CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00
2. BUREAU: FUS
3. SECTION(S):
4. PUBLIC MEETING DATE: 00/00/00
5. APPROVED BY:
   DIRECTOR:
   SUPERVISOR:
6. PERSON IN CHARGE:
7. DATE FILED: 10/06/04
8. DOCKET NO: A-110162
9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT:

RESPONDENT/APPLICANT: BOC ENERGY SERVICES, INC.

COMP/APP COUNTY:

UTILITY CODE: 110162

ALLEGATION OR SUBJECT

APPLICATION OF BOC ENERGY SERVICES, INC., FOR APPROVAL TO OFFER, RENDER, FURNISH OR SUPPLY ELECTRICITY OR ELECTRIC GENERATION SERVICES AS A BROKER/MARKETER ENGAGED IN THE BUSINESS OF SUPPLYING ELECTRICITY IN THE COMMONWEALTH OF PENNSYLVANIA.

DOCKETED
OCT 15 2004

DOCUMENT
FOLDER

MWN
McNees Wallace & Nurick LLC
attorneys at law

ORIGINAL

Susan E. Bruce
Direct Dial: (717) 237-5254
E-Mail Address: sbruce@mwn.com

RECEIVED
2004 OCT -6 PM 4:04
SECRETARY'S BUREAU

October 6, 2004

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor North
Harrisburg, PA 17120

VIA HAND DELIVERY

DOCUMENT FOLDER

Re: Application of BOC Energy Services, Inc., for approval to offer, render, furnish, or supply electricity or electric generation services as a broker/marketer engaged in the business of supplying electricity in the Commonwealth of Pennsylvania; Docket No. A-110162

Dear Secretary McNulty:

Please find enclosed for filing with the Commission an original and eight (8) copies of the Application of BOC Energy Services, Inc., for an Electric Generation Supplier License as captioned above. Also enclosed is an electronic version of the filing and a check in the amount of $350.00 in the nature of an application fee with respect to this Application.

BOC Energy Services, Inc., requests an effective authorization date no later than January 1, 2005. To that end, BOC Energy Services, Inc., respectfully requests that the Commission consider *this Application at its December 2, 2004, or December 16, 2004, Public Meeting*. BOC Energy Services, Inc., is prepared to provide information in response to Commission questions in an effort to facilitate Commission review of this Application.

Copies of this filing have been served in the manner indicated on the attached Certificate of Service. Please date stamp the extra copy of this transmittal letter and kindly return it to us for our filing purposes. Thank you for your attention to this matter.

Very truly yours,

McNEES WALLACE & NURICK LLC

By Susan E. Bruce

Counsel to BOC Energy Services, Inc.

SEB:mas
Enclosures
c: Certificate of Service

41

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Application of BOC Energy Services, Inc., d/b/a N/A, for approval to offer, render, furnish, or supply electricity or electric generation services as a(n) broker/marketer engaged in the business of supplying electricity in the Commonwealth of Pennsylvania.

A-110162

To the Pennsylvania Public Utility Commission:

ORIGINAL

1. **IDENTITY OF THE APPLICANT:** The name, address, telephone number, and FAX number of the Applicant are:

    BOC Energy Services, Inc.
    575 Mountain Avenue
    Murray Hill, NJ 07974
    Telephone: (908) 464-8100
    Fax: (908) 771-1194

    Please identify any predecessor(s) of the Applicant and provide other names under which the Applicant has operated within the preceding five (5) years, including name, address, and telephone number.

    N/A

2. a. **CONTACT PERSON:** The name, title, address, telephone number, and FAX number of the person to whom questions about this Application should be addressed are:

    David M. Kleppinger
    Susan E. Bruce
    McNees Wallace & Nurick LLC
    100 Pine Street
    P. O. Box 1166
    Harrisburg, PA 17108-1166
    Telephone: (717) 237-5254
    Fax: (717) 237-5300

    Larry Stalica
    Vice President, BOC Energy Services, Inc.
    575 Mountain Avenue
    Murray Hill, NJ 07974
    Telephone: (908) 771-1112
    Fax: (908) 771-1194

   b. **CONTACT PERSON-PENNSYLVANIA EMERGENCY MANAGEMENT AGENCY:** The name, title, address telephone number and FAX number of the person with whom contact should be made by PEMA:

    Larry Stalica
    Vice President, BOC Energy Services, Inc.
    575 Mountain Avenue
    Murray Hill, NJ 07974
    Telephone: (908) 771-1112
    Fax: (908) 771-1194

3.a. **ATTORNEY:** If applicable, the name, address, telephone number, and FAX number of the Applicant's attorney are:

    David M. Kleppinger
    Susan E. Bruce
    McNees Wallace & Nurick LLC
    100 Pine Street
    P.O. Box 1166
    Harrisburg, PA 17108-1166
    Telephone: (717) 237-5254
    Fax: (717) 237-5300

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SECRETARY'S BUREAU

b. **REGISTERED AGENT:** If the Applicant does not maintain a principal office in the Commonwealth, the required name, address, telephone number and FAX number of the Applicant's Registered Agent in the Commonwealth are:

Corporation Trust Company
1515 Market Street, Suite 1210
Philadelphia, PA 19102
Phone: (800) 622-1428
Fax: (215) 563-7771

4. **FICTITIOUS NAME:** (select and complete appropriate statement)

☐ The Applicant will be using a fictitious name or doing business as ("d/b/a"):

Attached to the Application a copy of the Applicant's filing with the Commonwealth's Department of State pursuant to 54 Pa. C.S. §311, Form PA-953.

or

☒ The Applicant will not be using a fictitious name.

5. **BUSINESS ENTITY AND DEPARTMENT OF STATE FILINGS:** (select and complete appropriate statement)

☐ The Applicant is a sole proprietor.

If the Applicant is located outside the Commonwealth, provide proof of compliance with 15 Pa. C.S. §4124 relating to Department of State filing requirements.

or

☐ The Applicant is a:

☐ domestic general partnership (*)
☐ domestic limited partnership (15 Pa. C.S. §8511)
☐ foreign general or limited partnership (15 Pa. C.S. §4124)
☐ domestic limited liability partnership (15 Pa. C.S. §8201)
☐ foreign limited liability general partnership (15 Pa. C.S. §8211)
☐ foreign limited liability limited partnership (15 Pa. C.S. §8211)

Provide proof of compliance with appropriate Department of State filing requirements as indicated above.

Give name, d/b/a, and address of partners. If any partner is not an individual, identify the business nature of the partner entity and identify its partners or officers.

☐ * If a corporate partner in the Applicant's domestic partnership is not domiciled in Pennsylvania, attach a copy of the Applicant's Department of State filing pursuant to 15 Pa. C.S. §4124.

or

☐ The Applicant is a:

☐ domestic corporation (none)
☒ foreign corporation (15 Pa. C.S. §4124)
☐ domestic limited liability company (15 Pa. C.S. §8913)

☐ foreign limited liability company (15 Pa. C.S. §8981)
☐ Other ______________________________

Provide proof of compliance with appropriate Department of State filing requirements as indicated above. Additionally, provide a copy of the Applicant's Articles of Incorporation.

See Exhibits A and B, respectively.

Give name and address of officers.

E. John Occhipinti, President (and Board Member)
Larry Stalica, Vice President (and Board Member)
James Blake, Secretary
Gregory Mulligan, Assistant Secretary
David L. Brooks, Treasurer
James A. Boyce, Assistant Treasurer
Mark Anderson, Assistant Treasurer (and Board Member)

The Applicant is incorporated in the state of Delaware.

6. **AFFILIATES AND PREDECESSORS WITHIN PENNSYLVANIA:** (select and complete appropriate statement)

☒ Affiliate(s) of the Applicant doing business in Pennsylvania are:

The BOC Group, Inc., including its subsidiary BOC Gases.

Give name and address of the affiliate(s) and state whether the affiliate(s) are jurisdictional public utilities.

The BOC Group, Inc., 575 Mountain Avenue, Murray Hill, NJ 07974. Neither The BOC Group, Inc., nor any of its subsidiaries are jurisdictional public utilities.

☐ If the Applicant or an affiliate has a predecessor who has done business within Pennsylvania, give name and address of the predecessor(s) and state whether the predecessor(s) were jurisdictional public utilities.

or

☐ The Applicant has no affiliates doing business in Pennsylvania or predecessors which have done business in Pennsylvania.

7. **APPLICANT'S PRESENT OPERATIONS:** (select and complete the appropriate statement)

☐ The Applicant is presently doing business in Pennsylvania as a

☐ vertically-integrated provider of generation, transmission, and distribution services.
☐ municipal electric corporation providing service outside its municipal limits.
☐ electric cooperative
☐ local gas distribution company
☐ nonintegrated provider of electric generation, transmission or distribution services.
☐ Other. (Identify the nature of service being rendered.)

or

☒ The Applicant is not presently doing business in Pennsylvania.

8. **APPLICANT'S PROPOSED OPERATIONS:** The Applicant proposes to operate as a:

- ☐ Generator and supplier of electric power.
- ☐ Municipal generator and supplier of electric power.
- ☐ Electric Cooperative and supplier of electric power
- ☒ Broker/Marketer engaged in the business of supplying electricity.
- ☐ Aggregator engaged in the business of supplying electricity
- ☐ Other (Describe):

9. **PROPOSED SERVICES:** Generally describe the electric services or the electric generation services which the Applicant proposes to offer.

    BOC Energy Services, Inc., proposes to serve the load of its affiliated air-separation facilities located in Pennsylvania (including any related commercial accounts above 25 kW) that are owned and operated by The BOC Group, Inc., and potentially other non-affiliated industrial customers (including any related commercial accounts above 25 kW).

10. **SERVICE AREA:** Generally describe the geographic area in which Applicant proposes to offer services.

    The Applicant seeks authority to offer electric supply services across the Commonwealth of Pennsylvania.

11. **CUSTOMERS:** Applicant proposes to initially provide services to:

- ☐ Residential Customers
- ☐ Commercial Customers - (25 kW and Under)
- ☒ Commercial Customers - (Over 25 kW)
- ☒ Industrial Customers
- ☐ Governmental Customers
- ☐ All of above
- ☐ Other *(Describe)*:

12 **FERC FILING**: Applicant has:

- ☐ Filed an Application with the Federal Energy Regulatory Commission to be a Power Marketer.
- ☒ Received approval from FERC to be a Power Marketer at Docket or Case Number <u>ER03-44-000</u>.
- ☐ Not applicable

13. **START DATE:** The Applicant proposes to begin delivering services no later than <u>January 1, 2005</u>. (approximate date).

14. **NOTICE:** Pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14, serve a copy of the signed and verified Application with attachments on the following:

Irwin A. Popowsky
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

William Lloyd, Jr.
Commerce Building, Suite 1102
Small Business Advocate
300 North Second Street
Harrisburg, PA 17101

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Any of the following Electric Distribution Companies through whose transmission and distribution facilities the applicant intends to supply customers:

Frank M. Nadolny, General
Manager of Regulatory Affairs Unit
Duquesne Light Company
411 Seventh Street
P.O. Box 1930
Pittsburgh, PA 15230-1930

John P. Litz, Division Controller
UGI Utilities, Inc.
Electric Division
400 Stewart Road
P.O. Box 3200
Hanover Industrial Estates
Wilkes-Barre, PA 18773-3200

(Metropolitan Edison Company or Pennsylvania Electric Company)
Blaine W. Uplinger, Jr., Director of Governmental and Regulatory Affairs
GPU Energy
100 APC Building
800 North Third Street
Harrisburg, PA 17102-2025

Paul E. Russell, Associate
General Counsel
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18108-1179

Thomas P. Hill, Vice President and Controller
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101-8699

Stephen L. Feld, Attorney
Pennsylvania Power Company
First Energy Corporation
76 South Main Street
Akron, OH 44308

John L. Munsch, Attorney
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Pursuant to Sections 1.57 and 1.58 of the Commission's Regulations, 52 Pa. Code §§1.57 and 1.58, attach Proof of Service of the Application and attachments upon the above named parties. Upon review of the Application, further notice may be required pursuant to Section 5.14 of the Commission's Regulations, 52 Pa. Code §5.14.

See Exhibit C.

15. **TAXATION:** Complete the TAX CERTIFICATION STATEMENT attached as Appendix B to this application.

See Exhibit D.

16. **COMPLIANCE:** State specifically whether the Applicant, an affiliate, a predecessor of either, or a person identified in this Application has been convicted of a crime involving fraud or similar activity. Identify all proceedings, by name, subject and citation, dealing with business operations, in the last five (5) years, whether before an administrative body or in a judicial forum, in which the Applicant, an affiliate, a predecessor of either, or a person identified herein has been a defendant or a respondent. Provide a statement as to the resolution or present status of any such proceedings.

Neither the Applicant nor any of its affiliated interests have been charged or convicted of criminal activities. No principal or corporate officers of the Applicant or any of its affiliated interests have been charged or convicted of criminal activities.

17. **STANDARDS, BILLING PRACTICES, TERMS AND CONDITIONS OF PROVIDING SERVICE AND CONSUMER EDUCATION:** Electricity should be priced in clearly stated terms to the extent possible. Common definitions should be used. All consumer contracts or sales agreements should be written in plain language with any exclusions, exceptions, add-ons, package offers, limited time offers or other deadlines prominently communicated. Penalties and procedures for ending contracts should be clearly communicated.

a. Contacts for Consumer Service and Complaints: Provide the name, title, address, telephone number and FAX number of the person and an alternate person responsible for addressing customer complaints. These persons will ordinarily be the initial point(s) of contact for resolving complaints filed with Applicant, the Electric Distribution Company, the Pennsylvania Public Utility Commission or other agencies.

Larry Stalica Vice President, BOC Energy Services, Inc. 575 Mountain Avenue Murray Hill, NJ 07974 Telephone: (908) 771-1112 Fax: (908) 771-1194	David M. Kleppinger Susan E. Bruce McNees Wallace & Nurick LLC 100 Pine Street P.O. Box 1166 Harrisburg, PA 17108-1166 Telephone: (717) 237-5254 Fax: (717) 237-5300

b. Provide a copy of all standard forms or contracts that you use, or propose to use, for service provided to residential customers.

N/A. BOC Energy Services does not seek authority to serve residential customers and proposes to supply electricity to its affiliated air-separation facilities in Pennsylvania and potentially other non-affiliated industrial customers (including any related commercial accounts above 25 kW).

c. If proposing to serve Residential and/or Small Commercial (under 25 kW) customers, provide a disclosure statement. A sample disclosure statement is provided as Appendix C to this Application.

N/A.

18. **BONDING:** In accordance with 66 PA. C.S. Section 2809(C) (1)(I), the Applicant is:

☒ Furnishing a copy of initial bond, letter of credit or proof of bonding to the Commission in the amount of $250,000.

See Exhibit E.

☐ Furnishing proof of other initial security for Commission approval, to ensure financial responsibility.

☐ Filing for a modification to the $250,000 and furnishing a copy of an initial bond, letter of credit or proof of bonding to the Commission for the amount of $__________. Applicant is required to provide information supporting an amount less than $250,000.

At the conclusion of Applicant's first year of operation it is the intention of the Commission to tie security bonds to a percentage of Applicant's gross receipts resulting from the sale of generated electricity consumed in Pennsylvania. The amount of the security bond will be reviewed and adjusted on an annual basis.

19. **FINANCIAL FITNESS:**

A. Applicant shall provide sufficient information to demonstrate financial fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

- Actual (or proposed) organizational structure including parent, affiliated or subsidiary companies.
- Published parent company financial and credit information.
- Applicant's balance sheet and income statement for the most recent fiscal year. Published financial information such as 10K's and 10Q's may be provided, if available.
- Evidence of Applicant's credit rating. Applicant may provide a copy of its Dun and Bradstreet Credit Report and Robert Morris and Associates financial form or other independent financial service reports.

- A description of the types and amounts of insurance carried by Applicant which are specifically intended to provide for or support its financial fitness to perform its obligations as a licensee.

- Audited financial statements

- Such other information that demonstrates Applicant's financial fitness.

  See Exhibit F.

B. Applicant must provide the following information:

- Identify Applicant's chief officers including names and their professional resumes.

  See Exhibit F.

- Provide the name, title, address, telephone number and FAX number of Applicant's custodian for its accounting records.

  James A. Boyce
  Assistant Treasurer, BOC Energy Services, Inc.
  575 Mountain Avenue
  Murray Hill, NJ 07974
  Telephone: (908) 508-2721
  Fax: (908) 508-3821

20. **TECHNICAL FITNESS:** To ensure that the present quality and availability of service provided by electric utilities does not deteriorate, the Applicant shall provide sufficient information to demonstrate technical fitness commensurate with the service proposed to be provided. Examples of such information which may be submitted include the following:

    See Exhibit G.

- The identity of the Applicant's officers directly responsible for operations, including names and their professional resumes.

- Proposed staffing and employee training commitments

- Business plans

- Documentation of membership in ECAR, MAAC or other regional reliability councils shall be submitted if applicable to the scope and nature of the applicant's proposed services.

- An affidavit stating that you will adhere to the reliability protocols of the North American Electric Reliability Council, the appropriate regional reliability council(s), and the Commission, and that you agree to comply with the operational requirements of the control area(s) within which you provide retail service.

21. **TRANSFER OF LICENSE:** The Applicant understands that if it plans to transfer its license to another entity, it is required to request authority from the Commission for permission prior to transferring the license. See 66 Pa. C.S. Section 2809(D). Transferee will be required to file the appropriate licensing application.

22. **ASSESSMENT:** The Applicant acknowledges that Title 66, Chapter 5, Section 510 grants to the Commission the right to make assessments to recover regulatory expenses and that as a supplier of electricity or an electric generation supplier it will be assessed under that section of the Pennsylvania Code. The Applicant also acknowledges that the continuation of its license as a supplier of electricity or an electric generation supplier will be dependent upon the payment of all prior years assessments.

23. **UNIFORM STANDARDS OF CONDUCT AND DISCLOSURE:** As a condition of receiving a license, Applicant agrees to conform to any Uniform Standards of Conduct and Disclosure as set forth by the Commission.

24. **REPORTING REQUIREMENTS**: Applicant agrees to provide the following information to the Commission or the Department of Revenue, as appropriate:

a. Reports of Gross Receipts: Applicant shall report its Pennsylvania intrastate gross receipts to the Commission on a quarterly and year to date basis no later than 30 days following the end of the quarter.

b. The Treasurer or other appropriate officer of Applicant shall transmit to the Department of Revenue by March 15, an annual report, and under oath or affirmation, of the amount of gross receipts received by Applicant during the prior calendar year.

c. Applicant shall report to the Commission the following information on an annual basis:

- the percentages of total electricity supplied by each fuel source

Applicant will be required to meet periodic reporting requirements as may be issued by the Commission to fulfill the Commission's duty under Chapter 28 pertaining to reliability and to inform the Governor and Legislature of the progress of the transition to a fully competitive electric market.

25. ***FURTHER DEVELOPMENTS:*** Applicant is under a continuing obligation to amend its application if substantial changes occur in the information upon which the Commission relied in approving the original filing.

26. **FALSIFICATION:** The Applicant understands that the making of false statement(s) herein may be grounds for denying the Application or, if later discovered, for revoking any authority granted pursuant to the Application. This Application is subject to 18 Pa. C.S. §§4903 and 4904, relating to perjury and falsification in official matters.

27. **FEE:** The Applicant has enclosed the required initial licensing fee of $350.00 payable to the Commonwealth of Pennsylvania.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By [signature]

David M. Kleppinger
Susan E. Bruce
Vasiliki Karandrikas
100 Pine Street
P. O. Box 1166
Harrisburg, PA 17108-1166
Telephone: (717) 237-5254
Fax: (717) 237-5300
dkleppinger@mwn.com
sbruce@mwn.com
vkarandrikas@mwn.com

Dated: October 6, 2004

EXHIBIT INDEX

CERTIFICATE OF AUTHORITY

Please see the attached date-stamped Application for Certificate of Authority, which was filed with the Pennsylvania Department of State on October 4, 2004. BOC Energy Services will notify the Commission promptly upon acceptance.

PENNSYLVANIA DEPARTMENT OF STATE
CORPORATION BUREAU

Application for Certificate of Authority

(15 Pa.C.S.)

Entity Number

XX Foreign Business Corporation (§ 4124)
____ Foreign Nonprofit Corporation (§ 6124)

Name
Betsy A. Ruth, McNees Wallace & Nurick LLC
Address
100 Pine Strreet, P.O. Box 1166

City	State	Zip Code
Harrisburg	PA	17108-1166

Document will be returned to the name and address you enter to the left. ⇐

2004 OCT -4 AM 10:19
PA. DEPT. OF STATE

Fee: $250

Filed in the Department of State on ____________

____
Secretary of the Commonwealth

In compliance with the requirements of the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations), the undersigned, hereby states that:

1. The name of the corporation is:
BOC Energy Services, Inc.

2. *Complete only when the corporation must adopt a corporate designator for use in Pennsylvania.*
The name which the corporation adopts for use in this Commonwealth is:
N/A

3. *If the name set forth in paragraph 1 or 2 is not available for use in this Commonwealth, complete the following:*
The fictitious name which the corporation adopts for use in transacting business in this Commonwealth is:
N/A

The corporation shall do business in Pennsylvania only under such fictitious name pursuant to the attached resolution of the board of directors under the applicable provisions of 15 Pa.C.S. (relating to corporations and unincorporated associations) and the attached form DSCB:54-311 (Application for Registration of Fictitious Name).

4. The name of the jurisdiction under the laws of which the corporation is incorporated is: Delaware

5. The address of its principal office under the laws of the jurisdiction in which it is incorporated is:
c/o Corporation Trust Company, 1209 Orange Street, Wilmington, DE 19801

Number and street	City	State	Zip

6. The (a) address of this corporation's proposed registered office in this Commonwealth or (b) name of its commercial registered office provider and the county of venue is:

(a) Number and street	City	State	Zip	County

(b) Name of Commercial Registered Office Provider — County

c/o: Corporation Trust Company — Philadelphia

7. *Check one of the following:*

XX *Business Corporation*: The corporation is a corporation incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

___ *Nonprofit Corporation*: The corporation is a corporation incorporated for a purpose or purposes not involving pecuniary profit, incidental or otherwise.

IN TESTIMONY WHEREOF, the undersigned corporation has caused this Application for Certificate of Authority to be signed by a duly authorized officer thereof this 30th day of September, 2004.

BOC Energy Services, Inc.
Name of Corporation

James Blake
Signature

James Blake - Secretary
Title

ARTICLES OF INCORPORATION

Please see attached Articles of Incorporation.

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "BOC ENERGY SERVICES, INC.", FILED IN THIS OFFICE ON THE TWENTY-FIFTH DAY OF SEPTEMBER, A.D. 2002, AT 11:30 O'CLOCK A.M

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3572700 8100

020596133

AUTHENTICATION: 2001688

DATE: 09-25-02

COPY

CERTIFICATE OF UNANIMOUS CONSENT
OF THE
BOARD OF DIRECTORS
OF
BOC ENERGY SERVICES, INC.

We, the undersigned, being all of the members of the Board of Directors of BOC ENERGY SERVICES, INC., a Delaware corporation (hereinafter in this Certificate and the following resolutions called the "Corporation"), in accordance with the provisions of Section 141(f) of the Delaware General Corporation Law, DO HEREBY CONSENT TO AND ADOPT THE FOLLOWING RESOLUTIONS:

Bylaws

RESOLVED, that the Bylaws annexed hereto as Exhibit A are hereby adopted as the Bylaws of the Corporation.

Board of Directors

RESOLVED, that until changed by an action of the stockholders or by the Board of Directors, the number of directors of the Corporation shall be three.

Election of Officers

RESOLVED, that the persons named below are hereby elected to the offices of the Corporation set forth opposite their names, each to hold office as provided in the Bylaws of the Corporation:

John Occhipinti	President
Lawrence Stalica	Vice President
James Blake	Secretary
Gregory Mulligan	Assistant Secretary
David L. Brooks	Treasurer
James A. Boyce	Assistant Treasurer
Stuart Jara	Assistant Treasurer

Corporate Books

RESOLVED, that the Secretary of the Corporation be, and he hereby is, authorized to procure the corporate books proper and necessary in connection with the business of the Corporation.

Corporate Seal

RESOLVED, the seal, an impression of which is hereby affixed, be adopted as the corporate seal of the Corporation.

