible and accountable for the conduct and operations of our business in this country. We can respond immediately to our customers' changing needs in tandem with the fundamental changes that are taking place in the local business environment. Simultaneously, as a member of the BOC Group world-wide, we have ready access to the training facilities, skills, research findings and all other resources of a global Company operating in 60 countries across the world. BOC Kenya Ltd. firmly believes that people are its most essential asset. That is why we continue to commit substantial resources in time and money towards the training and development of our employees in order to ensure that they are ready to take advantage of any new growth opportunities that come our way.

In this connection, I am pleased to record that benefits have already been realised from our current geographical link with Afrox who have offered several courses on Safety and Gases Applications to some of our senior staff.

The satisfactory results achieved during the year under difficult trading conditions reflect the efforts of all our employees in meeting the customers expectations that are continuously rising. One way in which we intend to keep up with our customers' higher expectations is through quality initiatives comprising, for the time being, TQM, NOSA and ISO 9000.

In conclusion, I wish to thank our Directors, Management and Staff for their continued hard work and commitment towards the success of BOC Kenya Ltd. I would also like to thank our customers, our Agents, stockists and suppliers for their support and confidence.

A.N. Ngugi
CHAIRMAN

21st December, 1995.

COMPARATIVE RESULTS

	1995	1994	1993	1992	1991	1990	1989
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Issued share capital	97,326	80,805	53,601	53,374	53,374	42,699	30,499
Reserves	630,636	623,309	632,570	371,877	355,305	339,049	185,805
Net assets	727,962	704,114	686,171	425,251	408,679	381,748	216,304
Transfer from Reserves	(40,495)	(46,944)	(16,336)	(19,210)	(17,673)	(4,689)	(4,698)
Dividends	54,623	51,972	31,089	19,215	17,080	11,102	7,930
Taxation	55,387	64,164	34,756	32,094	32,461	23,249	22,170
Retained profits	63,645	64,154	38,215	35,781	44,604	22,002	20,366
	133,160	133,346	87,724	67,880	76,472	51,664	45,768

REPORT OF THE AUDITORS TO THE MEMBERS OF BOC KENYA LIMITED

1. We have audited the accounts set out on pages 10 to 18. The accounts are in agreement with the books of account. We obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

2. **Respective Responsibilities of Directors and Auditors**

   Under the provisions of the Companies Act, the directors are responsible for the preparation of accounts which give a true and fair view of the company's state of affairs and its profit or loss. Our responsibility is to express an independent opinion on the accounts based on our audit and to report our opinion to you.

3. **Basis of Opinion**

   We conducted our audit in accordance with Kenyan Auditing Standards. These standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material mis-statement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosure in the accounts. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the accounts.

4. Opinion

   In our opinion proper books of account have been kept and the accounts give a true and fair view of the state of affairs of the company at 30 September 1995 and of its profit and cash flows for the year then ended and comply with the Companies Act (Cap 486).

Certified Public Accountants of Kenya

Nairobi,

22 December, 1995.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1995

	Note	1995 KShs'000	1994 KShs'000
OPERATING PROFIT BEFORE TAXATION		118,352	121,776
INTEREST INCOME		14,808	11,570
PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION	2	133,160	133,346
TAXATION	4	(55,387)	(64,164)
PROFIT FROM ORDINARY ACTIVITIES AFTER TAXATION		77,773	69,182
TRANSFER FROM RESERVES		40,495	46,944
PROFIT ATTRIBUTABLE TO SHAREHOLDERS		118,268	116,126
DIVIDENDS	5	(54,623)	(51,972)
RETAINED PROFIT FOR THE YEAR		63,645	64,154
EARNINGS PER ORDINARY SHARE	6	Shs. 6.08	Shs.5.97

STATEMENT OF RETAINED PROFITS

	Note	1995 KShs'000	1994 KShs'000
1ST OCTOBER		274,158	236,939
AMORTISED AND REALISED RESERVES	11	40,495	46,944
TRANSFER TO PROFIT AND LOSS ACCOUNT		(40,495)	(46,944)
RETAINED PROFIT FOR THE YEAR		63,645	64,154
BONUS ISSUE	10	(16,161)	(26,935)
30TH SEPTEMBER		321,642	274,158

Report of the auditors — page 9
The notes on pages 13 to 18 form part of these accounts.