Form of Certificate to Represent Shares of Common Stock Adopted

RESOLVED, that the form of certificate to represent shares of common stock of the Corporation, par value $1.00, a specimen of which is annexed as Exhibit B, is approved and adopted as the form of Certificate to represent such shares.

Issuance of Common Stock

RESOLVED, that the officers of the Corporation are hereby authorized to issue 100 shares of the Corporation's common stock to The BOC Group, Inc., a Delaware corporation, upon payment to the Corporation of One Hundred Dollars ($100.00).

Registered Office

RESOLVED, that the registered office of the Corporation in the State of Delaware shall be located at Corporation Trust Center 1209 Orange Street, Wilmington, Delaware as so stated in the Certificate of Incorporation of the Corporation, and that the registered agent of the Corporation at such address shall be The Corporation Trust Company.

Banking Authorizations

RESOLVED, that the President, any Vice President, or the Secretary of the Corporation acting in jointly with the Treasurer or any Assistant Treasurer of the Corporation or the Treasurer acting in jointly with any Assistant Treasurer of the Corporation are hereby authorized to designate, in writing, as depositories of the Corporation such banks and trust companies as they may deem to be in the best interests of the Corporation and to open with any such depository an account or accounts to be known by such appropriate name or names as they may designate.

RESOLVED, that any depository designed in accordance with the foregoing resolution is hereby authorized to accept for deposit to the credit of the Corporation in any such account any and all monies, checks, drafts, commercial paper, and other instruments or orders, including any order for the transfer thereof by wire or other electronic means, drawn to or otherwise made payable to the Corporation.

RESOLVED, that the following officers and/or employees of the Corporation are hereby authorized to sign checks, drafts and other instruments or orders, including any order for the transfer thereof by wire or other electronic means, drawn, made or issued on such account, against any funds at any time standing to the credit of the Corporation in any such account with any such depository:

(1) The President, any Vice President, the Treasurer or any Assistant Treasurer of the Corporation;

(2) Any employees or representatives of the Corporation specifically designated in writing as authorized to sign such checks, drafts and orders by the President, any Vice President, or the Secretary of the Corporation acting jointly with the Treasurer or any Assistant Treasurer of the Corporation; or the Treasurer acting jointly with any Assistant Treasurer of the Corporation;

and that each such depository is hereby authorized to honor any and all checks, drafts and other instruments or orders including any order for transfer by wire or other electronic means, signed by the foregoing officers, employees and representatives, including those drawn to the individual order of any officer, employee and/or representative signing the same, without further inquiry as to the authority of such officers or employees or representatives or authority of the use of such checks, drafts or orders, including any order for transfer by wire or other electronic means, provided that each such check, draft or order contain the number of manual or facsimile signatures of one or more of the foregoing officers employees and representatives as may be determined from time to time by the President, any Vice President or Treasurer of the Corporation, in his sole discretion.

RESOLVED, that the President, any Vice President, or the Secretary of the Corporation acting jointly with the Treasurer or any Assistant Treasurer of the Corporation or the Treasurer acting jointly with any Assistant Treasurer of the Corporation are hereby authorized to file, in writing, with any depository designated in accordance with the foregoing resolutions the facsimile signature or signatures of any officer, employee and/or representative of the Corporation for use by such depository in connection with the implementation of the immediately foregoing resolution.

FURTHER RESOLVED, that each of the five immediately foregoing resolutions dealing with banking authorizations shall continue in full force and effect with respect to any depository designated in accordance therewith until express written notice of their rescission has been received by such depository, but it the authority contained therein should be revoked or terminated by operation of law without such notice, it is resolved and hereby agreed that for the purpose of inducing any such depository which may not have received any such notice under such circumstances to serve as such a depository for the Corporation, that each such circumstances shall be saved harmless from any loss suffered or liability incurred by it in so acting after such revocation or termination prior to the receipt of such notice.

Qualification

RESOLVED, that the officers of the Corporation are hereby authorized to qualify the Corporation to do business in any state, which they deem appropriate, and that any resolutions required to be adopted by any state shall be deemed to have adopted when attached to these resolutions.

Fiscal Year

RESOLVED, that the fiscal year of this Corporation shall begin the first day of October in each year.

IN WITNESS WHEREOF, the undersigned have executed this Certificate as of the 25th day of September, 2002.

John Occhipinti

Lawrence Stalica

Stuart Jara

Bylaws

of

BOC ENERGY SERVICES, INC.
(a Delaware Corporation)

ARTICLE I

STOCKHOLDERS

Section 1. Annual Meeting. The annual meeting of stockholders of the Company shall be held at such place, either within or without the State of Delaware, as may be designated by the Board of Directors, on the first Tuesday in December of each year, at 10:00 o'clock in the morning, or at such other date and time as may be designated by the Board of Directors for the purpose of electing directors and for the transaction of such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Special meetings of the holders of all or of any class or classes of the Company's stock may be called at any time by the Board of Directors, and special meetings of the holders of common stock shall be called by the Secretary upon the written request, stating the purpose or purposes of any such meeting, of the holders of record of at least a majority of the outstanding shares of common stock. Special meetings shall be held at such time and place, either within or without the State of Delaware, as may be stated in the call and notice.

Section 3. Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. The written notice of any meeting shall be given not less than the minimum number of days permitted by law nor more than the maximum number of days permitted by law, before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Company.

Section 4. Quorum. At each meeting of stockholders, except where otherwise provided by law or the Certificate of Incorporation or these Bylaws, the holders present in person or by proxy of a majority of the outstanding shares of each class of stock entitled to vote at the meeting shall constitute a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders present in person or represented by proxy shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting as originally notified.

Section 5. Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if one be elected, or in his absence, by the President, or in his absence by a Vice President, or in the absence of the foregoing persons, by a chairman designated by the Board of Directors, or in the absence of such designation, by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 6. Voting; Proxies. Unless otherwise provided in the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by him which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by proxy. At all meetings of stockholders for the election of directors, a plurality of the votes cast shall be sufficient to elect. All other elections and questions shall, unless otherwise provided by law or by the Certificate of Incorporation or these Bylaws, be decided by the vote of a majority of the votes cast at a meeting of stockholders by the holders of shares entitled to vote thereon present in person or by proxy at the meeting.

Section 7. Action Without a Meeting. Any action required to be taken or that may be taken at any annual or special meeting of stockholders may be taken without a meeting and without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

ARTICLE II
BOARD OF DIRECTORS

Section 1. Number. The Board of Directors shall consist of one or more members, the exact number of directors to be determined from time to time by resolution of the Board of Directors or the stockholders.

Section 2. Election; Resignation; Vacancies. The stockholders shall elect directors at each annual meeting of stockholders or by consent action without a meeting under Section 7 of Article I. Subject to stockholder power of removal, directors shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified. Any director may resign at any time upon written notice to the Company. Whenever any vacancy shall have occurred in the Board of Directors by death, resignation, increase in the number of directors or otherwise, it shall be filled by action of the stockholders or a majority of the remaining directors, though less than a quorum, or by a sole remaining director, and the person or persons so chosen shall hold office until the next annual meeting of stockholders and until their successors are elected and qualified.

Section 3. Regular Meetings. Regular meetings of the Board of Directors may be held at such place within or without the State of Delaware and at such times as the Board of Directors may from time to time determine, and if so determined, notices thereof need not be given.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, if one be elected, or by the Secretary at the request of any director, stating the purpose or purposes of such meeting. Except as provided in Section 5 of this Article II with respect to telephonic meetings, notices of special meetings shall be mailed to each director, addressed to him at his residence or usual place of business, not later than three days before the day on which the meeting is to be held, or shall be sent to him at such place by telegraph, or delivered personally or by telephone, not later than the day before such day of meeting. No notice of the time and place of any adjourned meeting need be given if such time and place are fixed at the meeting at which such adjournment is taken. Unless limited by law, the Certificate of Incorporation, the Bylaws, or by the terms of the notice thereof, any and all business may be transacted at any special meeting.

Section 5. Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to these Bylaws shall constitute presence in person at such meeting. Telephonic meetings may be called upon not less than six hours' notice.

Section 6. Quorum. At all meetings of the Board of Directors, a majority of the total number of directors shall constitute a quorum. Except in cases in which the Certificate of Incorporation or these Bylaws otherwise provide, the vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time until a quorum shall have been obtained.

Section 7. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if one be elected, or in his absence by a chairman chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 8. Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board or committee entitled to vote with respect to the subject matter thereof.

ARTICLE III
COMMITTEES

Section 1. Executive Committee. The Board of Directors may, by resolution passed by a majority of the whole Board, appoint an Executive Committee, which shall consist of one or more directors and, except as otherwise provided by law or the Certificate of Incorporation or these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business, properties and affairs of the Company, including the power or authority to declare a dividend, to authorize the issuance of stock, and to authorize the seal of the Company to be affixed to all papers which may require it.

Section 2. Other Board Committees. The Board of Directors may, in its discretion, by resolution passed by a majority of the whole Board, appoint other committees, each of which shall consist of one or more directors and shall have and may exercise such powers as shall be conferred or authorized by resolution passed by a majority of the whole Board, including, if expressly so provided, power and authority to declare a dividend, to authorize the issuance of stock and to authorize the seal of the Company to be affixed to all papers that may require it.

Section 3. Committee Rules. Unless the Board of Directors shall otherwise provide, each committee may make rules for the conduct of its business, and may appoint such committees and assistants as it may deem necessary. One-half of the total number of members of each committee shall constitute a quorum. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV
THE OFFICERS

Section 1. Officers. The officers of the Company shall be elected by the Board of Directors and shall be a President, Secretary and Treasurer and such other officers as shall be determined by the Board of Directors.

Section 2. Term of Office; Vacancies. All officers shall be elected annually by the Board of Directors as soon as practicable after the annual meeting of stockholders in each year, and shall hold office for one year and until their respective successors are elected and qualified, or until their earlier resignation or removal. Any officer may resign at any time upon written notice to the Company. Any officer may be removed from office at any time by the affirmative vote of a majority of the members of the Board of Directors then in office. If any vacancy shall occur in any office, the Board of Directors may elect or appoint a successor to fill such vacancy for the remainder of the term.

Section 3. President. The President shall be the chief executive officer of the Company and shall have general and active charge, control and supervision of the business and affairs of the Company, subject to the control of the Board of Directors.

Section 4. Powers and Duties of Officers. In addition to the powers and duties specified in these Bylaws, the officers of the Company shall have the powers and duties as generally pertain to their respective offices as well as such powers and duties as from time to time may be conferred by the Board of Directors or by any superior officer.

ARTICLE V
MISCELLANEOUS

Section 1. Corporate Seal. The corporate seal of the Company shall bear the name of the Company, the year of incorporation, and the words "Corporate Seal, Delaware."

Section 2. Offices. The Company may have offices outside of the State of Delaware.

Section 3. Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any written waiver of notice, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. The presence in person or by proxy of a person at a meeting, or his participating in a telephonic meeting shall constitute a waiver of notice, except when a person attends a meeting or participates in a telephonic meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called, convened or initiated. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be specified in any written waiver of notice.

PROOF OF SERVICE

Please see attached Certificate of Service.

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA FIRST-CLASS MAIL

Irwin A. Popowsky, Esq.
Office of Consumer Advocate
5th Floor, Forum Place
555 Walnut Street
Harrisburg, PA 17120

William Lloyd, Jr., Esq.
Office of Small Business Advocate
Commerce Building, Suite 1102
300 North Second Street
Harrisburg, PA 17101

Office of the Attorney General
Bureau of Consumer Protection
Strawberry Square, 14th Floor
Harrisburg, PA 17120

Commonwealth of Pennsylvania
Department of Revenue
Bureau of Compliance
Harrisburg, PA 17128-0946

Frank M. Nadolny
General Manager of Regulatory Affairs Unit
Duquesne Light Company
411 Seventh Street
P.O. Box 1930
Pittsburgh, PA 15230-1930

Blaine W. Uplinger, Jr.
Director of Governmental and
Regulatory Affairs
GPU Energy
100 APC Building
800 North Third Street
Harrisburg, PA 17102-2025

Thomas P. Hill
Vice President and Controller
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101-8699

John P. Litz, Division Controller
UGI Utilities, Inc.
Hanover Industrial Estates
400 Stewart Road
P.O. Box 3200
Wilkes-Barre, PA 18773-3200

Paul E. Russell, Esq.
Associate General Counsel
Pennsylvania Power & Light Company
Two North Ninth Street
Allentown, PA 18108-1179

Stephen L. Feld, Esq.
Pennsylvania Power Company
First Energy Corporation
76 South Main Street
Akron, OH 44308

John L. Munsch, Esq.
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689

Susan E. Bruce
Susan E. Bruce

Dated this 6th day of October, 2004, in Harrisburg, Pennsylvania.

TAX CERTIFICATION STATEMENT

Please see attached.

APPENDIX B

COMMONWEALTH OF PENNSYLVANIA PUBLIC UTILITY COMMISSION	TAX CERTIFICATION STATEMENT	

A completed Tax Certification Statement must accompany all applications for new licenses, renewals or transfers. Failure to provide the requested information and/or any outstanding state income, corporation; and sales (including failure to file or register) will cause your application to be rejected. If additional space is needed, please use white 81/2" x 11" paper. Type or print all information requested.

1. CORPORATE OR APPLICANT NAME BOC Energy Services, Inc.	2. BUSINESS PHONE NO. (908) 508-2721 CONTACT PERSON(S) FOR TAX ACCOUNTS: James A. Boyce

3. TRADE/FICTITIOUS NAME (IF ANY)

N/A

4. LICENSED ADDRESS (STREET, RURAL ROUTE, P.O. BOX NO.) (POST OFFICE) STATE) (ZIP)

575 Mountain Avenue, Murray Hill, NJ 07974

5. TYPE OF ENTITY ☐ SOLE PROPRIETOR ☐ PARTNERSHIP ☒ CORPORATION

8. LIST OWNER(S), GENERAL PARTNERS, OR CORPORATE OFFICER(S)

NAME (PRINT)	SOCIAL SECURITY NUMBER (OPTIONAL)
E. John Occhipinti, President	
Larry Stalica, Vice President	
David L. Brooks, Treasurer	
James Blake, Secretary	

9. LIST THE FOLLOWING STATE TAX IDENTIFICATION NUMBERS. **(ALL ITEMS: A, B, AND C MUST BE COMPLETED)**.

		APPLICATION PENDING	N/A
A. SALES TAX LICENSE (8 DIGITS)	83-19325-7	☐	☐
B. EMPLOYER ID (EIN) (9 DIGITS)	13-4217485	☐	☐
C. CORPORATE BOX NUMBER (7 DIGITS)	2065 762	☐	☐

10. Do you have PA employes either resident or non-resident? ☐ YES ☒ NO

11. *Do you own any assets or have an office in PA?* ☐ YES ☒ NO

NAME AND PHONE NUMBER OF PERSON(S) RESPONSIBLE FOR FILING TAX RETURNS

PA SALES AND USE TAX	EMPLOYER TAXES	CORPORATE TAXES
James A. Boyce	James A. Boyce	James A. Boyce
PHONE: (908) 508-2721	PHONE: (908) 508-2721	PHONE: (908) 508-2721

Telephone inquiries about this form may be directed to the Pennsylvania Department of Revenue at the following numbers: (717) 772-2673, TDD# (717) 772-2252 (Hearing Impaired Only)

LETTER OF CREDIT

Please see attached. Please note that Exhibit E contains a draft of Applicant's Letter of Credit, the language of which has been reviewed by the Commission's Law Bureau. The original is being sent directly to the Commission by Barclays Bank PLC.

ISSUE DATE: [ ]

IRREVOCABLE STANDBY LETTER OF CREDIT NO. [ ]

Beneficiary
PENNSYLVANIA PUBLIC UTILITY COMMISSION, COMMONWEALTH OF PENNSYLVANIA
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P. O. Box 3265
Harrisburg, PA 17105-3265
Telephone: (717) 772-7777
Fax: (717) 787-0974

WE DO HEREBY ISSUE AN IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT BY ORDER OF AND FOR THE ACCOUNT OF BOC LIMITED ON BEHALF OF BOC ENERGY SERVICES, INC. ("ACCOUNT PARTY") IN FAVOR OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ("PA PUC") IN AN AMOUNT NOT EXCEEDING US$ 250,000.00 (UNITED STATES DOLLARS TWO-HUNDRED AND FIFTY THOUSAND AND 00/100) AGAINST PRESENTATION TO US OF A WRITTEN DRAWING CERTIFICATE THAT INCLUDES NOTARIZED SIGNATURES OF A PURPORTED OFFICER OR AUTHORIZED AGENT OF THE PA PUC DATED THE DATE OF PRESENTATION AND CONTAINS THE FOLLOWING STATEMENT:

> "THE UNDERSIGNED HEREBY CERTIFIES TO BARCLAYS BANK PLC ("BANK"), WITH REFERENCE TO IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT NO. [ ] ISSUED BY BARCLAYS BANK

PLC IN FAVOR OF THE PENNSLYVANIA PUBLIC UTILITY COMMISSION ("PA PUC"), THAT BOC ENERGY SERVICES, INC. HAS EITHER FAILED TO: (1) COMPLY WITH APPLICABLE PROVISIONS OF THE PUBLIC UTILITY CODE, 66 PA. C.S. §§ 101, *ET SEQ.*, AND THE RULES AND REGULATION OF THE PA PUC; (2) PAY THE GROSS RECEIPTS TAX AS REQUIRED BY SECTION 2810 OF THE PUBLIC UTILITY CODE, 66 PA. C.S. § 2810; OR (3) ENSURE THE SUPPLY OF ELECTRICITY AT RETAIL IN ACCORDANCE WITH CONTRACTS, AGREEMENTS OR ARRANGMENTS, AND THUS THE PA PUC IS DRAWING UPON THE LETTER OF CREDIT IN AN AMOUNT EQUAL TO $______________."

IF PRESENTATION OF ANY DRAWING CERTIFICATE IS MADE ON A BUSINESS DAY AND SUCH PRESENTATION IS MADE AT OUR COUNTERS ON OR BEFORE 10:00 A.M. EASTERN STANDARD TIME, WE SHALL SATISFY SUCH DRAWING REQUEST ON THE SAME BUSINESS DAY. IF THE DRAWING CERTIFICATE IS RECEIVED AT OUR COUNTERS AFTER 10:00 A.M. EASTERN STANDARD TIME, WE WILL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY, FOR THE PURPOSES OF THIS SECTION, A BUSINESS DAY MEANS A DAY, OTHER THAN A SATURDAY OR SUNDAY, ON WHICH COMMERCIAL BANKS ARE NOT AUTHORIZED OR REQUIRED TO BE CLOSED IN NEW YORK, NEW YORK.

DISBURSEMENTS SHALL BE IN ACCORDANCE WITH THE INSTRUCTIONS OF THE PA PUC.

THE FOLLOWING TERMS AND CONDITIONS APPLY:

THIS LETTER OF CREDIT SHALL EXPIRE AT THE CLOSE OF BUSINESS DECEMBER 31, 2005.

THE AMOUNT WHICH MAY BE DRAWN BY YOU UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY REIMBURSED DRAWINGS HEREUNDER AT OUR COUNTERS. ANY NUMBER OF PARTIAL DRAWINGS IS PERMITTED FROM TIME TO TIME HEREUNDER.

ALL COMMISSIONS AND CHARGES WILL BE BORNE BY THE ACCOUNT PARTY.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE OR ASSIGNABLE.

THIS LETTER OF CREDIT DOES NOT INCORPORATE AND SHALL NOT BE DEEMED MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT (A) THAT IS REFERRED TO HEREIN (EXCEPT FOR THE UCP, AS DEFINED BELOW) OR (B) IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500 (THE "UCP"), EXCEPT TO THE EXTENT THAT TERMS HEREOF ARE INCONSISTENT WITH THE PROVISIONS OF THE UCP, INCLUDING BUT NOT LIMITED TO

ARTICLES 13(b) AND 17 OF THE UCP, IN WHICH CASE THE TERMS OF THE LETTER OF CREDIT SHALL GOVERN.

THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE PA PUC AND US.

WE HEREBY ENGAGE WITH YOU THAT DOCUMENTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED UPON PRESENTATION AS SPECIFIED.

PRESENTATION OF ANY DRAWING CERTIFICATE UNDER THIS STANDBY LETTER OF CREDIT MAY BE SENT TO US BY COURIER, CERTIFIED MAIL, REGISTERED MAIL TO THE ADDRESS SET FORTH BELOW, OR SUCH OTHER ADDRESS AS MAY HEREAFTER BE FURNISHED BY US. OTHER NOTICES CONCERNING THIS STANDBY LETTER OF CREDIT MAY BE SENT BY FACSIMILE OR SIMILAR COMMUNICATIONS FACILITY TO THE RESPECTIVE ADDRESSES SET FORTH BELOW. ALL SUCH NOTICES AND COMMUNICATIONS SHALL BE EFFECTIVE WHEN ACTUALLY RECEIVED BY THE INTENDED RECIPIENT PARTY.

IF TO THE BENEFICIARY OF THIS LETTER OF CREDIT:

Pennsylvania Public Utility Commission, Commonwealth of Pennsylvania
Commonwealth Keystone Building
400 North Street, 2nd Floor North
P. O. Box 3265
Harrisburg, PA 17105-3265
Telephone: (717) 772-7777
Fax: (717) 787-0974

IF TO THE ACCOUNT PARTY:

Larry Stalica
BOC Energy Services, Inc.
575 Mountain Avenue
Murray Hill, NJ 07974
Telephone: (908) 771-1112
Fax: (908) 771-1194

IF TO US:

Barclays Bank PLC
Address
Telephone
Fax

YOURS FAITHFULLY,

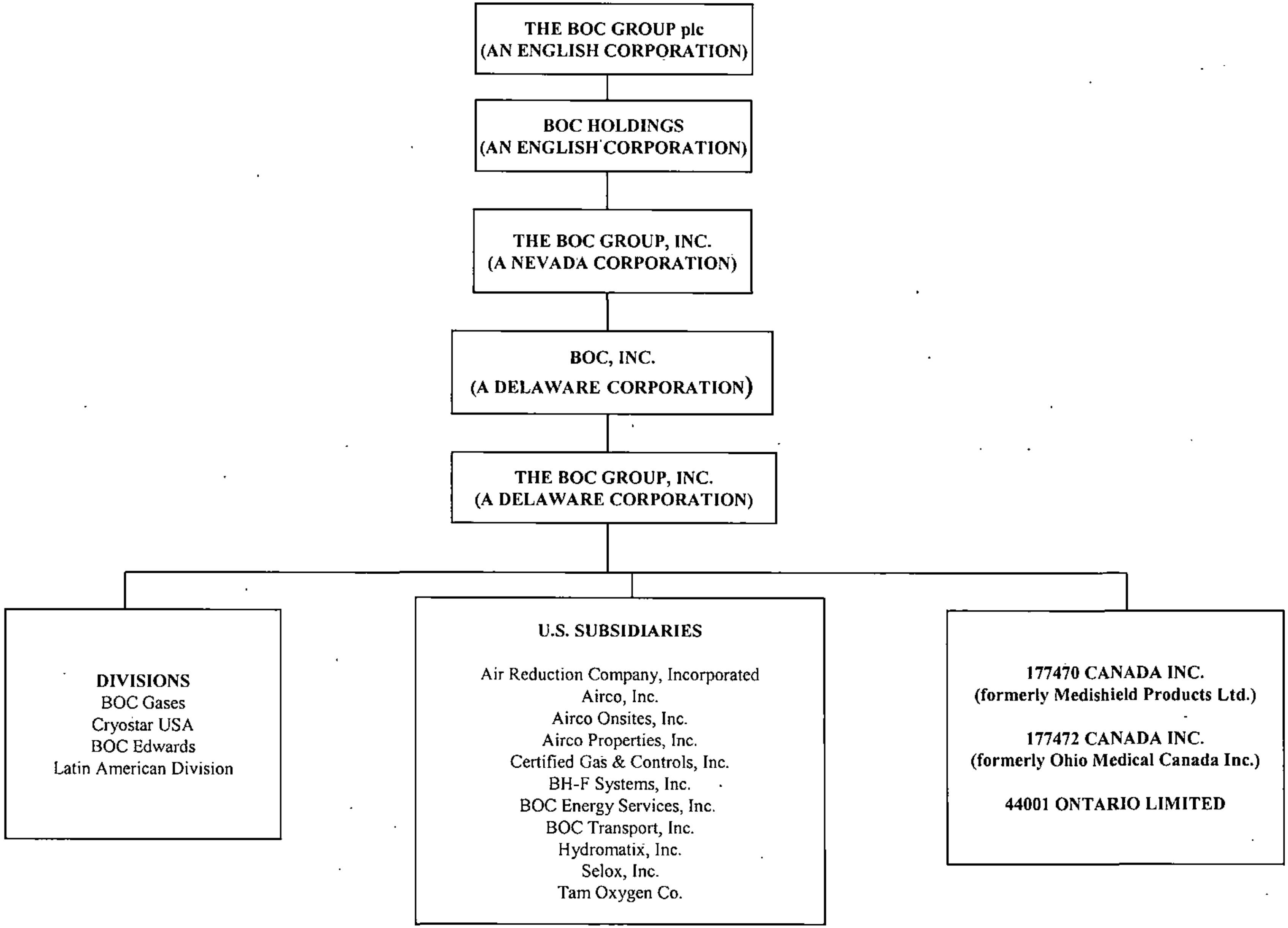
BARCLAYS BANK PLC

[signature]

FINANCIAL FITNESS

Please see the attached documents that demonstrate BOC Energy Services' financial fitness to provide the proposed services.

- Organizational chart
- Published parent company credit ratings
- The BOC Group PLC Annual Review and Summary Financial Statements 2003
- The BOC Group PLC Interim Report 2004
- The BOC Group PLC financial results for the 6 months to 31 March 2004
- The BOC Group PLC financial results for the 9 months to 30 June 2004
- The BOC Group, Inc. (A Nevada Corporation), and subsidiaries' consolidated financial statements for fiscal year 2003
- The BOC Group, Inc. (A Nevada Corporation), and subsidiaries' consolidated financial statements, December 31, 2003
- The BOC Group, Inc. (A Nevada Corporation), and subsidiaries' consolidated financial statements, March 31, 2004
- BOC Energy Services' chief officers and their resumes



Corporate Structure as of October 2002

GRAB Equity CRPR

Enter # <GO> for historical ratings.

Related Functions | Company Tree Ratings | CREDIT PROFILE

BOC Group Plc Page 1/1

MOODY'S

1) Outlook NEG
2) Senior Unsecured Debt A2
3) Short Term P-1

STANDARD & POOR'S

4) Outlook STABLE
5) LT Foreign Issuer Credit A
6) LT Local Issuer Credit A
7) ST Foreign Issuer Credit A-1
8) ST Local Issuer Credit A-1

FITCH

9) Outlook STABLE
10) Senior Unsecured Debt A
11) Short Term F1

THE BOC GROUP
Annual review and summary financial statements 2003

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Contents

Highlights of the year

Successful acquisition and integration of industrial gases businesses in Poland and Canada strengthens position in key countries.

Major integrated industrial gases supply position established on the US Gulf coast following contract award from Celanese.

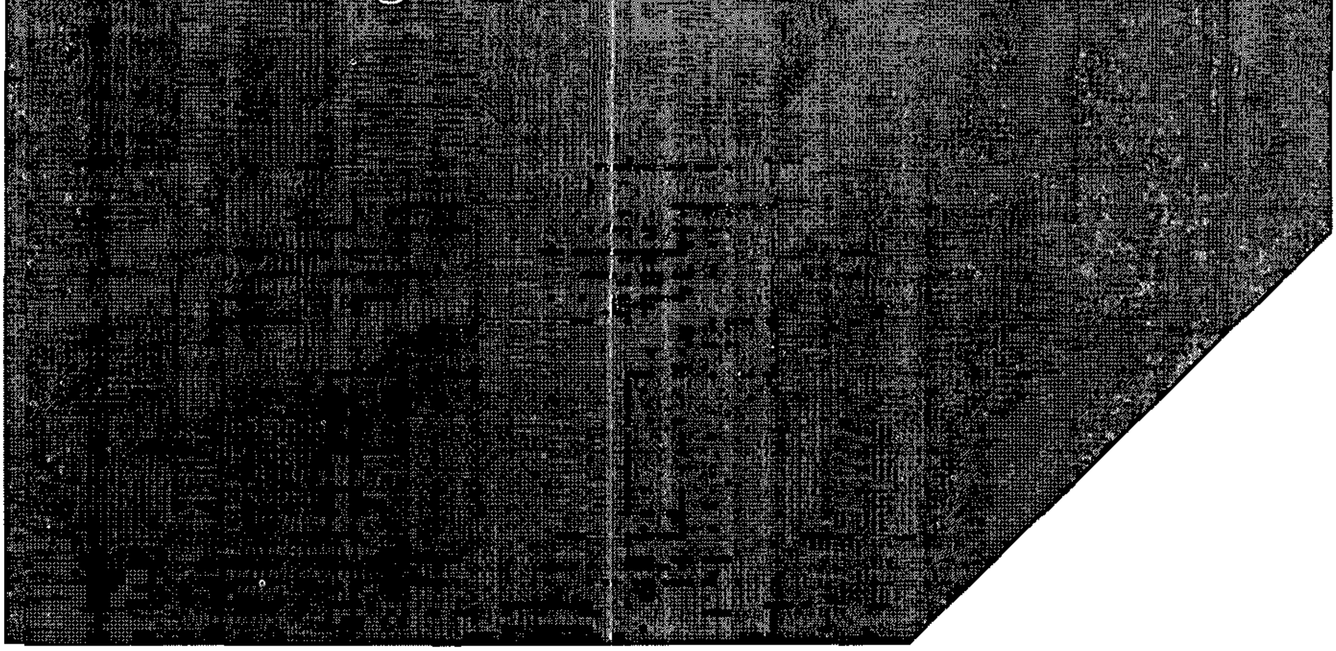
Entry into water services market in the US through the purchase of Environmental Management Corporation.

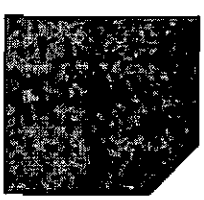
OSK is combined with part of Air Liquide Japan to form Japan Air Gases.

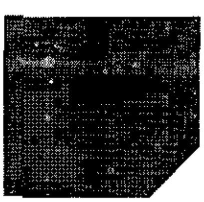
Gist wins major logistics contracts awarded by Carlsberg-Tetley, New Look and a number of Geest companies.

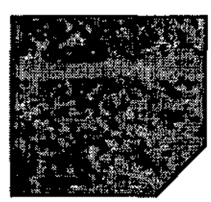
BOC Edwards establishes strong position as supplier for the new generation of 300mm semiconductor fabs.

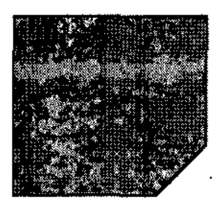
BOC is organised by lines of business. Process Gas Solutions engineers answers to the process needs of our largest customers. Industrial and Special Products supplies services and gas in smaller quantities to a host of industries. BOC Edwards serves the semiconductor industry and sells vacuum products to a range of other markets. BOC also has two specialist businesses: Afrox hospitals is southern Africa's largest private health care supplier and Gist is a logistics business.











Financial highlights

	2003	2002	2001
Turnover – subsidiary companies	**£3,718.3m**	£3,657.7m	£3,772.9m
Turnover – including share of joint ventures and associates	**£4,323.2m**	£4,017.9m	£4,159.2m
Operating profit	**£438.6m**	£425.6m	£422.3m
Adjusted operating profit	**£505.6m**	£500.1m	£530.6m
Profit before tax	**£351.9m**	£335.3m	£362.2m
Adjusted profit before tax	**£418.9m**	£430.0m	£466.9m
Earnings per share	**44.5p**	41.4p	46.0p
Adjusted earnings per share	**52.9p**	55.9p	57.5p
Dividends per share	**39.0p**	38.0p	37.0p
Return on capital employed	**10.8%**	10.5%	10.3%
Adjusted return on capital employed	**12.5%**	12.3%	12.9%

Figures shown as 'adjusted' exclude exceptional items. Other figures shown are prepared under UK Generally Accepted Accounting Principles (GAAP) and include all exceptional items.

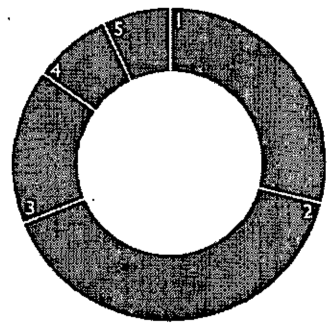
Adjusted figures are presented to provide a more meaningful indication of underlying business performance and trends. These are the primary performance figures used by Group management.

In accordance with recent guidance and regulations issued by UK and US regulatory bodies, where adjusted (or non-GAAP) figures are shown, the comparable GAAP figures are also shown.

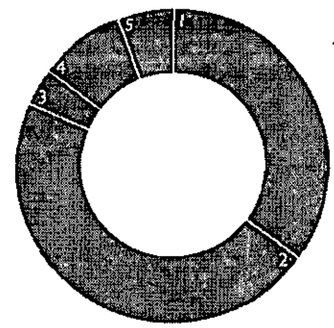
2003 results

Analysis by business

Turnover (including share of joint ventures and associates)	£ million	%
1. Process Gas Solutions	1,242.7	29
2. Industrial and Special Products	1,751.2	40
3. BOC Edwards	684.1	16
4. Afrox hospitals	353.4	8
5. Gist	291.8	7
Total	**4,323.2**	**100**

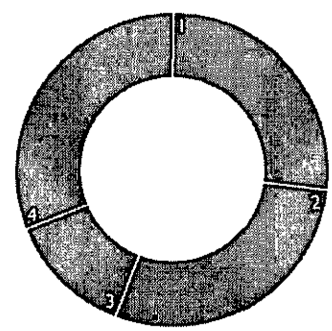


Adjusted operating profit		
1. Process Gas Solutions	184.0	36
2. Industrial and Special Products	242.7	48
3. BOC Edwards	18.5	4
4. Afrox hospitals	46.1	9
5. Gist	29.2	6
Corporate	(14.9)	(3)
Total	**505.6**	**100**

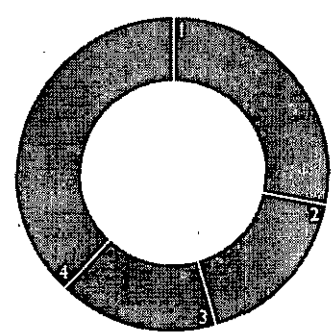


Analysis by region

Turnover (including share of joint ventures and associates)	£ million	%
1. Europe	1,154.4	27
2. Americas	1,238.8	29
3. Africa	585.5	13
4. Asia/Pacific	1,344.5	31
Total	**4,323.2**	**100**



Adjusted operating profit		
1. Europe	144.3	29
2. Americas	91.8	18
3. Africa	85.0	17
4. Asia/Pacific	184.5	36
Total	**505.6**	**100**



Chairman's statement

"Our strategy is to deliver superior returns"

Last year I stated your board's commitment to a strategy of delivering superior returns for shareholders based on sustained growth in earnings and improvements in capital efficiency. This requires increasing the scale and scope of BOC while continuously improving the efficiency and productivity of capital and other resources.

Consistent strategy

Your company reviews and tests its strategy thoroughly each year. The requirements and expectations of shareholders are compared with objective analysis of what the business can and should deliver. This combination of top-down expectations with bottom-up capabilities gives a rigorous framework for debate. When Tony Isaac and his management team have completed their work, the board reviews and tests it in detail. Last year I described the forward programme for BOC's management and staff as ambitious and the board is pleased with the progress being made.

Within the corporate strategy each line of business and the specialist businesses have their own strategies. The clarity of direction this gives is of great assistance to your board in overseeing proposed acquisitions, strategic moves and the general progress of efficiency initiatives.

Last year I included two graphs looking at BOC's financial performance over the two-year period since the bid lapsed. The same graphs are reproduced here, updated with this year's data. The first shows total shareholder returns relative to all FTSE100 companies to 30 September this year. The second compares BOC's performance with its main global gases competitors. They again show your company's strong performance compared with other UK companies and the competitive challenge presented by its global peers.

Dividends

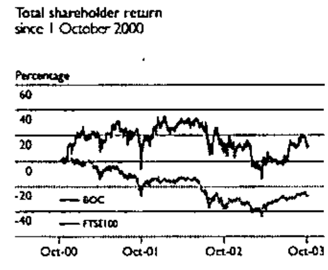
In 2003 BOC paid a first interim dividend of 15.5p per share in February and a second interim dividend of 23.5p per share in August. The total of 39p was an increase of 2.6 per cent on the year before. This year, in line with its established policy, the board again proposes a first interim dividend for 2004 of 15.5p. Any increase will be reflected in the second interim dividend announced with our half year results.

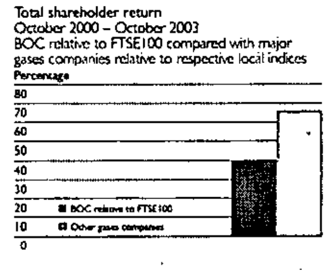
Corporate governance

Your company has been at the forefront when it comes to implementing best practice in corporate governance and financial matters. Its implementation last year of the new accounting standard FRS19, and the full implementation of FRS17 well in advance of this being required, is an indication of an open and transparent culture. This year in the UK we had the recommendations from the Higgs and Smith reviews that were subsequently incorporated in a modified form into a new Combined Code. BOC contributed fully to the consultation phase of the Higgs review and I believe the end result strengthens corporate governance in an effective way. Your company is substantially complying with the revised Combined Code this year, ahead of it being required.

Corporate social responsibility

BOC consistently takes an ethical view of its responsibilities in pursuing profitable business. Leadership comes from Tony Isaac and the senior management team. BOC is also a very practical organisation, preferring to implement, test and refine what it does before making claims in the wider world. This year BOC developed and launched its Code of Conduct. There were many existing policies, but the Code of Conduct process brought these into one programme together with new and amended policies. The code energised the whole of the company during its development and roll out.





It is more important to be socially responsible than to seek out awards for social responsibility. It happens that others have given recognition to BOC's achievements in this area. For instance, in the UK last year BOC's environmental performance was ranked by Business in the Environment in the top 25 per cent of FTSE companies participating in its survey; the investment community voting in Investor Relations magazine ranked BOC in the top five of FTSE100 companies for the best practice of corporate responsibility; and Gist, our logistics business, won the Motor Transport magazine's environmental award. In South Africa, Afrox's community involvement programme is used by the United Nations as a global case study of how an employee-driven, sustainable social development programme should work.

Board of directors

This year I was delighted to welcome John Bevan and Andrew Bonfield to your board. John is chief executive of Process Gas Solutions and, being an Australian, adds yet another nationality to what is an already very diverse board. Andrew brings his financial experience and knowledge of international business to our discussions. I would also like to congratulate two of my board colleagues who have been honoured this year: Sir Christopher O'Donnell received his knighthood in the Queen's birthday honours list while Dr 'Raj' Rajagopal was awarded the Sir Eric Mensforth International Manufacturing Gold Medal by the Institution of Electrical Engineers and subsequently was elected a Fellow of the Royal Academy of Engineering.

During the year Göran Lundberg and Dick Grant stepped down from the board. We wish them both well for the future. Göran was replaced by Sir Christopher as senior independent director and by Julie Baddeley as chairman of the remuneration committee.

Thank you

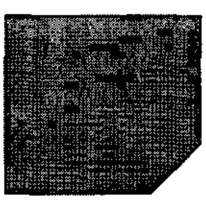
The board would like to thank all BOC's people around the world for their efforts in what have been testing economic conditions. We would also like to thank all BOC's customers, with whom we seek a mutually prosperous future. By recruiting, training and retaining the best employees we will continue to deliver high standards of service to our customers. This is the basis of BOC's strength and will be the means by which we will deliver the returns expected by you, our shareholders. I thank you for your continued support.

Rob Margetts

Rob Margetts Chairman

Chief executive's review

"Concentrating on safety, performance and profitable growth"



BOC performed well in 2003, although many of the world's leading industrial countries remained in the economic doldrums. The semiconductor industry, the key to BOC Edwards' profitability, showed only limited signs of recovery following a prolonged downturn.

Financial overview

In managing our business we use financial results excluding exceptional items, referred to as 'adjusted', and at constant currencies as the best way to report results and to reflect the nature of our business. Exceptional items are exactly that, one-off events that would distort the figures if not reported separately, while constant currencies show best how we are doing in our local markets. The products and services we sell and their associated costs are largely contained in the 50 or so countries where we operate; we export relatively little. Currencies have an effect when we translate our turnover and profit into pounds sterling. We could have a bumper year, improving our business and market position around the world, yet we could report reduced turnover and profit if the pound was strong. Conversely, a weak pound could at face value disguise poor performance.

On this basis, we increased turnover this year by nine per cent, the result of actions over recent years to grow in existing markets and enter new ones. Adjusted operating profit rose by one per cent. This improved performance was not reflected in adjusted profit before tax, which declined by four per cent because of a lower net pension credit largely resulting from lower equity valuations. Comments below on business performance are also given on this basis.

Since announcing our preliminary results on 13 November 2003 The BOC Group Cash Balance Retirement Plan in the US has reached agreement in principle to settle an action against it for US$69 million. This was shown as a contingent liability in the preliminary results when we stated that the potential liability could reach US$116 million. The award will be paid out of the assets of the Plan but under UK accounting principles the payment has been recognised as a charge in the profit and loss account. Our statutory results include exceptional items and comparisons with the previous year reflect changes in the relative value of currencies. On this basis, we increased turnover by eight per cent and operating profit by three per cent. Profit before tax increased by five per cent.

Operating cash flow was eight per cent lower than last year. There were a number of reasons for this: BOC Edwards contributed less cash; currency changes had a negative impact; and, having merged our gases business in Japan with part of Air Liquide Japan, BOC no longer consolidates the cash flow from the combined operation, receiving a dividend instead. We also resumed contributions to the UK pensions scheme.

This year

We entered the year having just merged our plant building business with Linde Engineering in the US to form Linde BOC Process Plants LLC. This combination guarantees us access to world-class technology and it is working well, delivering the capability and the cost savings we had predicted. We were also at various stages of finalising four more strategic ventures. Three were acquisitions: Praxair's Polish industrial gases business, Air Products' Canadian packaged gas business and Environmental Management Corporation, a privately held US water services company. The fourth was the merger I referred to above, the combination of our OSK business in Japan with part of Air Liquide Japan to create Japan Air Gases.

The Polish and Canadian acquisitions are in important markets for us and they strengthen our positions there. In both cases they give us better national coverage and add to the range of products and services we can offer our customers. Environmental Management Corporation manages water and wastewater treatment facilities for industrial and municipal customers around the US; BOC has a strong industrial customer base and it is a natural extension to manage the water cycle for such customers. The emphasis now, as it is with all our recent acquisitions, is to achieve the growth and profit forecasts that were the reasons for making the acquisitions in the first place. All three are well on the way to doing that.

The reasons for forming Japan Air Gases were different. Japanese growth has been disappointingly low in recent years and the combined business promised to be more efficient with a lower cost base. Cost savings at the rate of Japanese Yen 5 billion a year are confidently predicted by the end of next year and a revitalised business is showing signs of growth.

In recent years we have reviewed all our investments, seeking to add to our capability where we could grow profitably and finding other solutions for assets that either fit less well strategically or have not delivered the returns we expect.

Our businesses are performing well

Our three lines of business – Process Gas Solutions, Industrial and Special Products and BOC Edwards – produce 85 per cent of BOC's turnover and 88 per cent of its adjusted operating profit. The rest comes from our two specialist businesses, Afrox hospitals and Gist. The line of business structure remains unique in the industrial gases industry and is a major competitive advantage for us. We continue to work hard at delivering exemplary customer service and this has enabled us to grow our top line sales, to obtain order renewals and to gain acceptance for price increases.

Process Gas Solutions (PGS) serves our larger customers. Many of them operate on a global scale and we invest wherever they require industrial gases. PGS did well last year, growing turnover by eight per cent and adjusted operating profit by three per cent. Most of the growth came from acquisitions and new liquefied gases business. Shortly after the year ended we announced further investments in China totalling over US$100 million.

Industrial and Special Products, centred on our cylinder business, increased its turnover by nine per cent, but good profit performance in most countries was undermined by a weak result in the US, leading to a decline in adjusted operating profit of three per cent.

BOC Edwards has performed well considering the prolonged downturn of the semiconductor industry. It has paid close attention to its cost base, matching it closely to demand. Turnover was £684.1 million with adjusted operating profit £18.5 million.

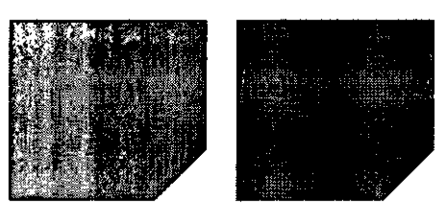
Afrox hospitals and Gist delivered particularly good results. Afrox hospitals grew turnover by 16 per cent and adjusted operating profit by 31 per cent. Gist delivered increases of ten per cent and 13 per cent respectively. African Oxygen Limited, the majority shareholder in Afrox Healthcare Limited, announced in July 2003 that it was conducting a strategic review of the hospitals business. On 17 November it announced that, subject to conditions, it had agreed to sell its entire holding in Afrox Healthcare Limited to a consortium of Black Economic Empowerment investors.

Each year I make the point that while financial performance is important, it is not our only measure of success. I make no apologies for stating that safety remains our highest priority. No manager can be content if anyone is hurt in the process of doing business, but I also believe that safe operations reduce business risk and contribute eventually to improved profits. We are concentrating on changing the behaviour of everyone in BOC to make sure that safety really does come first.

This year we developed our Code of Conduct, based on important social, environmental and good governance business principles. People throughout BOC helped prepare it and we are in the process of communicating it to everyone in BOC. It states clearly what we expect to ensure we meet our legal and ethical obligations: to make sure we always do the right thing. You will find a copy on our website, www.boc.com. I think you will agree it is something we can be proud of and I can assure you we are implementing it in an effective and practical way.

I thank all the employees of BOC for their efforts this year. I thank our customers for doing business with us and our suppliers for their contribution. I thank you, our shareholders, for your support through difficult economic times. We will continue to strive to deliver attractive returns on your investment.

Tony Isaac Chief executive



We are in business to serve our **customers**.
we try very hard to meet their expectations.
the products and services they want and by
opportunities as they appear. We know just
the industrial gases business and this gives us

We value new ways of looking at problems
Innovation drives much that we do. Although
over a hundred years we are never satisfied
value the strengths that our people bring daily
as we can be in what we do. Customers rely
much more widely through the communities
our living.

opportunités

기회

inovação

wiedza

วัฒนธรรม

They expect exemplary service and
We continue to grow by delivering
making the most of new business
about everything there is to know about
insights that benefit all our stakeholders.

and finding ways to do things better.
we are a business that has been around for
with the status quo. Our **culture** is to
to the workplace and to strive to be as good
on us, and our **responsibilities** stretch
and economies where we earn

responsabilidades

abathengi

创新

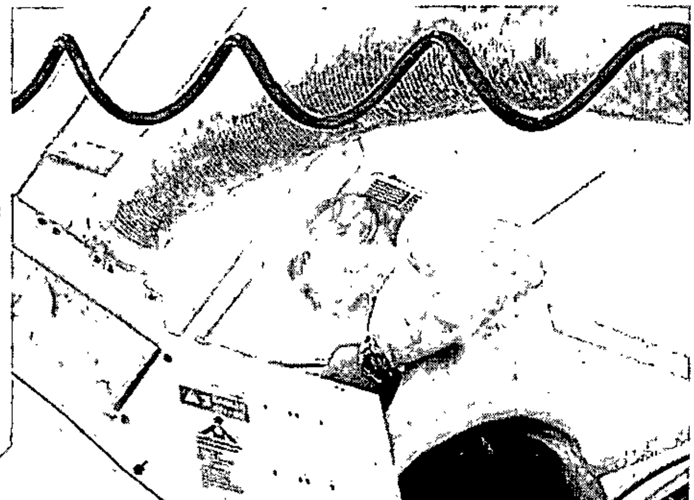
A super cool relationship

Medical science relies on magnetic resonance imaging, or MRI, and Oxford Magnet Technology (OMT) supplies one third of the world's superconducting magnets that are at the heart of MRI scanners. David Hawksworth, managing director of OMT, explains the role of BOC:

"We have been customers of BOC for over 20 years. We use liquid helium to cool our magnets down to minus 269°C. At this temperature they become superconducting and able to generate the scanning images. Helium looks like it will become scarcer over the next few years and we wanted to make sure we had a secure and affordable supply to support our growth.