BOC GASES

BOC KENYA LIMITED
(Formerly East African Oxygen Limited)

BALANCE SHEET — 30 SEPTEMBER 1995

	Note	1995 KShs'000	1994 KShs'000
FIXED ASSETS	7	546,983	544,266
CURRENT ASSETS			
Stocks	9	165,095	155,700
Debtors		105,848	96,317
Cash and bank balances		10,763	8,189
Short term deposits		78,450	95,000
		360,156	355,206
CURRENT LIABILITIES			
Creditors		116,749	101,095
BOC Group Companies		4,811	7,491
Taxation		1,229	41,196
Dividends		49,890	39,304
Bank Overdrafts		6,498	6,272
		179,177	195,358
NET CURRENT ASSETS		180,979	159,848
NET ASSETS		727,962	704,114
Financed by:-			
SHARE CAPITAL	10	97,326	80,805
RESERVES	11	630,636	623,309
		727,962	704,114

A.N. Ngugi–Director

J.G. Kibe–Director

The accounts were approved by the Board of Directors on 21 December, 1995.

Report of the auditors — page 9.
The notes on pages 13 to 18 form part of these accounts.

CASH FLOWS STATEMENT FOR YEAR ENDED 30 SEPTEMBER 1995

	1995 KShs'000	1994 KShs'000
Cash flows from operating activities		
Net profit before taxation	133,160	133,346
Adjustments for:-		
Depreciation	59,633	60,171
Profit on sale of fixed assets	(7,990)	(1,396)
Foreign exchange losses	1,392	393
Gross interest income from short term deposits	(16,608)	(14,504)
Interest expense	1,800	2,934
Operating profit before working capital changes	171,387	180,944
Increase in trade and other debtors	(19,303)	(34,071)
(Increase)/Decrease in stocks	(9,395)	38,760
Increase/(Decrease) in trade creditors	11,330	(15,844)
Increase/(Decrease) in Group Current accounts	(2,680)	1,896
Cash generated from operations	151,339	171,685
Income taxes paid	(95,354)	(46,121)
Insurance claim settlement	14,095	—
Net cash from operating activities	70,080	125,564
Return on investments and servicing of finance		
Interest received	16,608	14,504
Dividends paid	(44,037)	(40,923)
Interest paid	(1,800)	(2,934)
Net cash from investments and servicing of finance	(29,229)	(29,353)
Cash flows from investing activities		
Purchase of fixed assets	(65,433)	(38,320)
Proceeds from sale of fixed assets	11,073	9,093
Net cash from investing activities	(54,360)	(29,227)
Cash flows from financing activities		
Proceeds from issuance of share capital	699	733
Net cash from financing activities	699	733
Net increase/(decrease) in cash and cash equivalents	(12,810)	67,717
Cash and cash equivalents at beginning of year (Note 15)	96,917	29,593
Effect on exchange rate changes	(1,392)	(393)
Cash and cash equivalents at end of year (Note 15)	82,715	96,917

Report of the Auditors — page 9.
The notes on pages 13 to 18 form part of these accounts.

NOTES TO THE ACCOUNTS — 30 SEPTEMBER 1995

1. PRINCIPAL ACCOUNTING POLICIES:

The accounts are prepared in accordance with the historical cost convention. This convention permits the inclusion of certain assets at a valuation and attention is drawn to the assets referred to in Note 7. The following is a summary of the more important accounting policies used.

(a) Depreciation

Depreciation is calculated to write off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates used are:-

Freehold buildings	2%
Long leasehold land and buildings	2%
Plant and machinery	varying from 5— 20%
Cylinders	4%
Motor Vehicles	varying from 10 — 25%
Furniture and fixtures	varying from 10 — 20%

No depreciation is charged on freehold land. Short leasehold land and buildings are amortised over the period of the lease.

(b) Revaluation reserve

Transfers are made to retained profits in order to amortise the reserve arising from fixed assets revaluation over the remaining useful lives of the assets concerned and to eliminate amounts attributable to disposals. An equal amount is released to profit and loss account.