"A key element was to ensure that more of the gas we used in the process was captured and recycled. BOC's solution included not only designing and installing the equipment but also providing site personnel to manage the facility.

"*I think* it is a relationship where we both benefit. BOC has a long-term contract with us and we have security *of supply* and much improved efficiency. We have grown our business over the years and BOC's relationship has grown with us. I expect this to continue."



Oxford Magnet Technology.

our customers

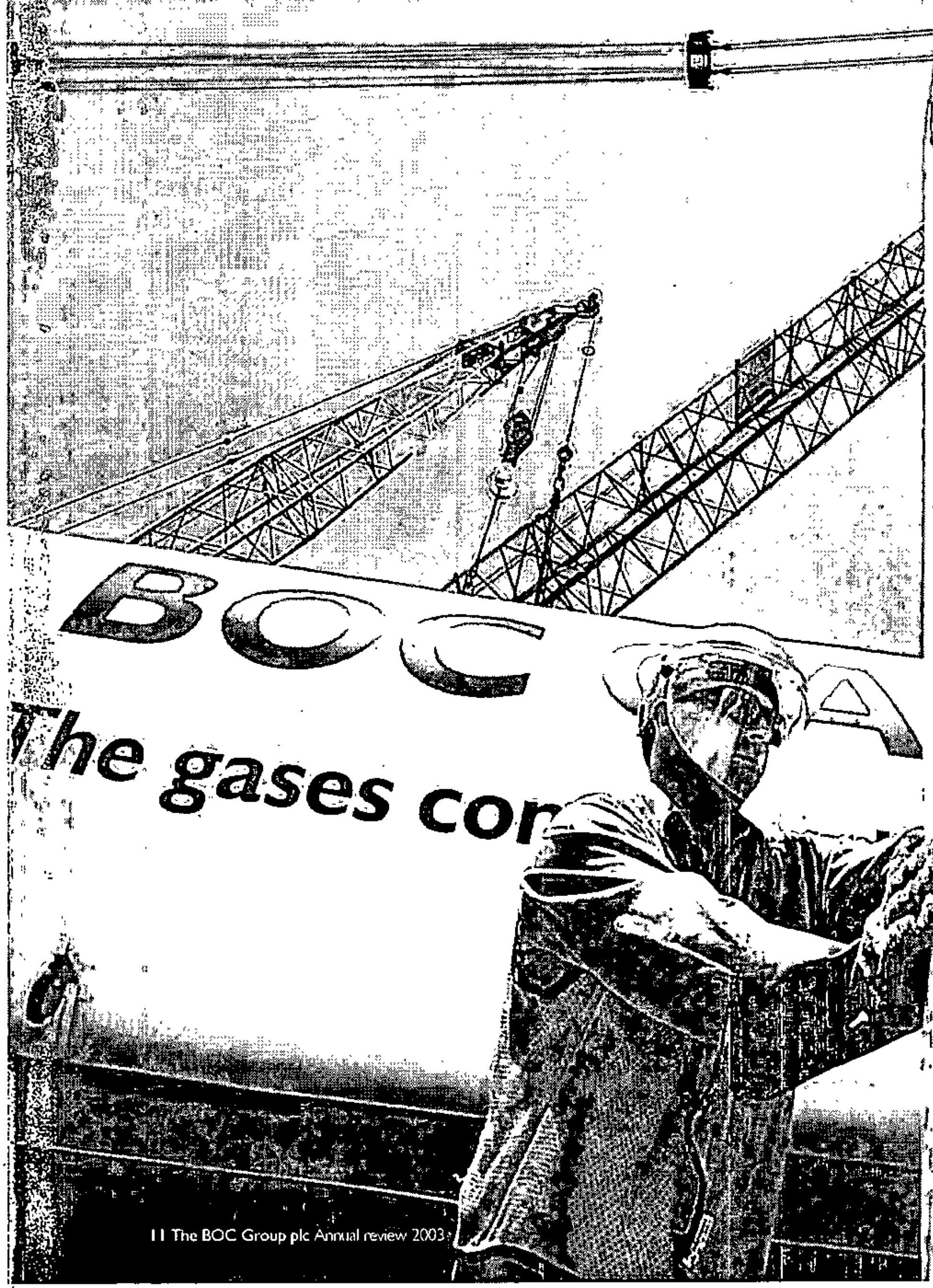
Customers have a choice and we want to make sure they choose us. We also know that our products and services are essential for many businesses. We must perform to enable our customers to work. Sometimes it is a matter of doing the basics well. Other times it's using our knowledge to come up with the ideal solution.

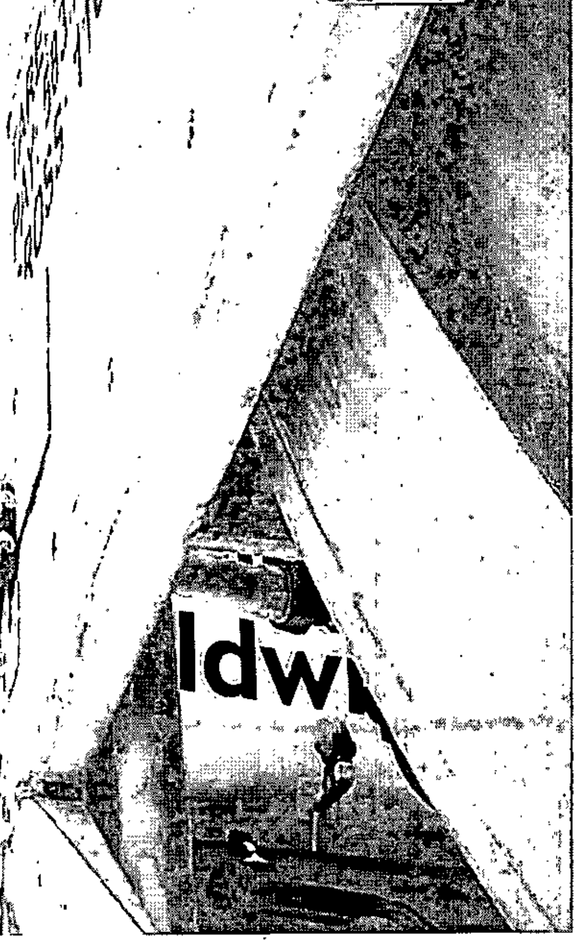
Serving customers in a big country

We try and make industrial gases as close to our customers as possible. It makes economic sense and is more efficient. But what if your customer is at least two hours' flying time away and the only way to get the product to where it is needed is to drive there and back every week? Well that is what we have to do to serve the growing liquefied natural gas (LNG) export industry in Australia. Each weekend a triple road train, a unique feature of Australian road transport able to carry large loads over long distances, travels the 2,800 kilometre round-trip from our plant in Perth to our customers at Karratha on the northern coast of Western Australia.

Large quantities of nitrogen needed in Darwin for another LNG project were shipped by road tanker from our plants in Townsville, Whyalla and Perth. This time the round-trip from Perth to the customer stretches to some 8,000 kilometres. And on a regular basis contractors working on the pipeline connecting the gas fields in the Timor Sea to Darwin ship our nitrogen a further 500 kilometres to the offshore production platform.

Industrial gases are involved in the production of virtually everything we buy and use. Sometimes customers for our gases are just round the corner; sometimes, as in Australia, they are half a continent away. Whatever the challenge, we do our best to meet it.





Main image: Getting to where the Australian LNG export industry needs us.

Right: A BOC road train.

Below right: Medical support for the Royal Flying Doctor Service.

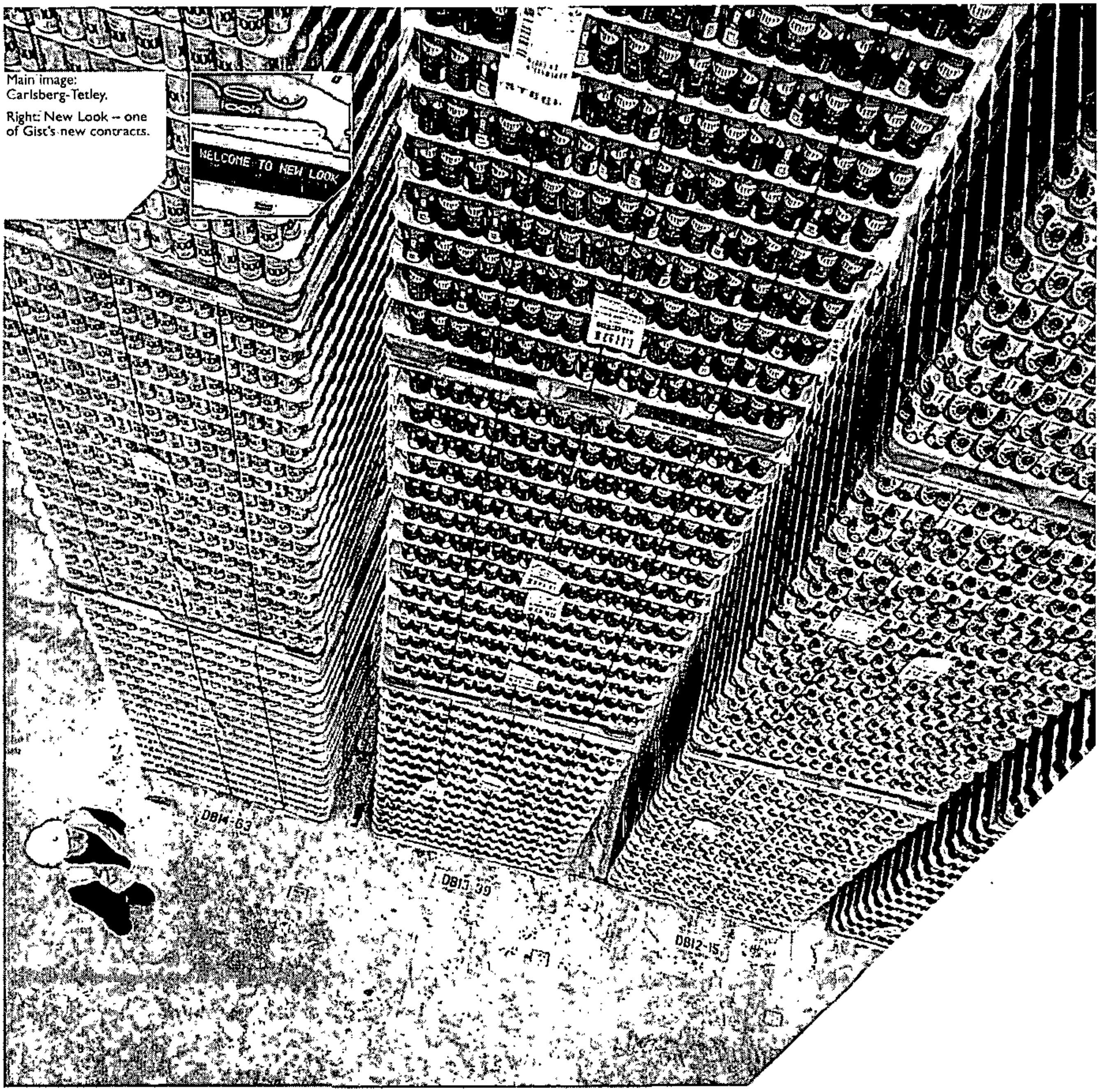
A long hot summer

In Britain, along with most of Europe, 2003 was one of the hottest summers for decades and for Carlsberg-Tetley, one of Britain's biggest brewers, summer heat means bigger sales. On a typical summer weekend beer sales in Britain can reach some 50 million pints. This year those figures soared, with Carlsberg-Tetley seeing its on-trade business for the Carlsberg brand increase 40 per cent and its off-trade business increase 46 per cent.

Gist, BOC's specialist logistics business, used to be responsible only for storing the beer at the national distribution centre in Northampton, where it arrives from the breweries in Northampton and Leeds. Earlier this year Gist expanded its contract to move the bottles, kegs and cans from Northampton out to Carlsberg-Tetley's local depots from where the beer is delivered to pubs.

To meet the record summer demand, Carlsberg-Tetley's canning and bottling plants worked at full capacity and Gist responded to the increased volume. It collected and delivered increased imports of beer arriving from Denmark and even helped move empty cans and bottles to the filling sites. Businesses want flexibility and the ability to meet rapid changes in demand. Gist is able to deliver. As Colin Povey, chief executive of Carlsberg-Tetley in the UK, says: "We've worked with Gist for seven years. They understand our needs and adapt to meet our changing demands. We look forward to continuing our partnership with Gist."

our customers continued



Main image: Carlsberg-Tetley.

Right: New Look – one of Gist's new contracts.

The BOC Gh2ost, powered by a hydrogen fuel cell, made an attempt on the world fuel efficiency record.

Putting some gas in the tank

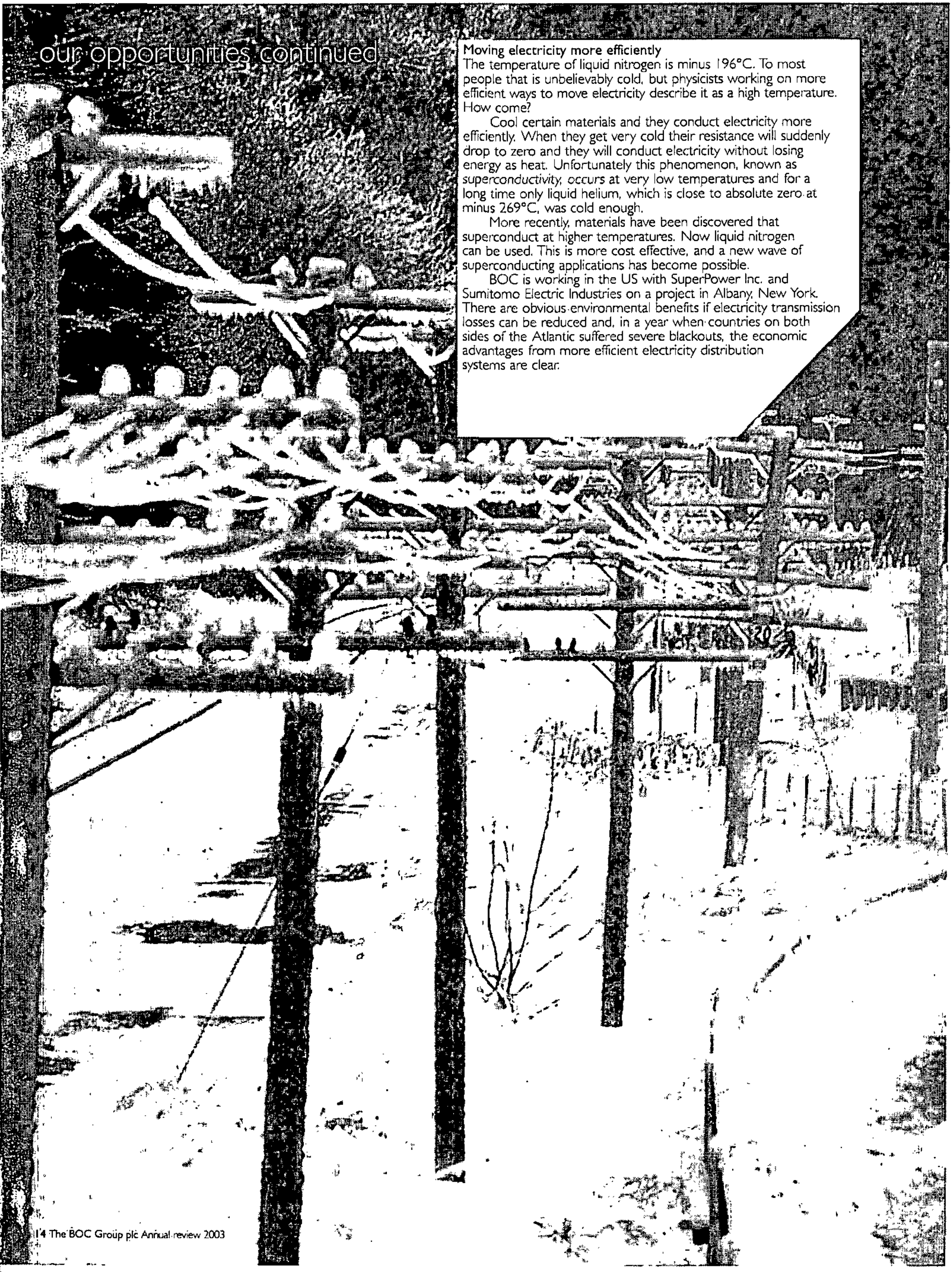
The fuel in your car today has most likely been environmentally improved by the use of hydrogen. It helps remove sulphur and convert heavy crude oils into lighter products. Looking forward 20 years it may be hydrogen itself powering your car. When produced from renewable energy sources, such as wind or solar power, it is the true eco-fuel. If 20 years seems a long time, specialist applications for hydrogen power are much closer.

In a fuel cell hydrogen combines with oxygen from the air to produce electricity. As long as you supply hydrogen to the fuel cell it will produce electricity and the only residue is good old H_2O, or water. Because fuel cells are far more efficient than even the best internal combustion engines they offer major environmental benefits, benefits we will need if we are to achieve significant reductions in greenhouse gas emissions.

BOC is working with BP to supply hydrogen to two trial fleets of fuel cell buses in London, England and Perth, Australia. Through its share in Chrysalix, a venture capital company, it invests in early stage hydrogen technology companies and it has an investment in QuestAir, a Canadian company that makes specialist hydrogen equipment. Add to that a wide range of internal and collaborative product development projects and BOC is well placed to participate in the forecast hydrogen economy of the future.

our opportunities

Gases are, literally, all around us. Oxygen supports life while nitrogen, the largest component of air, is for all intents and purposes inert. Gases can become liquid if they are cold enough and even a solid in the case of carbon dioxide. For over a hundred years BOC has exploited the properties of gas to make its living and the opportunities for applying gases are nowhere near exhausted.



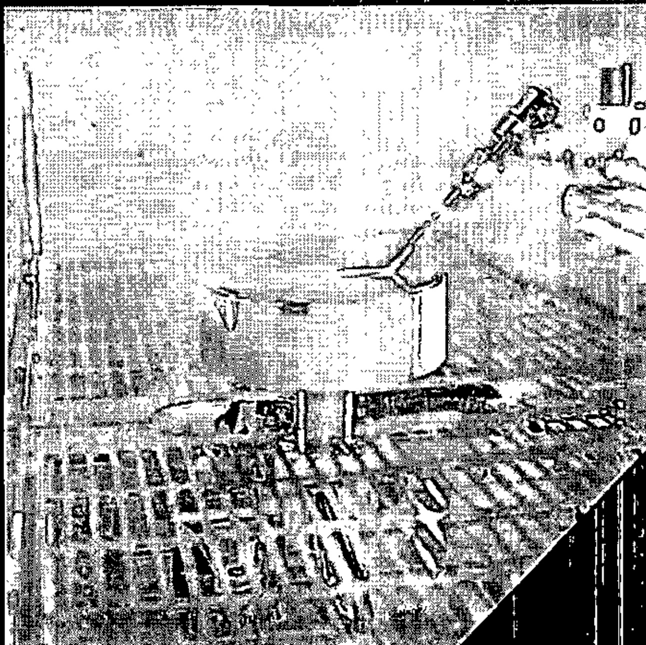
Moving electricity more efficiently

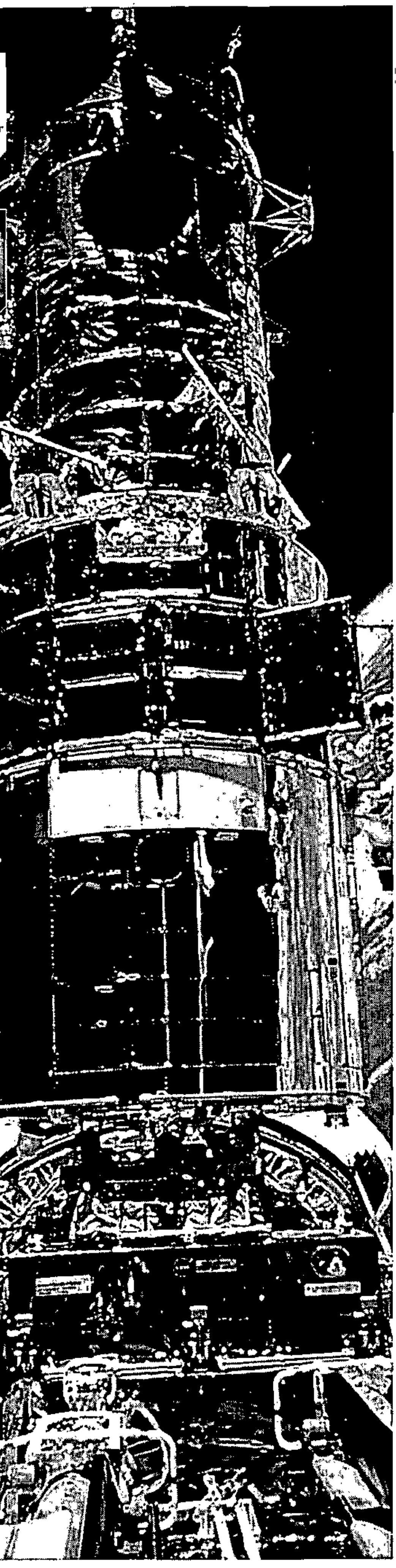
The temperature of liquid nitrogen is minus 196°C. To most people that is unbelievably cold, but physicists working on more efficient ways to move electricity describe it as a high temperature. How come?

Cool certain materials and they conduct electricity more efficiently. When they get very cold their resistance will suddenly drop to zero and they will conduct electricity without losing energy as heat. Unfortunately this phenomenon, known as *superconductivity,* occurs at very low temperatures and for a long time only liquid helium, which is close to absolute zero at minus 269°C, was cold enough.

More recently, materials have been discovered that superconduct at higher temperatures. Now liquid nitrogen can be used. This is more cost effective, and a new wave of superconducting applications has become possible.

BOC is working in the US with SuperPower Inc. and Sumitomo Electric Industries on a project in Albany, New York. There are obvious environmental benefits if electricity transmission losses can be reduced and, in a year when countries on both sides of the Atlantic suffered severe blackouts, the economic advantages from more efficient electricity distribution systems are clear.





Main image: The Hubble space telescope.

Left: Applying technology from Eco-Snow Systems.

Below: The semiconductor industry is the customer for supercritical carbon dioxide.

Supercritical solutions

Carbon dioxide, or CO_2, is probably best known for putting the fizz in fizzy drinks and for freezing food. BOC does not make carbon dioxide, rather it captures it as a by-product from the industrial processes of others and puts it to productive use.

In the hands of BOC Edwards it may become an important component in the manufacture of semiconductors. CO_2 has an ability unique among gases. Under high pressure it acts like a gas but behaves like a liquid – it becomes supercritical with a high density and low viscosity. In this state it can penetrate and clean the microscopic features of integrated circuits. Because it is neither flammable nor hazardous it has great advantages over traditional solvent-based technologies. It is also economical and can be disposed of easily.

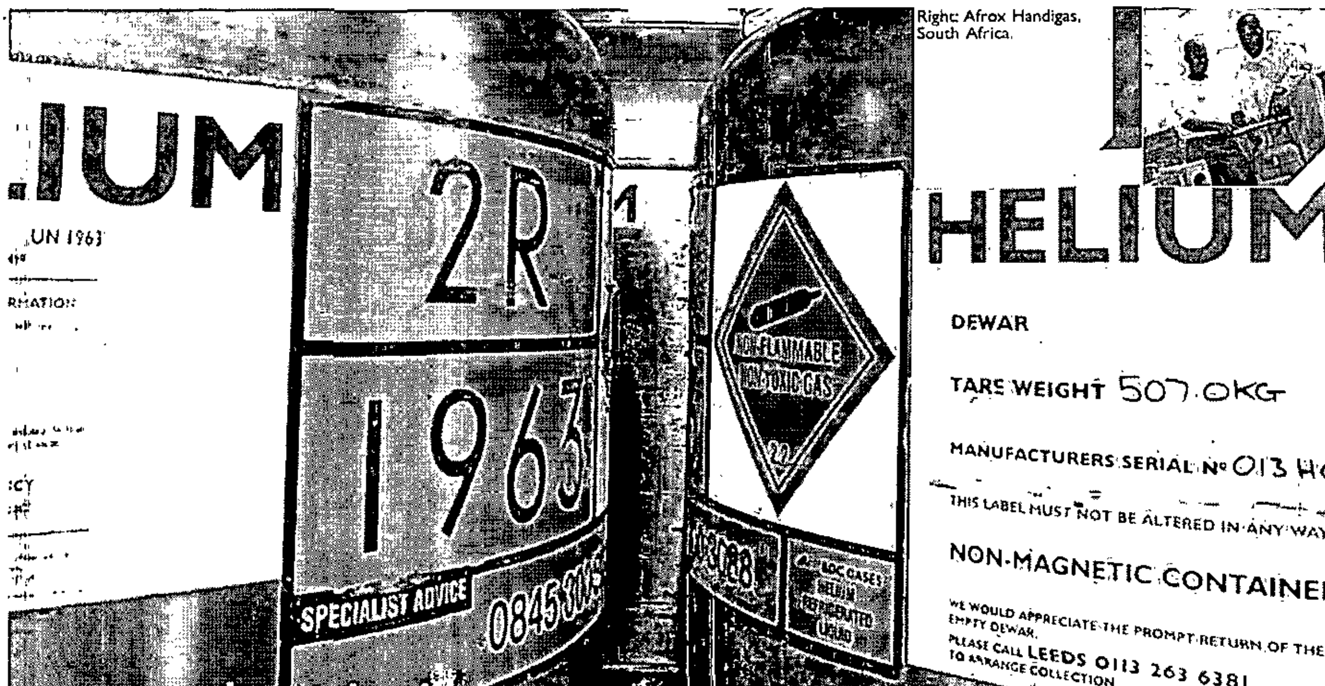
Process Gas Solutions sells most of BOC's carbon dioxide and it too is beginning to exploit the cleaning properties of CO_2. This year it bought the operating and intellectual property assets of Eco-Snow Systems, which is the technology that helped clean and polish the mirrors of the Hubble space telescope. In these applications the CO_2 is fired as snow at very high velocity. It does its cleaning job and then evaporates away into the atmosphere.

Managing the supply chain

Only some of the gases sold by BOC come from separating air into its constituent parts. Helium may be the second lightest of all the gases, but on our planet economic quantities are only found under the earth. It is brought to the surface from natural gas wells where it is extracted and refined. But only some natural gas deposits are sufficiently rich in helium to make this worthwhile. Sales of helium grow steadily while new sources of supply become available only occasionally.

We have access to, and sell, more helium than anyone else. Even so we have to work hard to keep supply ahead of demand. That is why we enter into long-term contracts with key supplying countries. This year we have renewed our agreement to take all Poland's exportable helium and signed up for a new source in Qatar that will be available later this decade.

Like helium, liquefied petroleum gas (LPG) also comes from beneath the earth. LPG is traded internationally and the price of the raw material, which is tied closely to that of crude oil, fluctuates widely driven by supply and demand. The challenge for us is to adapt to these price fluctuations, particularly in BOC's largest LPG markets in South Africa, Australia and Thailand. Being able to respond quickly to such changes in price directly affects the profitability of the business – and by sharing skills and understanding across the world we have been able to maintain a growing and profitable LPG business.

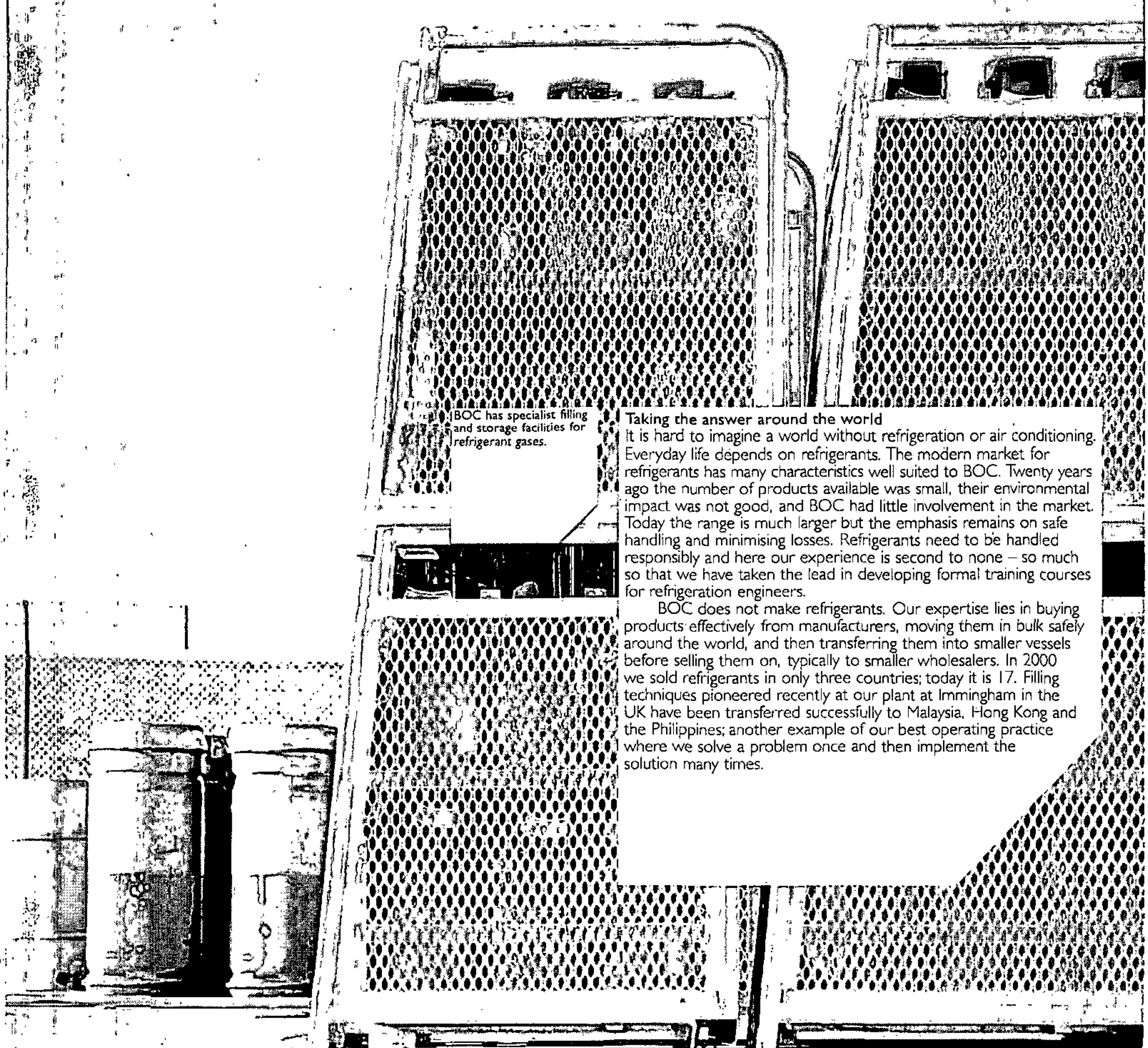


Right: Afrox Handigas, South Africa.

our insights

Successful businesses know their own industry inside out and understand exactly what their customers need. It is this combination of knowledge that is important. If you are not very good at what you do you will lose out to your competitors. You will also never make money delivering what customers don't want.

We look hard for profitable new opportunities. We search for ways to take our expert knowledge and apply it to give us a competitive edge. An insight is rarely a blinding flash of light; more often it is a matter of doing what customers want better than anyone else.

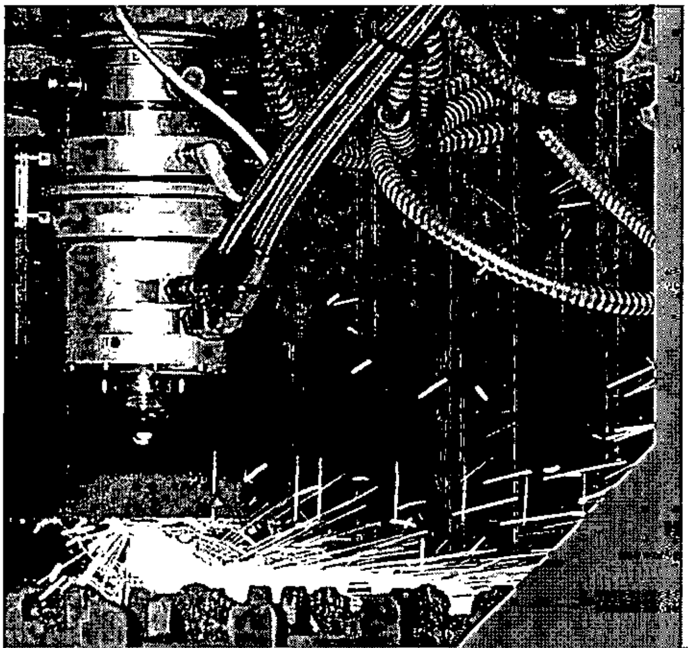


BOC has specialist filling and storage facilities for refrigerant gases.

Taking the answer around the world

It is hard to imagine a world without refrigeration or air conditioning. Everyday life depends on refrigerants. The modern market for refrigerants has many characteristics well suited to BOC. Twenty years ago the number of products available was small, their environmental impact was not good, and BOC had little involvement in the market. Today the range is much larger but the emphasis remains on safe handling and minimising losses. Refrigerants need to be handled responsibly and here our experience is second to none – so much so that we have taken the lead in developing formal training courses for refrigeration engineers.

BOC does not make refrigerants. Our expertise lies in buying products effectively from manufacturers, moving them in bulk safely around the world, and then transferring them into smaller vessels before selling them on, typically to smaller wholesalers. In 2000 we sold refrigerants in only three countries; today it is 17. Filling techniques pioneered recently at our plant at Immingham in the UK have been transferred successfully to Malaysia, Hong Kong and the Philippines; another example of our best operating practice where we solve a problem once and then implement the solution many times.



What a good idea

Good people with good ideas make good business. What makes the business even better is using good ideas as widely as possible; as quickly as possible. This is where BOC's lines of business give us our competitive advantage, deploying best practice globally in the shortest time – making innovations work.

Two events held on either side of the Atlantic celebrated the ingenuity of BOC's employees in Europe and north America. In New Jersey 18 project teams received awards for ideas that promise or have already delivered significant benefits for BOC. The next day, 13 European teams gathered at Hampton Court Palace in the UK for the presentation of their awards.

Over 150 people were honoured. You would expect scientists and engineers to be well represented, but today the search for new and better ways of doing things involves everyone in BOC. So awards also went to marketing people, to those involved with day to day operations in our plants and offices, to supply managers, to safety representatives, to customer service staff and to sales people. Ideas included safer ways of transporting cylinders and of gathering our safety data from around the world, advances in branding and product launches, improved processes for the semiconductor industry, and new ways to cut steel using lasers and to make the administration of medical oxygen easier.

Above: The LASOX process uses a laser and oxygen to cut metal.

Left: A winning team.

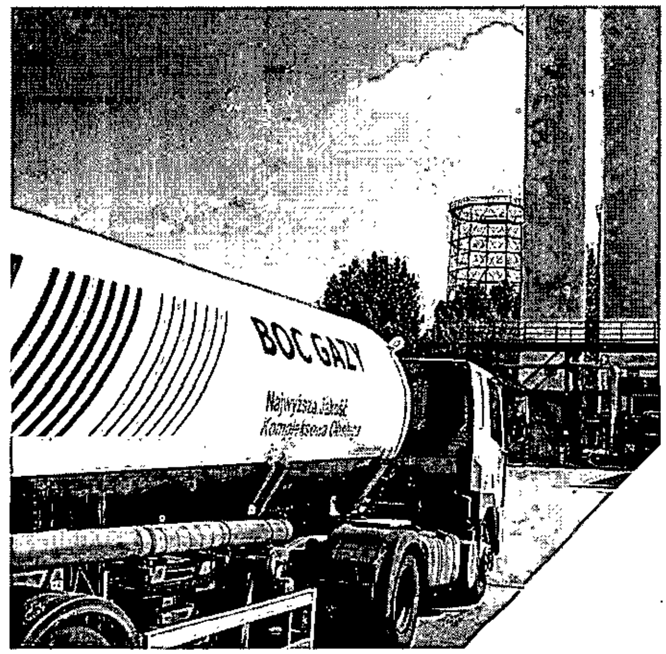
our innovations

Each year teams of innovators from throughout BOC develop fresh ideas, new solutions and better ways of doing things. And each year BOC recognises many of them through local innovation awards. Not everyone winning an award sees him or herself as an innovator; many are just tackling the regular problems presented by a complex business but succeeding in exceptionally creative ways.

Far right: Building a team in Poland.

Right: People make the difference in China.

Below right: A successful acquisition in Canada.



our culture

BOC is growing both organically and by acquisition. Growth produces change and BOC handles change well, an important skill when integrating new acquisitions quickly and effectively. There have been many acquisitions in recent years and many lessons learnt and subsequently applied. This year BOC acquired Air Products' packaged gas business in Canada and Praxair's Polish gases business. It immediately set about integrating them with BOC's existing business. In China, on the other hand, we are growing a successful business with talented local managers.

Growing in Poland

BOC entered the Polish market in 1993 when the state-run industrial gases business was privatised. In January 2003 BOC completed the acquisition of Praxair Polska and two businesses that had been competitors found themselves on the same side. On the same side, maybe, but not yet part of the same *family*.

Some of the areas to address became clear during the negotiation process. Others were identified quickly when the new members of BOC's Polish team undertook the same 'Voice of BOC' survey that the existing workforce had completed a few months earlier. Differences in the results were then discussed in groups drawn from all employees.

Half a dozen main themes emerged. High on the list were concerns about job security and how fair the selection process would be for jobs in the new organisation. A message from everyone was that uncertainty was the worst thing.

BOC gave an early commitment that the best person would be selected for each job, however long they had been with either company, and that the process would be fair and open.

Less than a year has passed and the signs are promising. The difficult decisions that come with bringing two businesses together have been made, explained and mostly implemented. The new BOC Polish business is well established and concentrating on serving its customers.

Winning with people

Good people make a difference. Finding good people and making them better makes an even bigger difference. BOC works in some of the most competitive job markets of the world and does a good job of recruiting, training and retaining some of the best people in our industry. The challenge in a fast growing market such as China is even *greater*.

We knew early on that parachuting in teams of western technical experts was not the way to win business in China in the long term. Talented local managers would be the key. China produces well qualified technical people but the demand for them has risen as China's economy has grown.

Over the years we have run MBA-type training courses for our Chinese managers. We have funded PhD courses in the UK for exceptional chemical engineers graduating from Chinese universities. Now, as our business expands, we have a concentrated development programme recruiting and developing our management team for the future and identifying those with leadership potential. It is the way we will keep our leading position in the world's fastest developing market.

Main image and right: Corporate responsibility in action in South Africa.

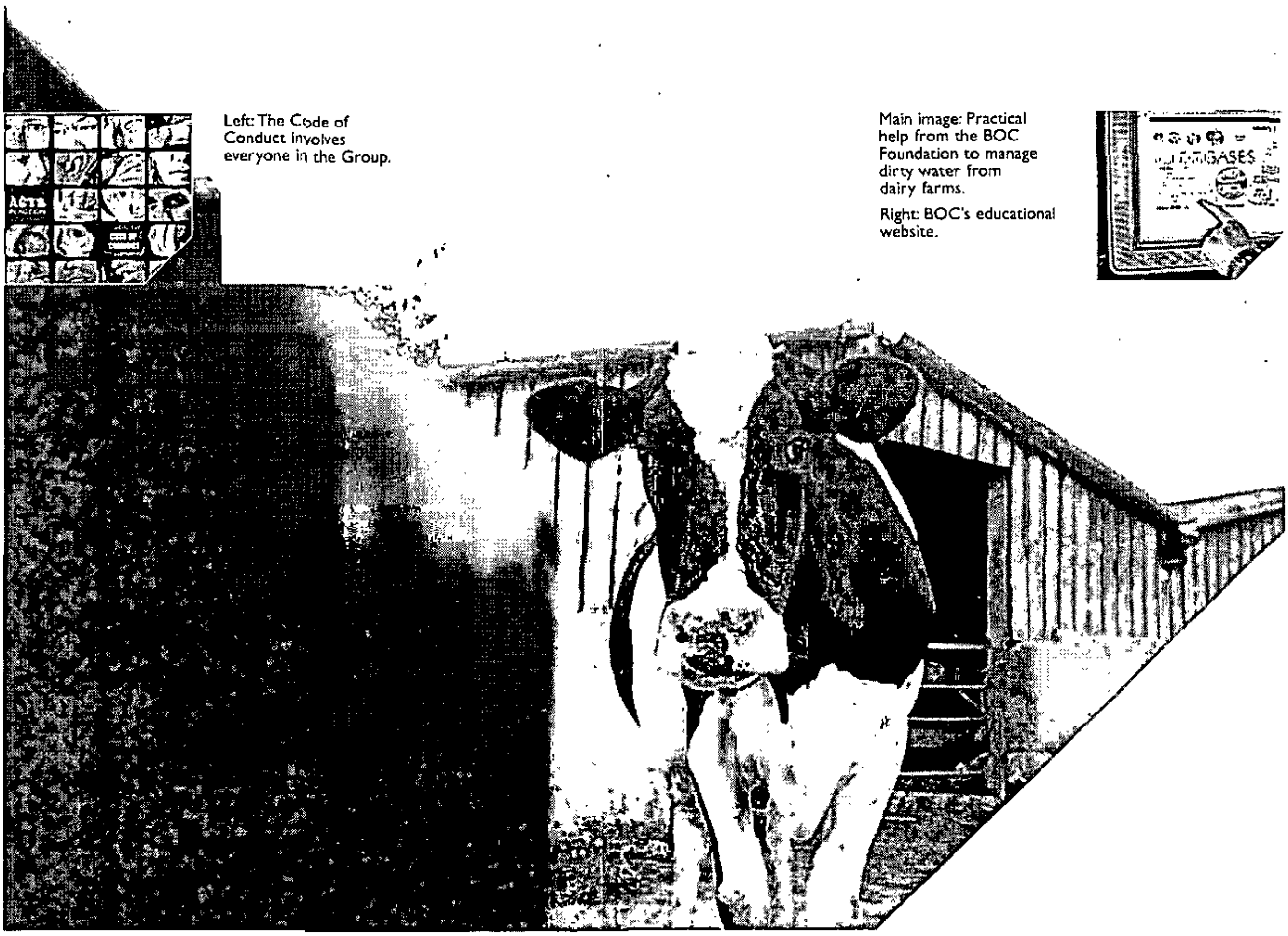
South Africa

South Africa has a unique history. Corporate social responsibility in a South African setting means more than it does for business elsewhere in the world, and far greater prominence is given to community involvement. Back in 1995 Afrox started its community involvement process (CIP), partly in response to the government's call for business to participate in a national reconstruction and development programme and partly because it seemed the right way to do business at the time.

The CIP involves employees from Afrox and Afrox hospitals in the communities where they live and work. They adopt and support homes and organisations for underprivileged children. The businesses provide money but the greatest contribution comes from the employees themselves, who give freely of their time. The United Nations has featured Afrox's CIP as an excellent example of an employee-driven sustainable social development programme. As the UN document says: "The programme is popular within schools, communities and the business sector, and amongst Afrox staff as well. Eighty per cent of Afrox's units participate in the programme and in 2002 alone 113 projects received funding (125 projects representing 8,000 children in 2003). This is a remarkable achievement given that participation is voluntary and all contact with the adopted home takes place after hours, i.e. in the employees' spare time."

our responsibilities

Companies have wider responsibilities than just delivering profits to shareholders. There is more scrutiny today than ever before, not just of what a company does but how it does it. Details of BOC's corporate responsibility programmes are on our website, www.boc.com



Left: The Code of Conduct involves everyone in the Group.

Main image: Practical help from the BOC Foundation to manage dirty water from dairy farms.

Right: BOC's educational website.

Doing the right thing

Early in 2002 a working group drawn from all parts of BOC started work on the Group's Code of Conduct. We already had a variety of policies and standards, but the task was to produce a common set that every employee should follow, wherever BOC does business. The code, published this summer, is based on important social, environmental and good governance principles. We are training all 45,000 BOC employees on what the code means for them and we have translated it into many of the languages used in the countries where we do business.

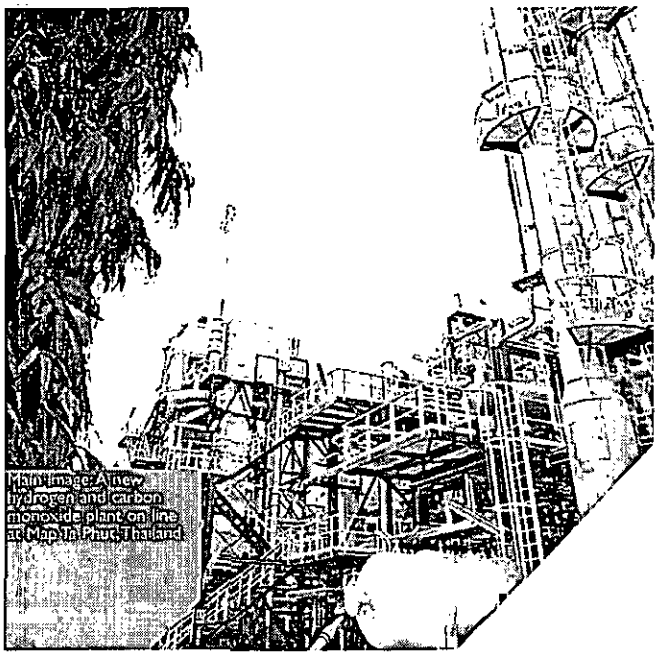
Because we involved people from throughout BOC in developing the code we identified early any issues and worries. If employees have concerns, they are encouraged to raise them with their supervisors. We have a strict non-retaliation policy, protecting any employee who raises issues in good faith, and this is supported by a free confidential helpline run by an independent company.

Doing the right thing is important in BOC. The code has been developed in line with BOC's guiding principles of accountability, collaboration, transparency and stretch, ACTS. Our employees now know exactly what is expected of them and what BOC stands for – high legal and ethical standards in business.

The BOC Foundation for the Environment

The BOC Foundation was established in 1990 and, with its partners, has funded nearly 120 environmental projects since then to the tune of more than £12 million. The environment is a big subject and the Foundation concentrates its funds on projects that improve air and water quality. Air is important to BOC as it is the source of important gases, such as oxygen, nitrogen and argon, and water is both an essential part of many of our production processes and a growing market for us.

The Foundation wants to make a practical contribution. It encourages those with good scientific ideas who need financial help to turn academic or early results into workable environmental solutions. It expects the projects it supports to make a measurable difference within a few years and to benefit the community as a whole, not just the recipient of the grant. The Foundation has worked in partnership with government departments, local authorities, environmental charities and commercial organisations.

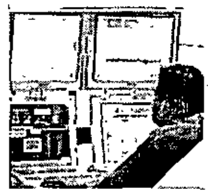


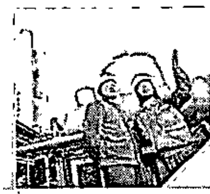
Main image: A new hydrogen and carbon monoxide plant on line at Map Ta Phut, Thailand

Operating review

Below: The south Pacific operations centre in Sydney.

Below right: BOC's successful joint venture with YPC in Nanjing.





Process Gas Solutions	2003 £ million	Change on previous year	Change on previous year[1]
Turnover	**1,242.7**	+4%	+8%
Operating profit	**177.1**	+10%	+15%
Adjusted operating profit[2]	**184.0**	–1%	+3%

1. At constant currency.
2. Adjusted operating profit excludes exceptional items.

As well as reporting results on a statutory basis, we believe that shareholders will be assisted in understanding the performance relative to previous periods by presenting the results in an alternative manner. This presentation isolates the impact of currency movements from year to year and eliminates the impact of exceptional or non-recurring items. Where the latter adjustment is made, results are referred to as 'adjusted'.

Turnover and operating profit details for each line of business and specialist business on each basis will be found near the start of each section. The discussion of business performance that follows is based on figures adjusted for exceptional items and constant currency.

Process Gas Solutions

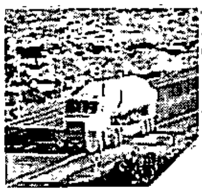
Process Gas Solutions raised turnover by eight per cent this year and adjusted operating profit by three per cent. Because we serve many of the world's largest industrial companies we anticipate and respond to the main themes of the global economy. Traditional industries continue to move from the industrialised West to growing economies in the East and we are able to welcome them, having established a leading position in Asia many years ago. Companies seeking innovative supply solutions to their industrial gases needs find our engineering creativity and access to world-class technology deliver the best answers. Linked to everything is the continuing drive to do things more efficiently and at lower cost.