(c) Stocks

Stocks, including work in progress, are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis, and where appropriate, includes a proportion of overhead expenses. Provision is made for obsolete, slow moving and defective stocks.

(d) Bad and doubtful debts

Specific provision is made for all known doubtful debts. In addition, a general provision is made on the remaining overdue trade debtor balances. Bad debts are written off when all reasonable steps to recover them have been taken without success.

(e) Exchange rates

All amounts denominated in foreign currency are translated at the rates of exchange ruling at the end of the financial year. Exchange differences arising from currency conversion in normal course of trading, are dealt with through the profit and loss account.

NOTES TO THE ACCOUNTS — 30 SEPTEMBER 1995
(continued)

	1995 KShs'000	1994 KShs'000
2. OPERATING PROFIT:		
This is stated after charging:		
Depreciation	59,633	60,171
Auditors' remuneration	576	661
3. DIRECTORS' EMOLUMENTS		
The emoluments of directors are as follows:-		
As directors	194	154
For management	4,796	4,253
	4,990	4,407
4. TAXATION		
Current tax at 35% (1994: 37.5%) on the taxable profit for the year	57,722	64,164
Overprovision in prior years	(2,335)	—
	55,387	64,164
5. DIVIDENDS		
1995: 40% Proposed - final	39,051	—
16% Interim - paid	15,572	—
1994: 40% Proposed - final	—	38,930
16% Interim - paid	—	13,042
	54,623	51,972

6. EARNINGS PER SHARE

The earnings per ordinary shares of Shs. 6.08 each are calculated by reference to the profit from the ordinary activities after the transfer from reserves and the 19,465,146 (1994: 16,160,955) shares in issue at the end of the year. The 1994 comparatives have been restated to take account of the bonus issue.

NOTES TO THE ACCOUNTS — 30 SEPTEMBER 1995 (continued)

7. FIXED ASSETS:

	Freehold, Leasehold land and properties KShs'000	Plant and machinery and motor vehicles KShs'000	Cylinders KShs'000	Furniture and fittings KShs'000	Capital work in progress KShs'000	TOTAL KShs'000
Cost or Valuation:						
1st October 1994	86,936	887,291	242,170	20,338	2,883	1,239,618
Additions	3,685	24,529	25,289	2,259	9,671	65,433
Disposals	—	(7,585)	(6,341)	—	—	(13,926)
30th September 1995	90,621	904,235	261,118	22,597	12,554	1,291,125
Depreciation:						
1st October 1994	2,010	527,689	155,528	10,125	—	695,352
Charge for the year	2,012	46,767	8,283	2,571	—	59,633
Disposals	—	(5,396)	(5,447)	—	—	(10,843)
30th September 1995	4,022	569,060	158,364	12,696	—	744,142
Net Book Value:						
30th September 1995	86,599	335,175	102,754	9,901	12,554	546,983
30th September 1994	84,926	359,602	86,642	10,213	2,883	544,266

(a) Land, buildings and plant and machinery were revalued as at 30 September 1993. Cylinders were revalued on 30 September 1990; they are stated in these accounts at their revalued amounts less accumulated depreciation. The valuation of land and buildings was carried out by professional valuers while that of cylinders and plant and machinery by directors. The basis for valuation of land and buildings was open market with existing use. The basis for the valuation of cylinders, plant and machinery was replacement cost. Cylinders acquired after 30 September 1990 are included at cost.

(b) Remaining assets, namely motor vehicles, furniture and fittings are included either at valuation at 1 October 1977 or at cost if acquired after that date, less accumulated depreciation. The basis of their valuation was replacement cost.

NOTES TO THE ACCOUNTS — 30 SEPTEMBER 1995 (continued)

8. SUBSIDIARY COMPANY:

The company has one wholly owned subsidiary, East African Oxygen Limited, (formerly Kenya Oxygen Limited) a dormant company, which is carried in the accounts as follows:-

	1995 KShs'000	1994 KShs'000
Shares at cost less provision for diminution in value	2	2
Amounts due to subsidiaries	(2)	(2)
	NIL	NIL

9. STOCKS:

Stocks and work in progress comprise:-

	1995 KShs'000	1994 KShs'000
Saleable stocks	86,083	85,753
Raw materials	26,427	18,056
Plant spares	30,308	19,550
Goods in transit	17,382	10,501
Work in progress	471	5,614
Others	4,424	16,226
	165,095	155,700

10. SHARE CAPITAL:

	1995 Number	1995 KShs'000	1994 KShs'000
Authorised:			
20,000,000 ordinary shares of Shs. 5 each	20,000,000	100,000	100,000
Issued and fully paid:			
1 October - Ordinary shares of Shs. 5 each	16,160,955	80,805	53,601
Ordinary shares issued under share option scheme	72,000	360	269
Bonus shares issued from retained earnings	3,232,191	16,161	26,935
30 September - Ordinary shares of Shs. 5 each	19,465,146	97,326	80,805

Under the staff Share Option Scheme, 72,000 shares were offered to management staff at a premium of Shs. 4.71 per share. The shares were all taken up and fully paid.

NOTES TO THE ACCOUNTS — 30 SEPTEMBER 1995 (continued)

11. RESERVES

	Fixed Assets Revaluation Reserve KShs'000	Share Premium Account KShs'000	Retained Profits KShs'000	Total Reserves KShs'000
1 October 1994	347,457	1,694	274,158	623,309
Amortised and realised revaluation reserves	(40,495)	—	40,495	—
Transfer to profit and loss account	—	—	(40,495)	(40,495)
Bonus issue (Note 10)	—	—	(16,161)	(16,161)
Premium on shares issued (Note 10)	—	338	—	338
Retained profit for the year	—	—	63,645	63,645
30 September 1995	306,962	2,032	321,642	630,636

12. DEFERRED TAXATION:

No provision is made for deferred taxation of KShs. 143,432,000 (1994: KShs. 155,986,000), which would arise if all the assets were to realise their stated values as the directors do not intend to dispose of the assets in the foreseeable future.

13. CAPITAL COMMITMENTS:

	1995 KShs'000	1994 KShs'000
Commitments in respect of contracts	56,022	13,250
Approved by the directors in addition to contracts	47,984	62,765
	104,006	76,015

14. CONTINGENT LIABILITIES:

Contingent liabilities upon which no losses are anticipated, comprise:-

	1995 KShs'000	1994 KShs'000
Bank guarantees	3,531	2,305

NOTES TO THE ACCOUNTS — 30 SEPTEMBER 1995
(continued)

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and balances with banks, and short-term deposits. Cash and cash equivalents included in the cash flows statement comprise the following balance sheet amounts.

	1995 KShs'000	1994 KShs'000
Cash on hand and balances with banks	10,763	8,189
Bank overdrafts	(6,498)	(6,272)
Short-term deposits	78,450	95,000
Cash and cash equivalents	82,715	96,917

The company has borrowing facilities of Shs. 45,000,000 of which Shs. 6,498,000 had been utilised as at September 1995.

Report of auditors — page 9.

BOC GASES

BOC KENYA LIMITED

(Formerly East African Oxygen Limited)

PRODUCTS AND SERVICES

INDUSTRIAL GASES

Compressed Oxygen
Liquid Oxygen
Compressed Nitrogen
Liquid Nitrogen
Whitespot Nitrogen
Argon
Argon Mixtures
Argonox
Argoshield
Lamp Gas
Pestigas
Compressed air
Dissolved Acetylene
Freon Refrigerants
Helium/Balloon Gas
Sulphur dioxide
Hydrogen
Special Gases Mixtures
Research Gases
Cryospeed (Liquid Nitrogen Applications + Dewar Sales)
Electronic gases
Domestic LPG
Technical advice
on gas applications
modified atmospheres
Industrial pipelines

HEALTH CARE

Medical Gases
Compressed Medical Oxygen
Liquid Medical Oxygen
Nitrous Oxide
Entonox
Medical Carbon Dioxide
Medical Air
Medical Equipment
Anaesthetic Machines
Analgesic Dental Units
Oxygen Monitoring
Oxygen Therapy
Resuscitation
Ventilators
Incubators & Oxygen Tents
Veterinary Anaesthesia equipment
Medical gas pipelines
Electric suction pumps
Ambu Manual suction pumps
Respirometers
Halothane Vaporisers
Infusion pumps and syringes
Disposable gloves
IV Venflon Cannula (VIGGO)
Repairs/Service
Medical Equipment
Repair facilities for all above available
Ohmeda Centre
for Halothane Vaporisers