The greatest opportunities are to be found in Asia and the headquarters of Process Gas Solutions moved to Singapore to be close to where much of the business is being done. While Asia as a whole promises growth, China offers some of the greatest opportunities. Our joint venture in Nanjing with YPC, a subsidiary of Sinopec, China's leading petrochemical company, continues to perform well and we added extra capacity for liquid production onto the existing plant. The steel industry is also showing strong underlying growth, as in other parts of Asia. To meet our growth targets in China we are investing heavily in recruiting and developing local management talent and giving them the opportunity for international development through postings to BOC businesses around the world.

In Thailand we commissioned a hydrogen and carbon monoxide, or HyCO, plant at Map Ta Phut and are building a new 300 tonnes-a-day carbon dioxide plant to meet increased demand for food freezing. Taiwan, Korea and Malaysia all saw good growth as did India, where the economy improved and we achieved sales success in the merchant market and brought on stream a new 225 tonnes-a-day plant to supply Tata Steel.

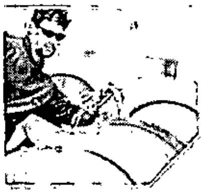
The difficulties experienced by industry in the UK have been well documented, yet despite seeing some customer closures and the transfer of other businesses overseas, we still increased both turnover and adjusted operating profit in the UK. The full-year effect of investments made last year helped, while detailed attention to cost and high levels of customer service were equally important. Ireland, by comparison, saw declines in turnover and adjusted operating profit for the first time in many years as growth reined back, particularly in the electronics sector. As Poland prepares for EU membership next year, the acquisition of Praxair Polska gave us for the first time a source of carbon dioxide in the country and a complementary fit with our existing business. Our specialist engineering business Cryostar had strong demand for its turbines and compressors, particularly from China and for ships being built to carry liquefied natural gas.

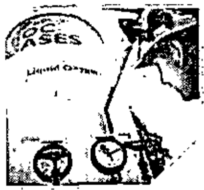
The messages from the US economy remained mixed throughout the year, although both turnover and adjusted operating profit rose. Volumes from existing customers remained flat and a number of companies, notably in the steel industry, sought Chapter 11 bankruptcy protection. In contrast, new business wins for liquefied gases were at a record high and we won a significant contract from Celanese for their Clear Lake plant in Texas. We are supplying Clear Lake with carbon monoxide and steam as well as feeding hydrogen into the important chemical complex on the Gulf coast.



Right: Delivering across New Zealand.

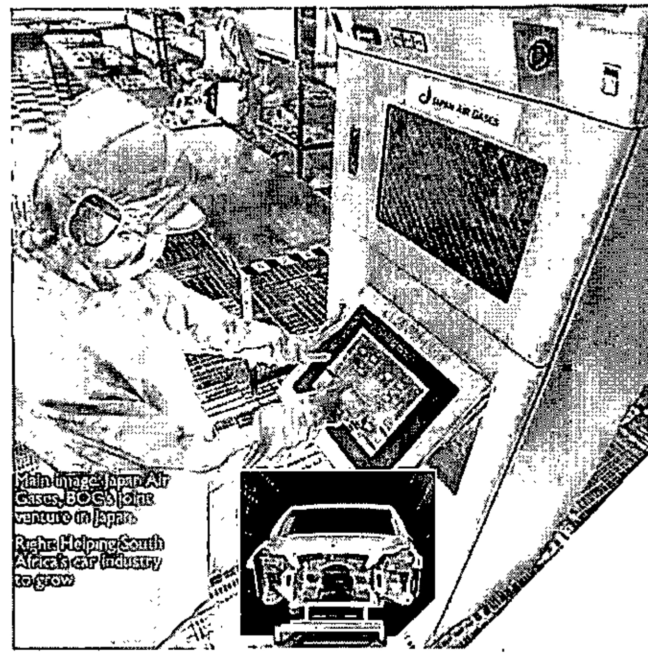
Far right: Manufacturing the AfroxPac 35, an emergency breathing unit for the mining industry.





Above: Products for the Australian wine industry at Chateau Yaldara.

Above right and far right: Medical gases meeting the needs of patients in the UK.



Main image: Japan Air Gases, BOC's joint venture in Japan.

Right: Helping South Africa's car industry to grow

Industrial and Special Products	2003 £ million	Change on previous year	Change on previous year[1]
Turnover	**1,751.2**	+9%	+9%
Operating profit	**238.2**	+4%	+3%
Adjusted operating profit[2]	**242.7**	–2%	–3%

1. At constant currency.
2. Adjusted operating profit excludes exceptional items.

Our 'premier beverage service' for carbon dioxide continues to develop, with deliveries to the world's leading carbonated drinks suppliers analysed and certified to their exacting specifications.

The steel industry in both Australia and New Zealand continued to perform well despite the strength of the Australian dollar that affected all exporters, especially mineral producers. Oxygen and nitrogen demand increased at BHP's plant at Port Kembla as pulverised coal replaced coke as the primary fuel. Many of BOC's major plants around the world are now controlled remotely from centralised operations centres and this year control of all our production plants in New Zealand was transferred to the Australian centre based near Sydney.

South Africa saw strong growth in the first six months slow in the second half as a strengthening rand hindered exports from major gas-using industries, such as mineral and precious metal producers.

Industrial and Special Products

Industrial and Special Products (ISP) produced good growth in turnover and adjusted operating profit from most of its key markets. The US was the exception, as slower growth combined with residual issues from installing a new computer system to have an adverse impact on adjusted operating profit. Overall, ISP's turnover was up by nine per cent and adjusted operating profit down by three per cent.

ISP's four business sectors established last year – industrial, medical, hospitality and special gases – set the global strategies. These strategies are then implemented through geographically-based business units. While some markets retain strong local characteristics, all benefit from increased global leadership and common best operating practice programmes to grow the business and to improve service, safety and operational and commercial efficiency.

BOC acquired Praxair Polska in January 2003 and the packaged gas business of Air Products in Canada in April 2003, strengthening ISP's position in these two important markets.

In Europe, all countries increased turnover and overall adjusted operating profit was up. The continuing decline of the UK manufacturing sector was more than offset by the development of service-related sectors. Increasingly our business is about more than just delivering cylinders of gas to customers and collecting them when they are empty. Hospitals, for instance, value our ability to replenish their gas supplies at night without disrupting their busy routine and our willingness to manage all aspects of their medical gases if that is what they want. BOC Sureflow, which sells mainly to pubs and clubs, was founded on its service promise and continues to win new business as a result. Our national network and technical expertise in special gases delivered strong growth in refrigerants and helium. Refrigerants benefited from a major distribution contract signed last year and helium from a long-term supply contract signed this year.

Ireland's economy slowed after many years of high growth while in Poland the major impact came from the acquisition and successful integration of Praxair Polska.

South Africa had a very good year with significantly increased turnover and adjusted operating profit, although the economic conditions that boosted exports and industrial production in the first six months were less favourable later in the year. Manufacturing, and in particular the motor industry, is of increasing importance alongside the traditional markets in fabrication and mining.

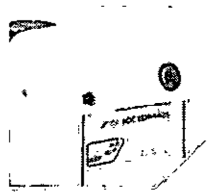
The increased strength of the Australian dollar and continuing drought produced slower growth this year in Australia, but both turnover and adjusted operating profit increased, as they did in New Zealand. The distances covered to serve customers in Australia can be vast and much effort has gone into developing a fairer and more transparent pricing structure to reflect the costs involved. Elgas, our liquefied petroleum gas business in Australia, performed very well, largely through its improved ability to respond to rapid changes in raw material cost, such as those this year linked to the Iraq war.

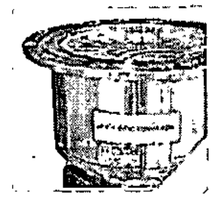
Main image: Producing NF_3 for the semiconductor industry.

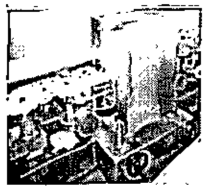
Right: Efficient vacuum pump manufacturing in the Czech Republic.

Right: A new range of pumps.

Far right: A turbomolecular pump from BOC Edwards' successfully integrated acquisition in Japan.







Left: Sophisticated packaging machines for the pharmaceutical industry.

BOC Edwards	2003 £ million	Change on previous year	Change on previous year[1]
Turnover	**684.1**	–1%	+4%
Operating profit	**7.9**	Note 3a	Note 3b
Adjusted operating profit[2]	**18.5**	–29%	–26%

1. At constant currency.
2. Adjusted operating profit excludes exceptional items.
3a. Loss of £1.4 million in previous year.
3b. Loss of £2.2 million in previous year.

Manufacturing continues to move to Asia from higher-cost regions and our industrial volumes in south-east Asia have benefited accordingly. Our investments in special products have generated good growth, notably in refrigerants where we opened new facilities in Hong Kong, Malaysia and the Philippines. We have successfully integrated NIOI, a company we acquired last year, into our business in Malaysia and BOC management is now fully in place in Unique, the Thai ammonia and liquefied petroleum gas business also purchased in 2002.

In north America, Canada grew both turnover and adjusted operating profit. Some of this came from the first full year of the special gases business we acquired in April 2002, but more significant was the contribution from Air Products' packaged gas business acquired in 2003. In the US gas revenues increased but adjusted operating profit was down significantly. Partly this reflected the sluggish economy but it was also due to costs associated with the extended introduction of a major computer system. Good progress was made in south America, notably in Venezuela, despite difficult economic conditions, and Chile. We also entered the liquefied petroleum gas market in Colombia when we acquired a local distributor.

BOC Edwards

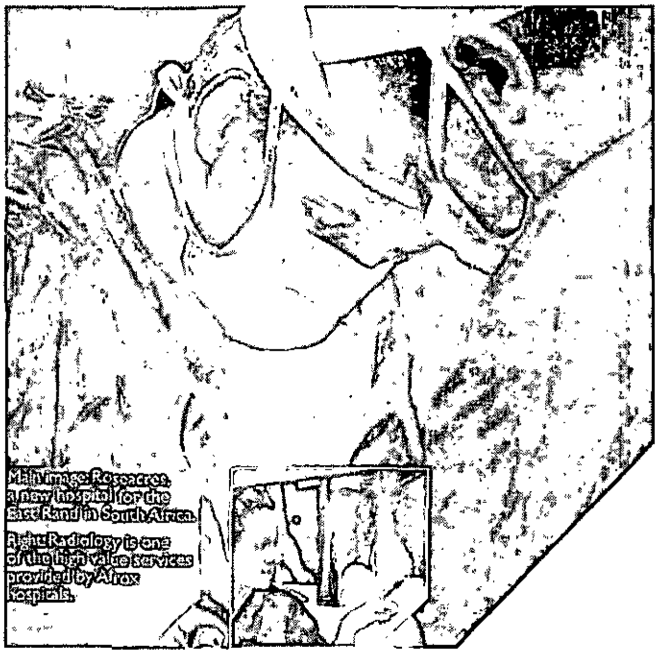
BOC Edwards experienced a second year during which its most important market, the semiconductor industry, has been in a downturn. Turnover increased by four per cent and adjusted operating profit declined by 26 per cent. Increased demand for devices saw existing semiconductor fabs operating at higher utilisation levels later in the year. Electronic gases and our Kachina parts cleaning business, which are involved in the production processes at these fabs, saw some volume increases although pressure on prices remained strong. New investment by the semiconductor industry was aimed at expanding or upgrading existing fabs rather than building new ones, so orders for vacuum equipment and chemical management systems remained at a low level.

Where new fabs were built, BOC Edwards improved its position. It is present in all the latest generation 300mm fabs in the US and Europe, a better position than it had when the earlier generation 200mm fabs were first being introduced. In Asia strong demand came from manufacturers of flat panel displays, especially in Taiwan and Korea. We won orders for gas supply to three out of the four fabs built in China last year, which complements our already strong position in vacuum and exhaust management elsewhere in Asia.

The broadening of BOC Edwards' range of products and services continues. In the silicon and compound semiconductor market our Zenith combined pump and exhaust treatment products are proving very successful with device and equipment manufacturers. We won contracts in Europe and Asia to manage rather than just supply a range of gases, chemicals and other material required by semiconductor manufacturers. We improved our position in vacuum lithography and can now offer a full service for cleaning wafers using supercritical carbon dioxide. We increased production of nitrogen trifluoride, NF_3, at our plant in South Africa and placed fluorine generators on trial to enable customers to evaluate the technology. The turbomolecular pump business we bought from Seiko Instruments is now fully integrated into BOC Edwards and is operating profitably.

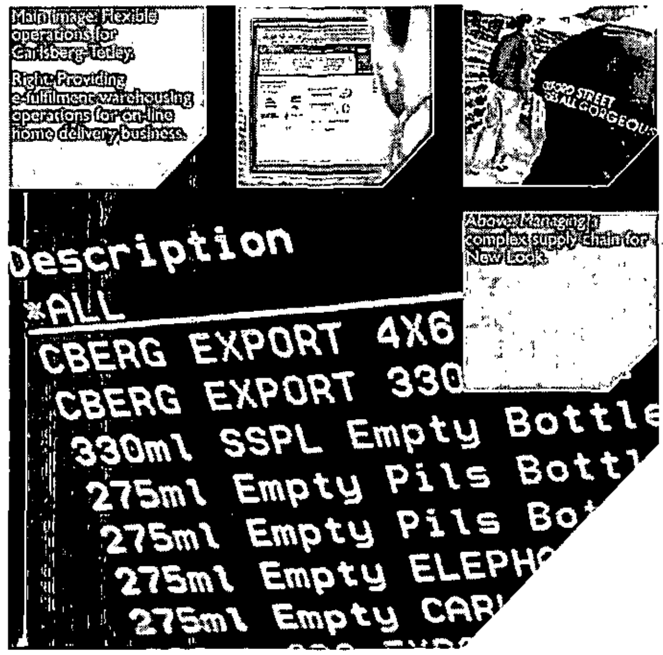
The scientific market for vacuum pumps continued to grow while other industrial markets were less buoyant. In response we cut costs and rationalised production. We are increasingly making pumps for the general vacuum market in the Czech Republic, taking advantage of lower manufacturing costs.

BOC Edwards' pharmaceutical packaging business started the year more slowly as a number of projects were delayed. Demand for its complex loading systems and freeze dryers improved later in the year and the underlying trend is positive.



Main image: Roseacres, a new hospital for the East Rand in South Africa.

Right: Radiology is one of the high value services provided by Afrox hospitals.



Main image: Flexible operations for Carlsberg-Tetley.

Right: Providing e-fulfilment warehousing operations for on-line home delivery business.

Above: Managing a complex supply chain for New Look.

Afrox hospitals	2003 £ million	Change on previous year	Change on previous year[1]
Turnover	**353.4**	+36%	+16%
Operating profit	**46.1**	+55%	+31%
Adjusted operating profit[2]	**46.1**	+55%	+31%

1. At constant currency.
2. Adjusted operating profit excludes exceptional items.

Gist	2003 £ million	Change on previous year	Change on previous year[1]
Turnover	**291.8**	+10%	+10%
Operating profit	**29.2**	+15%	+13%
Adjusted operating profit[2]	**29.2**	+15%	+13%

1. At constant currency.
2. Adjusted operating profit excludes exceptional items.

Afrox hospitals

Both turnover and adjusted operating profit rose significantly as Afrox hospitals continued to prosper in a market showing little underlying growth. It made some small acquisitions and built a new 140-bed clinic on the East Rand, but this compares with over 1,000 acute beds added through acquisition in the previous year. Progress came mainly from providing higher value services to patients.

An increasing percentage of revenue came from a new risk-sharing fee structure introduced this year. Up until now we have been paid for services used by patients: there was a tariff for every bed day, for each minute in the operating theatre and for every item used. There was therefore no incentive to limit the length of stay or to control input costs. Under the new tariff structure the cost for an agreed medical intervention is fixed, so there is one cost for an operation such as a hip replacement, whether there are complications or not. Already over a third of our tariffs are on this risk-sharing basis and we expect that figure to rise to two-thirds or more.

The direct medicines dispensing business was restructured during the year to adapt to changed medical insurance and reimbursement procedures. As a result, profit increased. Afrox hospitals is also exploring opportunities to extend its operating and management processes to other markets. In a joint bid with Care UK it was chosen by the UK national health service as preferred bidder for three day treatment centres in England. It will be paid a management fee for its services.

On 17 November 2003 African Oxygen Limited announced that, subject to conditions, it had agreed to sell its entire holding in Afrox Healthcare Limited to a consortium of Black Economic Empowerment investors.

Gist

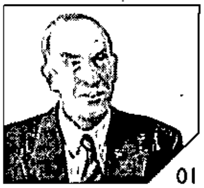
Gist improved both turnover, up ten per cent, and adjusted operating profit, up 13 per cent. The increase in adjusted operating profit was not only as a result of higher turnover but also because of a gain of some £4.1 million arising principally from the termination of operations for the Marks & Spencer General Merchandise business.

Gist has the skills and knowledge to meet the needs of modern retailers. As supply chains become more complex and consumers require increasing levels of service and availability, products on sale in the high street are brought from wherever the best value can be obtained.

This year Gist won new contracts from, among others, New Look, a fashion chain, and Carlsberg-Tetley, one of the UK's largest brewers. Gist's flexibility and ability to manage supply chains of varying complexity are at the heart of these successes. New Look brings its products to the UK from around 20 countries. Gist manages the whole process through a network of partners, solving any problems of quality long before the goods arrive in the high street. At Carlsberg-Tetley, Gist had to meet the demands of one of Britain's hottest, and thirstiest, summers. Beer sales hit exceptional peaks and Gist showed the flexibility and dedication needed to meet demands.

This was the first full year when Gist handled all of Marks & Spencer's chilled and ambient foods. Based on a relationship that stretches over 30 years, Gist is M&S's largest supply chain provider, although this year it stopped handling any of the retailer's general merchandise business in the UK. It provides similar services for Budgens, the UK convenience store group, managing all its warehouse and distribution operations, and e-fulfilment for Ocado, the on-line grocery shopping company.

Board of directors


01


02


03

Rob Margetts CBE ■□ (01)
57, chairman.
Appointed chairman in January 2002. He is chairman of Legal & General Group plc, a non-executive director of Anglo American plc, chairman of the Natural Environment Research Council and a governor of Imperial College, London. Previously he was with ICI PLC for 31 years, becoming a main board director in 1992 and vice chairman in 1998. He is a fellow of both the Royal Academy of Engineering and the Institution of Chemical Engineers.

Tony Isaac ■□▶▷ (02)
61, chief executive.
Appointed an executive director in October 1994 and became chief executive in May 2000. He was previously finance director of Arjo Wiggins Appleton plc, which he joined shortly before the de-merger from BAT Industries p.l.c. in 1990. Prior to that he had been finance director of GEC Plessey Telecommunications Ltd since its formation in 1988. He is a non-executive director of International Power plc and Schlumberger Ltd.

Fabiola Arredondo ●○■ (03)
36, non-executive director.
Appointed in November 2001. She is the managing partner of FRA Holdings LLC, a private investment firm, and was previously the managing director of Yahoo! Europe, a director of BBC Worldwide and held senior executive positions at BMG Entertainment. She is a non-executive director of Intelsat Corporation, Bankinter SA and the World Wildlife Fund UK and is also a member of the US Council on Foreign Relations and the World Economic Forum. She has a BA in political science from Stanford University and an MBA from the Harvard Business School.


04


05


06

Julie Baddeley ●○■□ (04)
52, non-executive director.
Appointed in May 2001. She was an executive director of Woolwich plc until October 2000, responsible for e-commerce, information technology and human resources, and was previously head of change management for Maritime Region, Accenture. She is a non-executive director of the Yorkshire Building Society, the Government Pensions Group, and chairman of three venture capital trusts. She is also an Associate Fellow of Templeton College, Oxford and a Companion of the Institute of Management. She has an MA honours degree in zoology from Oxford University.

John Bevan ▶▷ (05)
46, chief executive, Process Gas Solutions.
Appointed an executive director in December 2002. He joined BOC in 1978 as a graduate in the Australian gases business and has held various positions in general management in Australia, Korea, Thailand and the UK and was formerly chief executive Asia, based in Singapore. He has a degree in commerce (marketing) from the University of New South Wales.

Andrew Bonfield ●○■ (06)
41, non-executive director.
Appointed in July 2003. He is senior vice-president and chief financial officer of Bristol-Myers Squibb Company. He qualified as a chartered accountant in South Africa, working for Price Waterhouse, before joining SmithKline Beecham in 1990 and rising to become chief financial officer in 1999. He joined BG Group plc in 2001 as executive director – finance before assuming his current role at Bristol-Myers Squibb Company in September 2002.

07

08

09

René Médori □▶▷ (07)
46, group finance director.
Appointed an executive director in July 2000. He joined BOC in 1987 and has held several finance appointments in the Group. He was appointed finance director of BOC's gases business in the Americas in 1997. Before joining BOC, he worked for Accenture and Schlumberger Ltd. He is a finance graduate of the Université de Paris-Dauphine and has a doctorate degree in economics. He is a non-executive director of Scottish & Southern Energy plc.

Roberto G Mendoza ●○■□ (08)
58, non-executive director.
Appointed in October 2002. He is a founding partner of Integrated Finance Ltd, the non-executive chairman of Egg Plc, and a board member of Prudential Plc, Reuters Plc and Vitro S.A. He joined J.P. Morgan in 1967 and served as vice chairman of the board from 1990 to 2000. He was a managing director of Goldman Sachs & Co from 2000 until he resigned to co-found Integrated Finance Ltd in 2001. He was born in Cuba, obtained a BA in history from Yale and an MBA with high distinction from the Harvard Business School.

Matthew Miau ●○■ (09)
57, non-executive director.
Appointed in January 2002. He is chairman of MiTAC-Synnex Group, one of Taiwan's leading high-tech industrial groups. He is also a Convenor of Civil Advisory Committee of National Information and Communications Initiatives (NICI) and a member of the Board of Supervisors of the Industrial Technology Research Institute (ITRI) and the Board of Directors of the Institute for Information Industry (III), Taiwan. He obtained a BS in electronic engineering and computer science from U.C. Berkeley, an MBA degree from Santa Clara University and holds an honorary doctorate degree from the National Chiao Tung University, Taiwan.

10

11

12

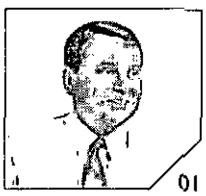
Sir Christopher O'Donnell ●○■ (10)
57, non-executive director.
Appointed in March 2001. He is chief executive of Smith & Nephew plc. Previously he held senior positions with Davy Ashmore, Vickers Limited and C R Bard Inc. He has an honours degree in mechanical engineering from Imperial College, London and an MBA from the London Business School. He is a chartered engineer and a member of the Institution of Mechanical Engineers.

Dr 'Raj' Rajagopal ▶▷ (11)
50, chief executive, BOC Edwards.
Appointed an executive director in July 2000. He joined BOC in 1981 and has held several positions in BOC Edwards. He was appointed managing director, Edwards Vacuum Products in 1993 and managing director, vacuum technology division in 1996. He was appointed a non-executive director of FSI International Inc in January 2001. He has a PhD in mechanical engineering from the University of Manchester. He is a Fellow of the Royal Academy of Engineers as well as the Institution of Electrical Engineers, Mechanical Engineers and the Chartered Institute of Management. Dr Rajagopal was awarded the Sir Eric Mensforth International Manufacturing Gold Medal in March 2003.

John Walsh ▶▷ (12)
48, chief executive, Industrial and Special Products.
Appointed an executive director in July 2001. He was previously president, Process Gas Solutions, north America. He joined BOC in 1986 as vice president, special gases and has held various senior management positions in the Group, including president, BOC Process Plants. He has a BA in economics and an MBA, both from Harvard Business School.

Board committees
- ● Audit committee
- ○ Remuneration committee
- ■ Nomination committee
- □ Pensions committee
- ▶ Executive management board
- ▷ Investment committee

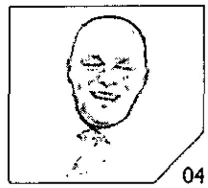
Executive management board



John Bevan (01)
46, chief executive, Process Gas Solutions since January 2003.
Appointed to the executive management board in June 2000. See page 26 for biographical details.

Nick Deeming (02)
49, group legal director and company secretary since May 2001.
Appointed to the executive management board in May 2001. He has over 16 years in-house counsel experience, including Schlumberger, SEMA and Axa PPP Healthcare, specialising in corporate and commercial law. He has a degree in law from Guildhall University, an MBA from Cranfield University and qualified as a solicitor in 1980.

Stephen Dempsey (03)
52, group director, corporate relations since February 1999.
Appointed to the executive management board in October 1999. He joined BOC in 1990 as director of marketing services for the UK gases business and has held various communications roles in the Group. He has an MA in geography from Oxford University and an MBA from Cranfield University.



Peter Dew (04)
43, group director, information management since February 1998.
Appointed to the executive management board in October 1999. He joined BOC in 1986. He has held information technology roles in the Group's businesses in South Africa, the UK and most recently as information management director for the Group's businesses in Asia/Pacific.

Tony Isaac (05)
61, chief executive since May 2000.
Appointed to the executive management board in July 1996. See page 26 for biographical details.

Rob Lourey (06)
46, group human resources director since June 2000.
Appointed to the executive management board in June 2000. He joined BOC in Australia in 1996 and most recently was human resources director for Asia/Pacific. He has a bachelor of business degree in personnel management.


07


08


09

Kent Masters (07)
42, president, Process Gas Solutions, north America since July 2001.
Appointed to the executive management board in December 2002. He joined BOC in 1985 and has held positions of increasing responsibility in engineering, marketing and general management, most recently, president, BOC Process Plants. He holds an engineering degree from Georgia Institute of Technology and an MBA from New York University.

René Médori (08)
46, group finance director since June 2000.
Appointed to the executive management board in June 2000. See page 27 for biographical details.

Dr 'Raj' Rajagopal (09)
50, chief executive, BOC Edwards since June 1998.
Appointed to the executive management board in July 1996. See page 27 for biographical details.


10


11

Greg Sedgwick (10)
42, group director, business development since June 2000.
Appointed to the executive management board in June 2000. He also has responsibility for Afrox Healthcare Ltd. He joined BOC in 1984 and has held a variety of senior management roles in the south Pacific region, most recently managing director, Industrial and Special Products. He was previously market sector director, minerals and a director of BOC India. He has a degree in marketing and a masters degree in business planning from the University of New South Wales.

John Walsh (11)
48, chief executive, Industrial and Special Products since June 2001.
Appointed to the executive management board in June 2000. See page 27 for biographical details.

Summary financial statements

The following pages contain summary financial statements for the year. All of the information has been extracted from the full report and accounts. These summary financial statements by definition do not present the detail that is included in the full report and accounts and which would permit a comprehensive analysis of the Group's performance. Registered shareholders can obtain a copy of the full report and accounts free of charge or choose to receive it in future years by writing to Lloyds TSB Registrars at the address on page 40.

Contents

Report of the directors

The summary financial statements comprise the profit and loss account, balance sheet, cash flow statement and notes to the financial statements. Together they show the financial performance of the Group in 2003 and trends over a three-year period. A report on directors' remuneration is also included.

Business review

A review of the Group's business activities and their performance can be found on pages 22 to 25. See also note 6 on post balance sheet events. The report of the directors deals with other issues that the board and management regard as important to the conduct of the company's affairs.

Employment policies

BOC's employment policies are designed to underpin the Group's operating requirements and growth strategies. Where practicable, policies are adapted to meet local requirements.

Communication and involvement BOC places a high priority on communicating with its people and has invested in web-based communications technology to convey consistent and coherent messages to employees around the world.

Resourcing, training and development Programmes are designed to ensure that the Group has a pool of well-qualified, gifted individuals able to meet both its day-to-day operational needs and its plans for the future.

Reward and recognition Reward and recognition programmes are designed to endorse outstanding individual and team performance.

Retirement benefit plans BOC fully supports its people's efforts to provide for their retirement and provides a range of opportunities for them to participate in programmes tailored to suit local conditions.

Employee share schemes Employees are encouraged to share the financial benefits of the Group's success through a number of option and incentive schemes.

Diversity BOC values the diversity of its workforce and is committed to maintaining a workplace free from discrimination for reasons of race, creed, culture, nationality, gender, sexual orientation or marital status.

Safety and environment

The Group continues to place the highest priority on issues of safety. The nature of our business activities means that our employees encounter many hazards in the workplace. These include flammable and toxic gases and operations that often involve high pressures and extreme temperatures. Common to all our businesses is the movement of products and the various hazards associated with driving, distribution and service operations. Significant efforts are made to improve safety performance. This year safety statistics incorporated recent mergers, acquisitions and all joint ventures for the first time.

BOC has a comprehensive environmental programme and conducts an annual survey to highlight any potential environmental impacts from our sites. It is believed that the Group is in substantial compliance with all material environmental laws and regulations. BOC also contributes technology and processes to meet the environmental needs of customers.

Supplier payment policy

The Group applies a policy of agreeing and clearly communicating the terms of payment as part of the commercial arrangements negotiated with suppliers and then paying according to those terms. In addition, the UK-based businesses have committed to the 'Better Payment Practice Code'.

Corporate donations

The BOC Group and its businesses made donations of £1.12 million, of which £476,000 went to UK-registered charities. A further £180,000 was used to support projects identified by The BOC Foundation for the Environment. As in previous years, no political donations were made in the European Union.

Dividends

Two dividends were paid in 2003. A first interim dividend of 15.5p per share was paid in February and a second interim dividend of 23.5p per share was paid in August. A first interim dividend of 15.5p per share has been declared for payment on 2 February 2004 and participation in the dividend reinvestment plan will be available to shareholders whose applications have been received by Lloyds TSB Registrars by 12 January 2004.

Corporate governance

The BOC Group is committed to business integrity, high ethical values and professionalism in all its activities. As an essential part of this commitment, the board supports the highest standards in corporate governance.

The board has applied the principles contained in Section 1 of the Combined Code on Corporate Governance appended to the UK Listing Authority Listing Rules and has complied throughout the year, with the exception that Dick Grant, a director who resigned with effect from 31 December 2002, had a service contract that could be terminated by the company on two years' notice.

Although the new Combined Code is only effective for reporting years beginning on or after 1 November 2003, BOC has already made changes to its corporate governance procedures such that at this time the company is significantly advanced towards compliance with the new code.

Risk management and internal control The board of directors has overall responsibility for the Group's system of risk management and internal controls.

The BOC risk management programme assists management throughout the Group to identify, assess and mitigate business risk. Since its introduction in 2001, over 170 risk workshops and reviews have been conducted across the Group. The output from each assessment is a list of prioritised risks with associated action plans to manage them. A report to the board is made twice a year of the key risks facing the Group and actions to manage these key risks.

The directors have delegated to executive management the establishment and implementation of a system of internal controls. The internal control system is monitored and supported by an internal audit function that operates on a global basis and reports its results to management and the audit committee of the board. The system is rigorous and designed to ensure that directors maintain full and effective control over all significant strategic, financial, organisational and compliance issues.

Having reviewed its effectiveness, the directors are not aware of any significant weakness or deficiency in the Group's system of internal controls.

Report of the directors continued

The board and committees A complete list of the company's directors, with their biographies, photographs, and board committee memberships can be found on pages 26 and 27. A summary and explanation of their remuneration is given on pages 33 and 34.

Board committees

Audit committee The audit committee meets four times a year. Time is set aside at two of these meetings for the committee to meet with the internal and external auditors without executive management present. The committee reviews the effectiveness of internal controls, matters raised by the internal and external auditors in their regular reports to the committee and the quarterly financial statements prior to their release. The committee reviews the programme and effectiveness of risk management within the Group as well as ensuring that an appropriate relationship between BOC and the external auditors is maintained. The committee comprises only independent non-executive directors and is chaired by Sir Christopher O'Donnell.

Nomination committee The nomination committee meets periodically as required, and in the year ended 30 September 2003 met six times. The committee primarily monitors the composition and balance of the board and its committees and identifies and recommends to the board the appointment of new directors. All independent non-executive directors, the chairman and the chief executive serve as members of this committee. The committee is chaired by Rob Margetts. Whilst the chairman of the board chairs this committee he is not permitted to chair meetings when the appointment of his successor is being reviewed.

Remuneration committee The remuneration committee meets six times a year. The committee recommends to the board the policy on executive directors' remuneration and the specific remuneration, benefits and terms of employment of each executive director. The committee comprises only independent non-executive directors and is chaired by Julie Baddeley.

Pensions committee The pensions committee meets twice a year and oversees the review of governance and control procedures applying to all employee retirement benefit plans and reviews and makes recommendations on the investment policies and strategies applied to the Group's retirement benefit plans. The committee comprises two independent non-executive directors, the chairman, chief executive and Group finance director. The committee is chaired by Julie Baddeley.

Executive management board The executive management board meets regularly having primary authority for the day-to-day management of the Group's operations and policy implementation pursuant to the Group's strategy agreed by the board. The committee comprises the chief executive, the other executive directors and certain senior managers and is chaired by Tony Isaac. Further details are given on pages 28 and 29.

Investment committee The investment committee meets regularly and reviews and approves Group commitments up to certain levels set by the board. The committee comprises the chief executive, the other executive directors and certain senior managers and is chaired by Tony Isaac.

Auditors

The auditors' report on the full financial statements was unqualified and did not contain any statement concerning accounting records or failure to obtain necessary information or explanations.

By order of the board

Nick Deeming Secretary
21 November 2003

Independent auditors' statement

To the members of The BOC Group plc

We have examined the summary financial statement of The BOC Group plc and the amounts disclosed relating to directors' remuneration in the directors' remuneration statement.

Respective responsibilities of directors and auditors
The directors are responsible for preparing the annual review and summary financial statements in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the annual review and summary financial statements with the annual financial statements, the directors' report and the directors' remuneration report and its compliance with the relevant requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the annual review and summary financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

This statement, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 251 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion
We conducted our work in accordance with Bulletin 1999/6, 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board for use in the United Kingdom.

Opinion
In our opinion the summary financial statement is consistent with the annual financial statements, the directors' report and the directors' remuneration report of The BOC Group plc for the year ended 30 September 2003 and complies with the applicable requirements of Section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
21 November 2003

Notes:
a. The maintenance and integrity of the company's website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
b. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' remuneration

The report below is only a summary of the directors' remuneration report as permitted by the Directors' Remuneration Report Regulations 2002. The full report setting out the composition of the remuneration committee, the remuneration policy, together with full details of the directors' emoluments, pensions, share options and shareholdings, is contained within the report and accounts 2003 on pages 60 to 69. Copies of the full directors' remuneration report can be obtained, free of charge, from BOC or may be viewed on, or downloaded from, BOC's website, www.boc.com

The remuneration committee

The remuneration committee comprises, with the exception of the Group chairman, Rob Margetts, all the independent non-executive directors namely Julie Baddeley (chairman), Fabiola Arredondo, Andrew Bonfield (appointed July 2003), Roberto Mendoza (appointed October 2002), Matthew Miau and Sir Christopher O'Donnell. Göran Lundberg had been the chairman of the remuneration committee until his retirement on 4 March 2003. Whilst neither the Group chairman nor the chief executive are members of the remuneration committee they both attend the meetings by invitation but are not present when their personal remuneration is discussed and reviewed. The human resources director acts as secretary to the committee and provides it with information and data from national and international surveys. In addition, during the year the remuneration committee appointed Towers Perrin to review the remuneration arrangements for senior executives. No other services are provided by this adviser.

The remuneration committee sets the overall remuneration policy of the Group and makes recommendations to the board on the framework of executive remuneration. It meets six times a year. The terms of reference are reviewed annually to ensure that they conform with best practice. Specifically, the remuneration committee determines, on behalf of the board, the detailed terms of service of the executive directors and other members of the executive management team including basic salary, performance related bonus arrangements, benefits in kind, long-term incentives and pension benefits. The remuneration committee also reviews the remuneration of the chairman, following a recommendation from the chief executive and the senior independent director. The board as a whole determines the non-executive directors' fees.

Non-executive directors

Non-executive directors are generally appointed for an initial period to the next Annual General Meeting and subject to reappointment at the meeting, for a further three year term. Subsequent reappointment is with the agreement of the board and approval of shareholders. The fees are set at a level which will attract individuals with the necessary experience and ability to make a significant contribution to the Group's affairs. The responsibilities of, and the time commitment expected from, non-executive directors have increased in recent times and fees paid to non-executives are increasing to reflect this. As a result, from 1 January 2004 the non-executive directors' fees will increase from £37,000 to £40,000 per annum, £10,000 of which, less tax, will be invested in BOC shares. The fees for chairing a committee will increase from £8,000 to £10,000 per annum, £5,000 of which, less tax, will be invested in BOC shares. The fee for the chairman, Rob Margetts, is set at £225,000.

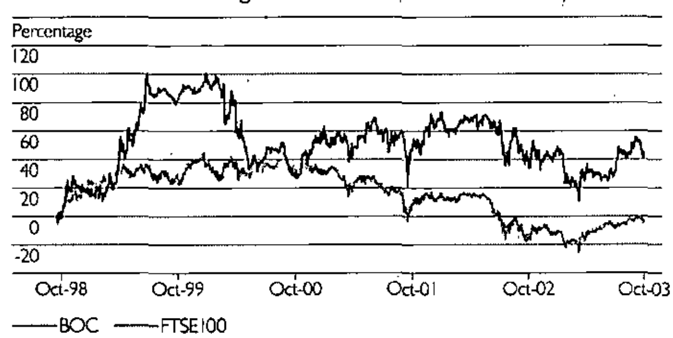
The non-executive directors do not have contracts of service nor do they participate in the Group's variable compensation arrangements, its long-term incentive arrangements or its pension arrangements, nor do they receive any benefits in kind.

Remuneration policy

BOC's remuneration policy for executive directors and other executive management is designed to attract and retain executives of the highest calibre so that the Group is managed successfully to the benefit of its stakeholders. In setting remuneration levels the remuneration committee takes into account the remuneration practices found in other UK-listed companies of similar size, internationality and complexity and seeks to benchmark executive remuneration at about the median level for this group.

During 2002 the remuneration committee reviewed the executive remuneration packages and decided that a realignment was necessary to support the company's business strategy to improve both earnings growth and capital efficiency and to ensure that the packages were market competitive. To this end, a proposal to adopt new long-term incentive arrangements was put to shareholders and approved at the 2003 Annual General Meeting. These arrangements comprise a Long-Term Incentive Plan (LTIP) and an Executive Share Option Scheme. They are intended to encourage innovation and value-added growth and strengthen the link between short-term performance and sustainable improvement in shareholder value over the longer term. It is the view of the remuneration committee that performance-related remuneration should form a substantial element of total remuneration. As such, these arrangements together with the variable compensation plan, which is a performance related cash plan, form the variable elements of executive remuneration. It is expected that the achievement of 'on target' performance of these variable elements will amount to about 60 per cent of total executive remuneration.

No changes to the framework of executive remuneration are proposed for 2004. The remuneration committee will, however, review the policy on a regular basis and make any amendments it deems appropriate to ensure that it meets the objectives of recruiting, retaining and motivating high performing individuals and ensuring that the Group is market competitive.



The graph above has been included to meet the requirement set out in the Directors' Remuneration Report Regulations 2002. It shows BOC's total shareholder return (TSR) performance, assuming dividends are reinvested, compared with all FTSE100 companies. This has been chosen because it provides a basis for comparison against companies in a relevant, broad based equity index of which BOC is a constituent member. The remuneration committee decided that other comparator groups were more appropriate as performance measurement for the LTIP. A graph showing BOC's TSR performance compared with the six major gases companies relative to respective local indices, which is one of the comparator groups chosen for the LTIP, is shown in the chairman's statement on page 5.

Long-term incentive arrangements The performance measures for the LTIP are based one third on earnings per share (EPS) before exceptional items, one third on return on capital employed (ROCE) before exceptional items and one third on the company's TSR performance relative to 31 industrial and manufacturing companies and a global industrial gases group of six leading companies as follows:

UK group		
Aggregate Industries	Hanson	Rolls-Royce
AMEC	IMI	Scottish & Southern Energy
Anglo American	ICI	Scottish Power
AWG	International Power	Severn Trent
BAE Systems	Invensys	Shell Transport & Trading
BG Group	Johnson Matthey	Smiths Group
BHP Billiton	Kelda Group	Tomkins
BP	National Grid Transco	United Utilities
BPB	Pilkington	
Centrica	Rio Tinto	
Corus Group	RMC Group	
FKI		

When determining BOC's performance relative to the global gases group, the TSR for BOC and the comparator companies will be amended (amended TSR) so that it reflects the excess (or shortfall) in returns relative to the local stock market index where each company has its primary listing. The nationality and the local stock market index that will be used to calculate the amended TSR for each company is shown in parentheses.

Global gases group	
Airgas	(US – S&P 500 Index)
Air Liquide	(France – CAC 40 Index)
Air Products & Chemicals	(US – S&P 500 Index)
Linde	(Germany – DAX 30 Index)
Nippon Sanso	(Japan – NIKKEI 225 Index)
Praxair	(US – S&P 500 Index)
The BOC Group	(UK – FTSE100 Index)

The performance measure for the Executive Share Option Scheme 2003 is assessed on the growth in basic EPS before exceptional items as reported in the annual report and accounts. The remuneration committee considers these performance measures to be important drivers of sustainable improvement in shareholder value that focus executives' attention and effort on profitable growth and capital efficiency in both the short and long term.

Service contracts

The company's policy is for all executive directors to have contracts of employment that terminate on the attainment of retirement age. In order to mitigate its liability on early termination, the company's policy is that it should be able to terminate such contracts on no more than 12 months' notice, and that payments on termination are restricted to the value of salary, car benefit and bonus entitlement (calculated on the basis of the average of actual payments over the preceding two years) for the unexpired portion of the notice period.

Shareholding guidelines

The remuneration committee encourages executive management to grow a personal shareholding in the business over time. It is anticipated that each executive would build towards a shareholding of one times salary. The remuneration committee believes that the vehicle of the long-term incentive arrangements will facilitate the building of such a shareholding over a period of time.

Pensions

During the year, five directors accrued benefits under the defined benefit schemes operated by the company. Contributions amounting to £279,000 were paid by the company to money purchase plans in respect of three directors.

	Year ended 30 September 2003					2002	Year ended 30 September 2003	Interests at 30 September 2003		
	Basic salary £'000	Allowances and benefits[1] £'000	Bonus £'000	Termination payments £'000	Total £'000	Total £'000	Gains on share options/ incentives £'000	Ordinary shares	Share options	Long-term incentive plan awards
Executive directors										
J A Bevan[2]	**243**	**136**	**117**	**–**	**496**	–	**–**	**16,070**	**269,993**	**38,659**
A E Isaac	**654**	**122**	**367**	**–**	**1,143**	1,806	**63**	**5,700**	**1,096,535**	**127,867**
R.Médori	**342**	**276**	**192**	**–**	**810**	862	**1**	**16,772**	**435,253**	**44,652**
Dr K Rajagopal	**327**	**15**	**184**	**–**	**526**	590	**–**	**14,416**	**526,589**	**42,622**
J L Walsh	**319**	**144**	**178**	**–**	**641**	657	**1**	**13,175**	**452,089**	**42,622**
Executive director retiring in 2003										
R S Grant[2]	**83**	**4**	**85**	**1,507**	**1,679**	726	**–**	**62,803**	**542,697**	**–**
Chairman retiring in 2002										
Sir David John	**–**	**–**	**–**	**–**	**–**	76				
Total	**1,968**	**697**	**1,123**	**1,507**	**5,295**	4,717	**65**			

1. Includes overseas and relocation expenses.
2. Mr Bevan was appointed to the board on 5 December 2002. Mr Grant resigned from the board on 31 December 2002 and he left the company on 30 June 2003. Mr Grant's termination entitlements were mitigated by an agreement that his contractual notice period would be treated as expiring on 30 September 2004. He accordingly received a payment of £448,000, representing salary and compensation for benefits in respect of the agreed 15-month notice period. Mr Grant was also entitled to purchase his company car for a nominal amount. In addition, Mr Grant's benefit in the US top-hat pension plan was credited with 15 additional months of pensionable service in respect of his notional notice period. The top-hat pension plan was also adjusted to meet Mr Grant's accrued entitlement. Additionally, he received the sum of £13,400 being the equivalent of the company's contribution which would have been credited to Mr Grant's US cash balance retirement plan during the period of his agreed notice period. These amounts are disclosed as 'Termination payments' and have been charged against profit in 2003.
3. Total fees for non-executive directors' services in the year were £443,000. Included in this amount were the chairman's fees of £225,000.
4. Total directors' remuneration in 2003, including the charge to profit in respect of amounts paid to former directors was £7.1 million compared with £6.4 million in 2002.

Group profit and loss account

Years ended 30 September

	2003 Before exceptional items £ million	2003 Exceptional items £ million	2003 After exceptional items £ million	2002 Before exceptional items £ million	2002 Exceptional items £ million	2002 After exceptional items £ million	2001 Before exceptional items £ million	2001 Exceptional items £ million	2001 After exceptional items £ million
Turnover, including share of joint ventures and associates	**4,323.2**	**–**	**4,323.2**	4,017.9	–	4,017.9	4,159.2	–	4,159.2
Less: Share of turnover of joint ventures	**544.3**	**–**	**544.3**	324.1	–	324.1	340.0	–	340.0
Share of turnover of associates	**60.6**	**–**	**60.6**	36.1	–	36.1	46.3	–	46.3
Turnover of subsidiary undertakings	**3,718.3**	**–**	**3,718.3**	3,657.7	–	3,657.7	3,772.9	–	3,772.9
Operating profit of subsidiary undertakings	**407.4**	**(60.2)**	**347.2**	425.6	(74.0)	351.6	458.4	(105.7)	352.7
Share of operating profit of joint ventures	**86.8**	**(6.8)**	**80.0**	63.8	(0.5)	63.3	59.0	(2.2)	56.8
Share of operating profit of associates	**11.4**	**–**	**11.4**	10.7	–	10.7	13.2	(0.4)	12.8
Total operating profit including share of joint ventures and associates	**505.6**	**(67.0)**	**438.6**	500.1	(74.5)	425.6	530.6	(108.3)	422.3
Loss on termination/disposal of businesses	**–**	**–**	**–**	–	(20.2)	(20.2)	–	–	–
Profit on disposal of fixed assets	**–**	**–**	**–**	–	–	–	–	3.6	3.6
Profit on ordinary activities before interest	**505.6**	**(67.0)**	**438.6**	500.1	(94.7)	405.4	530.6	(104.7)	425.9
Interest on net debt	**(96.1)**	**–**	**(96.1)**	(103.1)	–	(103.1)	(123.4)	–	(123.4)
Interest on pension scheme liabilities	**(110.2)**	**–**	**(110.2)**	(106.1)	–	(106.1)	(107.2)	–	(107.2)
Expected return on pension scheme assets	**119.6**	**–**	**119.6**	139.1	–	139.1	166.9	–	166.9
Other net financing income	**9.4**	**–**	**9.4**	33.0	–	33.0	59.7	–	59.7
Profit on ordinary activities before tax	**418.9**	**(67.0)**	**351.9**	430.0	(94.7)	335.3	466.9	(104.7)	362.2
Tax on profit on ordinary activities	**(121.4)**	**25.0**	**(96.4)**	(129.0)	22.8	(106.2)	(151.5)	46.9	(104.6)
Profit on ordinary activities after tax	**297.5**	**(42.0)**	**255.5**	301.0	(71.9)	229.1	315.4	(57.8)	257.6
Minority interests	**(36.8)**	**0.4**	**(36.4)**	(26.7)	0.5	(26.2)	(35.4)	1.9	(33.5)
Profit for the financial year	**260.7**	**(41.6)**	**219.1**	274.3	(71.4)	202.9	280.0	(55.9)	224.1
Dividends	**(192.1)**	**–**	**(192.1)**	(186.6)	–	(186.6)	(180.3)	–	(180.3)
Retained profit for the financial year	**68.6**	**(41.6)**	**27.0**	87.7	(71.4)	16.3	99.7	(55.9)	43.8
Earnings per 25p Ordinary share									
– basic	**52.9p**	**(8.4)p**	**44.5p**	55.9p	(14.5)p	41.4p	57.5p	(11.5)p	46.0p
– diluted	**52.9p**	**(8.4)p**	**44.5p**	55.7p	(14.5)p	41.2p	57.3p	(11.4)p	45.9p

All turnover and operating profit arose from continuing operations.