WELDING PRODUCTS

Gas Welding
Regulators
Cutting torches
Welding torches
Gas control equipment
Safety equipment & Protective clothing
Gas Welding Rods & Fluxes
Low temperature Brazing alloys
Gas Equipment Repairs
Electric Welding
Manual metal Arc machines
MIG Semi automatic machines
TIG-Welding Machines & accessories
Vitemax mild steel electrodes
Special electrodes
MIG Wire
After Sales Service
Arc Equipment Repairs
Training in Gas and Arc Welding
Customer Site Safety Surveys
Power Tools
Angle grinders
Die grinders
Circular Saws
Drills
Impact drills
Cordless drills
Rotary hammers

OFFICES AND AGENTS

Company	TOWN	ADDRESS	TELEPHONE
Registered & head office	Nairobi	18010, Kitui Road	531380—91
Nairobi Branch	Nairobi	18196, Kitui Road	531380—91
Mombasa Branch	Mombasa	80960, Liwatoni Road	312304
Kisumu Branch	Kisumu	1757, Kibos Road	21267
Agents			
Ibrahim Karimbux Ltd.	Nakuru	3, Nakuru	037—2065 & 2508
Central Farmers Garage	Kitale	97, Kitale	0325—20828
Rangi Enterprises Ltd.	Kisumu	82, Kisumu	035—41405
Shabana Hardware & General Stores Limited	Kisii	208, Kisii	0381—20595
Shabana Hardware & General Stores Ltd.	Migori	208 Kisii	0387—20326
Mohamed Moti & Sons (K) Ltd.	Meru	19, Meru	0164—20718
E K Wachira & Sons	Nyeri	115, Nyeri	0171—2298
Kericho Motor Works	Kericho	62, Kericho	0361—20038
Buttsons Limited	Nanyuki	62, Nanyuki	0176—2797
Messrs H M Vaghela	Kakamega	225, Kakamega	0331—20476
Sparko General Stores	Embu	1385, Embu	0161—20137
Thika General Stores	Thika	172, Thika	0151—21882
Abdulrasul Mulla & Sons	Malindi	92, Malindi	0123—200089
Akamba Timber & Hardware, Ltd.	Machakos	143, Machakos	0145—21730 & 21661
Atlas Hardware Ltd.	Nairobi	72609, Nairobi (Kirinyaga Road)	336626, 228827 & 223606
Unia & Company	Nyahururu	205, Nyahururu	0365—22101 & 22102
Tools & Paints Hardware Ltd.	Nairobi	11192, Nairobi (Gikomba)	761211
Kamba Hardware	Kitui	651, Kitui	0141—22084
P K Bhatia	Bungoma	4 Bungoma	0337—20985
Ideal Spares & Tools Ltd.	Eldoret	2732 Eldoret	0321 — 31433, 31310
Geofrey Wanjohi Bachia	Naivasha	228, Naivasha	0311—30200
McPaul Hardware & Cement	Karatina	453 Karatina	0171—71840, 71297
Kenrai Enterprises	Mombasa	80449 Mombasa	011—311853/4/5
Murang'a Motor Spares Ltd.	Murang'a	391 Murang'a	0156—22856/22570
M/S Njiiri Hardware Ltd.	Voi	244 Voi	0147—2260 Fax: 2673

BOC GASES

BOC KENYA LIMITED
(Formerly East African Oxygen Limited)

THE SECRETARY,
BOC KENYA LIMITED,
P.O. BOX 18010,
NAIROBI.

PROXY

I/We ....

of ....

being a member/members of the above named company, hereby appoint ....

....

of ....

or failing him ....

of ....
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 on 15th February 1996 and at any adjourment thereof.

Signed by me/us this .... day of ....

Signature(s) ....

This form is to be used ....* .... the resolutions (in favour of / against)

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

* Strike out whichever is not desired.