Group balance sheet

At 30 September

	2003 £ million	2002 £ million	2001 £ million
Fixed assets			
Intangible assets	**206.1**	150.7	48.1
Tangible assets	**2,913.4**	3,027.4	3,168.6
Investment in joint ventures	**505.3**	317.3	302.4
Investment in associates	**64.5**	63.7	56.2
Investment in own shares	**48.1**	42.5	59.5
Other investments	**38.8**	45.1	31.7
	3,776.2	3,646.7	3,666.5
Current assets	**1,104.9**	1,246.4	1,286.5
Creditors: amounts falling due within one year	**(1,168.2)**	(1,247.9)	(1,281.7)
Net current (liabilities)/assets	**(63.3)**	(1.5)	4.8
Total assets less current liabilities	**3,712.9**	3,645.2	3,671.3
Creditors: amounts falling due after more than one year	**(1,133.1)**	(1,179.0)	(1,079.3)
Provisions for liabilities and charges	**(376.6)**	(407.5)	(419.2)
Total net assets excluding pension assets and liabilities	**2,203.2**	2,058.7	2,172.8
Pension assets	**50.7**	54.3	107.0
Pension liabilities	**(341.8)**	(311.0)	(56.0)
Total net assets including pension assets and liabilities	**1,912.1**	1,802.0	2,223.8
Shareholders' funds	**1,734.8**	1,684.1	2,086.2
Minority shareholders' interests	**177.3**	117.9	137.6
Total capital and reserves	**1,912.1**	1,802.0	2,223.8

Significant accounting ratios

	2003	2002	2001
Return on capital employed (%)[1]	**10.8**	10.5	10.3
Adjusted return on capital employed (%)[1, 2]	**12.5**	12.3	12.9
Interest cover (times)	**4.6**	4.1	3.4
Adjusted interest cover (times)[2]	**5.3**	4.9	4.3
Net debt/equity (%)	**71.5**	73.6	57.2
Net debt/capital employed (%)	**36.9**	36.9	32.0

1. Operating profit as a percentage of the average capital employed excluding net pension liabilities. Capital employed comprises total capital and reserves, long-term liabilities and all current borrowings, net of cash and deposits. The average is calculated on a monthly basis.
2. Excludes exceptional items.

The summary financial statements on pages 35 to 39 were approved by the board of directors on 21 November 2003 and are signed on its behalf by:

A E Isaac
Director

R Médori
Director

Group cash flow statement

Years ended 30 September

	2003 £ million	2002 £ million	2001 £ million
Total operating profit before exceptional items	**505.6**	500.1	530.6
Depreciation and amortisation	**333.4**	330.9	329.5
Net retirement benefits charge less contributions	**5.6**	49.9	53.0
Operating profit before exceptional items of joint ventures	**(86.8)**	(63.8)	(59.0)
Operating profit before exceptional items of associates	**(11.4)**	(10.7)	(13.2)
Changes in working capital and other items	**(18.0)**	20.2	(1.3)
Exceptional cash flows	**(28.3)**	(67.3)	(51.8)
Net cash inflow from operating activities	**700.1**	759.3	787.8
Dividends from joint ventures and associates	**35.0**	33.9	23.5
Returns on investments and servicing of finance	**(94.4)**	(90.7)	(87.2)
Tax paid	**(90.7)**	(96.2)	(100.6)
Capital expenditure and financial investment	**(233.3)**	(324.5)	(311.9)
Acquisitions and disposals	**(118.3)**	(215.5)	(133.6)
Equity dividends paid	**(192.1)**	(186.6)	(180.3)
Net cash inflow/(outflow) before use of liquid resources and financing	**6.3**	(120.3)	(2.3)
Management of liquid resources	**16.2**	52.6	102.8
Net cash (outflow)/inflow from financing	**(125.0)**	89.1	(34.4)
(Decrease)/increase in cash	**(102.5)**	21.4	66.1

Reconciliation of net cash flow to movement in net debt

	2003 £ million	2002 £ million	2001 £ million
Net debt – at 1 October	**(1,325.6)**	(1,272.1)	(1,308.4)
Net cash inflow/(outflow)	**6.3**	(120.3)	(2.3)
Issue of shares	**3.7**	25.0	16.9
Net borrowings assumed at acquisition	**(0.8)**	(0.5)	–
Net liquid resources eliminated on disposal	**(31.0)**	–	–
Inception of finance leases	**–**	(0.4)	(0.5)
Exchange adjustment	**(20.7)**	42.7	22.2
Net debt – at 30 September	**(1,368.1)**	(1,325.6)	(1,272.1)

Notes to the financial statements

1. Basis of preparation

- These accounts are based on the historical cost accounting convention and comply with all applicable UK accounting standards.
- The accounts are prepared on the going concern basis. This means that the Group has adequate resources to continue in operation for the foreseeable future.
- The Group accounts include the accounts of the parent undertaking and of all subsidiaries, joint ventures and associates. Subsidiary undertakings are those businesses controlled by the Group and their results are fully included. Joint ventures are those businesses which the Group jointly controls with one or more other parties. Associates are those businesses in which the Group has a participating interest and exercises significant influence.
- The results of businesses acquired are included from the effective date of acquisition. Goodwill on acquisitions during the year (the difference between the fair value of the purchase price of a business and the fair value of the net assets acquired) is capitalised and amortised over its useful economic life.

2. Exchange rates

The majority of the Group's operations are located outside the UK and operate in currencies other than sterling. Profit and loss and other period statements of the Group's overseas operations are translated at average rates of exchange for the financial year. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the end of the financial year.

The rates of exchange to sterling for the currencies which principally affected the Group's results were as follows:

	2003	2002	2001
Average for the year:			
– US dollar	**1.60**	1.47	1.44
– Australian dollar	**2.62**	2.77	2.76
– Japanese yen	**191.01**	184.34	170.04
– South African rand	**13.24**	15.64	11.47
At 30 September:			
– US dollar	**1.66**	1.57	1.47
– Australian dollar	**2.45**	2.89	2.98
– Japanese yen	**185.60**	191.45	175.09
– South African rand	**11.57**	16.58	13.24

3. Segmental information

	2003			2002			2001		
	Turnover £ million	Adjusted operating profit[1] £ million	Operating profit £ million	Turnover £ million	Adjusted operating profit[1] £ million	Operating profit £ million	Turnover £ million	Adjusted operating profit[1] £ million	Operating profit £ million
a) Business analysis:									
Process Gas Solutions	**1,242.7**	**184.0**	**177.1**	1,200.6	185.2	161.2	1,193.0	156.5	103.7
Industrial and Special Products	**1,751.2**	**242.7**	**238.2**	1,605.3	248.0	229.3	1,573.9	248.8	227.0
BOC Edwards	**684.1**	**18.5**	**7.9**	688.2	26.1	(1.4)	873.1	78.8	62.7
Afrox hospitals	**353.4**	**46.1**	**46.1**	259.0	29.7	29.7	287.8	32.3	32.3
Gist	**291.8**	**29.2**	**29.2**	264.8	25.5	25.5	231.4	21.3	20.6
Corporate	**–**	**(14.9)**	**(59.9)**	–	(14.4)	(18.7)	–	(7.1)	(24.0)
Continuing operations	**4,323.2**	**505.6**	**438.6**	4,017.9	500.1	425.6	4,159.2	530.6	422.3
b) Regional analysis:									
Europe	**1,154.4**	**144.3**	**137.0**	1,069.6	155.2	116.8	1,002.5	165.5	122.6
Americas	**1,238.8**	**91.8**	**42.7**	1,291.8	121.3	113.2	1,387.5	137.2	96.7
Africa	**585.5**	**85.0**	**85.0**	441.0	56.7	56.3	505.6	69.4	69.4
Asia/Pacific	**1,344.5**	**184.5**	**173.9**	1,215.5	166.9	139.3	1,263.6	158.5	133.6
Continuing operations	**4,323.2**	**505.6**	**438.6**	4,017.9	500.1	425.6	4,159.2	530.6	422.3

1. Adjusted operating profit excludes exceptional items.

4. Contingent liabilities and legal proceedings

Group companies are parties to various legal proceedings, including some in which claims for damages in large amounts have been asserted. The outcome of litigation to which Group companies are party cannot be readily foreseen, but the directors believe that such litigation should be disposed of without material adverse effect on the Group's financial condition or profitability.

Welding fumes litigation BOC has been named in numerous lawsuits in the US alleging injury from exposure to welding fumes. Many of these cases were filed during 2003. Certain of these cases have been either filed in, or transferred for pre-trial purposes to, the federal district court in the Northern District of Ohio, where a multi-district litigation (MDL) proceeding has been commenced. The MDL proceeding is still at an early stage. The MDL proceeding is a vehicle for co-ordinating pre-trial proceedings in cases pending in different federal district courts in the US. In addition to the cases in federal court, BOC is a defendant in a number of similar cases pending in state courts. These cases are in different stages of procedural development, and certain cases are scheduled for trial from time to time.

From the time it purchased Airco in 1978 until this year, BOC had never had an adverse jury verdict returned against it in a case alleging injury from exposure to welding fumes. On 28 October 2003, a jury in Madison County, Illinois, rendered a verdict

4. Contingent liabilities and legal proceedings continued
against BOC and two co-defendants. The jury awarded US$1 million to Mr Elam, a former labourer who asserted that his idiopathic Parkinson's disease was attributable to his exposure to welding fumes over a period of years. BOC believes that the verdict is inconsistent with the decisions rendered by juries in previous cases, is not supported by the existing scientific evidence and intends to pursue vigorously its post-trial and appeal rights.

BOC believes that it has strong defences to the claims asserted in these various proceedings related to alleged injury from exposure to welding fumes and intends to defend vigorously such claims. Based on BOC's experience to date, together with BOC's current assessment of the merits of the claims being asserted, and applicable insurance, BOC believes that continued defence and resolution of these proceedings will not have a material adverse effect on its financial condition or profitability and no provision has been made.

Fluorogas litigation In February 2003, the company was notified that a jury verdict in the US District Court for the Western District of Texas was obtained for US$132 million against Fluorogas Limited, The BOC Group Inc and The BOC Group plc. The verdict arises primarily out of an alleged breach of a memorandum of understanding by Fluorogas Limited before it was acquired by The BOC Group plc in September 2001. In March 2003, the court also awarded interest and costs against the defendants, making them jointly and severally liable for a total of US$174 million. A bond for the full amount has been posted with the Court as part of the normal appeals process.

The company believes that the jury's verdict reflects a misunderstanding of the law and does not reflect the facts of any loss that may have been suffered by the plaintiff. The company is challenging the verdict through the appropriate appeals process in the US and hence no provision has been made. In addition, Fluorogas Limited was placed in administration under the Insolvency Act of 1986 pursuant to an order of the English Courts. In a related proceeding in a US Bankruptcy Court, the UK administrators have obtained injunctive relief preventing the plaintiff in the Fluorogas litigation from commencing or continuing any action or proceeding enforcing any judgement against Fluorogas Limited in the US.

ERISA litigation An action was filed in the US District Court for the Southern District of Illinois against The BOC Group Cash Balance Retirement Plan (the Plan). The plaintiffs brought this action on behalf of themselves and all others similarly affected, alleging that the Plan improperly calculated lump sum distributions from the Plan in violation of the Employee Retirement Income Security Act. The maximum potential liability could have reached US$116 million and any award would be paid out of Plan assets.

The parties have reached an agreement in principle to settle at US$69 million. The settlement documents are being prepared. The settlement is subject to approval by the court at a fairness hearing. A provision of US$69 million has been made in the financial statements. Under UK accounting principles (FRS17), this has been recognised as a charge in the profit and loss account of the Group. It has been shown as an exceptional item.

Guarantees At 30 September 2002, BOC had guaranteed a portion of the borrowings of its joint venture company in Mexico. The amount of the guarantee was £116.7 million and it was shown as a contingent liability in the Group's report and accounts at that date. In March 2003, as a result of certain conditions being met by the joint venture company, BOC's guarantee has been released and no contingent liability remains at 30 September 2003.

5. US accounting information
The consolidated financial statements of the Group are prepared in accordance with UK generally accepted accounting principles (UK GAAP). These differ in certain respects from accounting principles accepted in the US (US GAAP).

The application of the different accounting principles results in adjustments being needed to show what the Group's profit would be under US GAAP. The main adjustments are shown individually in the table below.

	2003 £ million	2002 £ million	2001 £ million
Net profit under UK GAAP	**219.1**	202.9	224.1
Pensions	**62.5**	35.4	24.9
Revaluations realised on asset disposals	**1.1**	5.8	1.1
Amortisation of goodwill and other intangibles	**13.4**	(3.7)	(7.9)
Financial instruments	**(2.8)**	19.5	8.5
Share of results of joint ventures and associates	**0.6**	–	(4.8)
Restructuring costs	**–**	–	(6.5)
Write-down of previously revalued assets	**–**	20.5	–
Unrealised profit on disposal of subsidiary	**8.2**	–	–
Other adjustments on profit on disposal of subsidiary	**(20.7)**	–	–
Other	**3.6**	(0.3)	1.1
Taxation effect of above adjustments	**(20.7)**	(24.7)	(6.3)
Net income under US GAAP	**264.3**	255.4	234.2
Earnings per 25p Ordinary share			
Basic			
Profit from continuing operations and for the financial year	**53.7p**	52.1p	48.1p

6. Post balance sheet events
a) On 17 November 2003, the Group's South African subsidiary company African Oxygen Limited announced that it had agreed to sell its entire holding in Afrox Healthcare Limited. At that date, the estimated impact of the transaction was a reduction of a maximum of 1.5p in Group earnings per share for the year to 30 September 2003. The sale remains subject to certain conditions, including clearance from the relevant competition and other regulatory authorities.

b) ERISA litigation. See note 4 above.

Shareholder information

Ordinary shareholdings by investor type at 30 September 2003

Number of accounts	% of total number of accounts	Type of investor	Number of 25p shares million	% of ordinary capital
32,828	73	Individuals	29.2	6
11,412	25	Institutional investors	455.1	91
949	2	Other corporate investors	13.4	3
45,189	100		497.7	100

Financial calendar

	Ordinary Shares/American Depositary Shares		12¼% Unsecured Loan Stock 2012/2017	
	First interim	Second interim[1]	Half year	Half year
Ex-dividend	31 Dec 2003	30 Jun 2004	3 Mar 2004	1 Sep 2004
Record date	5 Jan 2004	2 Jul 2004	5 Mar 2004	3 Sep 2004
DRIP notice date	12 Jan 2004	12 Jul 2004	–	–
Payment date – UK	2 Feb 2004	2 Aug 2004	2 Apr 2004	2 Oct 2004
– US	9 Feb 2004	9 Aug 2004	–	–

1. Proposed dates

	3 months	Half year	9 months	Preliminary	Report and accounts
Group results	3 Feb 2004	13 May 2004	3 Aug 2004	18 Nov 2004	Dec 2004

Shareholder enquiries

Shareholders who have questions relating to the Group's business or wish to receive copies of the interim statements should write to:

Director – Investor Relations
The BOC Group plc
Chertsey Road, Windlesham
Surrey GU20 6HJ, England
Telephone: 01276 477222
E-mail: ir@boc.com

Registrar

Administrative enquiries concerning shareholdings in the company such as the loss of share certificates, change of address, dividend payment arrangements, amalgamation of multiple accounts, or requests for the full report and accounts should be sent directly to:

Lloyds TSB Registrars
The Causeway, Worthing
West Sussex BN99 6DA, England
Telephone: 0870 600 3958
Fax: 0870 600 3980
Teltex for shareholders with hearing difficulties:
0870 600 3950
If telephoning from outside the UK: +44 121 415 7035 or
Fax: +44 1903 854031
Website: www.lloydstsb-registrars.co.uk

Correspondence should refer to The BOC Group plc, stating clearly the registered name and address and, if available, the full account number which starts with 0385.

Shareholding information

To view up-to-date information about your shareholding, change your address details, set up a new, or change an existing, dividend mandate, visit the Lloyds TSB Registrars shareview website at www.shareview.co.uk

The portfolio service provides access to more information on your investments including balance movements, indicative share prices and details of recent dividend payments. To register with Lloyds TSB Registrars as a user of the portfolio service and for more information visit the website at www.shareview.co.uk

Electronic shareholder communications

Shareholders can now elect to receive shareholder documents, such as annual and interim reports and notices of general meetings, electronically from the company's website rather than in hard copy through the mail. This has the advantage of improving the speed of communications and reducing administrative costs of printing and postage. The terms on which this electronic facility is provided can be found on the company's website (www.boc.com) or on request from the registered office. Any shareholder wishing to take advantage of this free service may do so by registering their details on the Lloyds TSB Registrars shareview website at www.shareview.co.uk

Dividend reinvestment plan
A dividend reinvestment plan (DRIP), through which Ordinary shareholders may invest the whole of their cash dividends in additional shares in the company, is available. Ordinary shareholders on the register at the record date may participate in the plan provided their application forms are received by the DRIP notice date shown in the financial calendar on the previous page. Copies of the explanatory brochure and application form are available from Lloyds TSB Registrars whose details appear on the previous page.

Payment of dividends
Ordinary shareholders and loan stock holders may arrange to have their dividends or interest paid directly into a bank or building society account through the Bankers Automated Clearing System (BACS). Mandate forms are available from Lloyds TSB Registrars whose details appear on the previous page or alternatively you can set up a new, or change an existing, dividend mandate via the Lloyds TSB Registrars shareview website at www.shareview.co.uk Tax vouchers relating to any dividend or interest payments made via BACS will be mailed directly to the registered address of the share or loan stock holder.

Share dealing services
For Internet and telephone share dealing services contact Lloyds TSB Registrars by either logging on to www.shareview.co.uk/dealing or by calling 0870 850 0852 between 8.30 am and 4.30 pm on any business day (excluding bank holidays).

Details of a postal share dealing service can be obtained from:

Cazenove & Co. Ltd
20 Moorgate,
London EC2R 6DA, England
Telephone: 020 7155 5155

American Depositary Shares
The BOC Group plc American Depositary Shares (ADS) are listed on the New York Stock Exchange and trade under the symbol BOX. One ADS represents two The BOC Group plc Ordinary shares. JPMorgan Chase Bank is the depositary and their address for enquiries is:

JPMorgan Chase Bank
JPMorgan Service Center
PO Box 43013
Providence, RI 02940-3013, USA
Telephone: +1 781 575 4328
Website: www.adr.com/shareholder

A dividend reinvestment plan is available through JPMorgan Chase Bank as depositary for holders of ADSs. All enquiries regarding this plan should be addressed to:

Global Invest Direct
JPMorgan Chase Bank
PO Box 43013
Providence, RI 02940-3013, USA
Telephone, toll free: JPMorgan Service Center on
+1 800 749 1687 or +1 800 428 4237

ShareGift
Shareholders with a small number of shares, the value of which makes it uneconomic to sell them, may wish to consider donating them to charity through ShareGift, a registered charity administered by The Orr Mackintosh Foundation. A ShareGift donation form can be obtained from Lloyds TSB Registrars whose details appear on the previous page. Further information about ShareGift is available at www.sharegift.org or by writing to:

ShareGift
The Orr Mackintosh Foundation
46 Grosvenor Street
London W1K 3HN, England
Telephone: 020 7337 0501

Unsolicited mail
The company is obliged by law to make its share register publicly available and as a consequence some shareholders may receive unsolicited mail. If you wish to limit the amount of unsolicited mail you receive, contact:

The Mailing Preference Service
FREEPOST 29 (LON.20771)
London W1E 0ZT, England
Telephone: 020 7291 3310 or register on-line at
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Special needs
If you would like to receive this report in an appropriate alternative format, such as large print, Braille, or audio cassette, please contact Lloyds TSB Registrars on 0870 600 3958 or for shareholders with hearing difficulties on Teltex 0870 600 3950.

Annual General Meeting 2004
The Annual General Meeting will be held on 23 January 2004 at the Institution of Electrical Engineers (Lecture Theatre), Savoy Place, London WC2R 0BL, England commencing at 11.00 am.

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THE BOC GROUP

Interim report 2004

Highlights

- Group turnover and operating profit increased for the first six months and the second quarter with strong performances from the global gases businesses and an acceleration in the recovery at BOC Edwards. Adjusted earnings per share were up 20 per cent for the first six months and up 26 per cent for the second quarter (note 2).
- Turnover and operating profit increased in Process Gas Solutions both for the first six months and for the second quarter with the improvement mainly driven by operational efficiency and increased activity at existing customers.
- A significantly better operating profit in Industrial and Special Products was helped by a particularly strong performance in the south Pacific region.
- Improving order intake mainly from semiconductor but also flat panel display manufacturers helped BOC Edwards to achieve a sharply better operating profit in the second quarter despite the adverse impact of US dollar exchange rate movements.
- The Group adjusted return on capital rose to 13.7 per cent from 12.6 per cent a year ago.

1 'Adjusted' means excluding exceptional items. There have been no exceptional items in fiscal 2004.

2 Comparisons are made with the same period a year ago at constant exchange rates.

'BOC achieved very strong growth in profit before tax and earnings per share during the second quarter. This was also reflected in significantly better cash flow. Both our global gases businesses performed well and the recovery at BOC Edwards accelerated with second quarter operating profit nearly double that of the first quarter and an increased rate of order intake.'

Tony Isaac Chief executive

Contents

Interim statement

Summary of The BOC Group results

for the 6 months to 31 March 2004

	2004	2003	change as reported	at constant exchange rates[2]
Excl. exceptional items[1]				
6 months to 31 March				
Turnover	**£2,253.3m**	£2,084.5m	+8%	+8%
Adjusted operating profit	**£273.8m**	£237.3m	+15%	+13%
Adjusted profit before tax	**£234.9m**	£191.3m	+23%	+18%
Adjusted earnings per share	**29.7p**	24.0p	+24%	+20%
2nd quarter to 31 March				
Turnover	**£1,125.1m**	£1,049.5m	+7%	+10%
Adjusted operating profit	**£137.0m**	£118.7m	+15%	+17%
Adjusted profit before tax	**£118.2m**	£95.9m	+23%	+23%
Adjusted earnings per share	**14.9p**	11.9p	+25%	+26%
Statutory results				
6 months to 31 March				
Turnover	**£2,253.3m**	£2,084.5m	+8%	+8%
Operating profit	**£273.8m**	£230.9m	+19%	+16%
Profit before tax	**£234.9m**	£184.9m	+27%	+21%
Earnings per share	**29.7p**	23.2p	+28%	+24%
2nd quarter to 31 March				
Turnover	**£1,125.1m**	£1,049.5m	+7%	+10%
Operating profit	**£137.0m**	£115.4m	+19%	+20%
Profit before tax	**£118.2m**	£92.6m	+28%	+27%
Earnings per share	**14.9p**	11.5p	+30%	+30%

Notes

1. Results excluding exceptional items are used by management to measure performance. They are shown in order to reveal business trends more clearly than statutory results, which include such items.

2. In order to show underlying business trends, results are also compared at constant exchange rates to eliminate the effects of translating overseas results into sterling at varying rates.

3. Unless otherwise stated, all the commentaries that follow are made on the basis of results that exclude exceptional items and comparisons are at constant exchange rates. Segment results are shown on this basis below.

4. Full statutory results are on pages 5 to 12.

Interim statement continued

Business segment results

All comparisons that follow are on the basis of constant exchange rates.
There were no exceptional items in the first six months of fiscal 2004.
Adjusted operating profits in 2003 exclude exceptional items.
Comparisons are made with the same period a year ago unless stated otherwise.

Business segments £ million	6 months to 31 March 2004				Fiscal second quarter			
		Turnover		Operating profit		Turnover		Operating profit
Process Gas Solutions	**628.8**	**+9%**	**92.4**	**+8%**	307.9	+9%	45.7	+8%
Industrial and Special Products	**892.0**	**+5%**	**133.4**	**+10%**	437.3	+6%	61.9	+15%
BOC Edwards	**380.2**	**+17%**	**17.3**	**+98%**	205.2	+28%	11.3	+154%
Afrox hospitals	**204.9**	**+10%**	**26.1**	**+18%**	105.5	+12%	16.1	+22%
Gist	**147.4**	**-1%**	**12.2**	**+0%**	69.2	-3%	6.1	-1%
Corporate			**(7.6)**				(4.1)	
Group total	**2,253.3**	**+8%**	**273.8**	**+13%**	1,125.1	+10%	137.0	+17%

Operating profit comparisons are made with the adjusted operating profits of a year ago.

In the first six months of 2004 there were no adjustments to operating profit.

Process Gas Solutions (PGS)

Improved turnover in PGS was derived from most of the key markets, mainly as a result of increased activity at existing customers. The pass-through of natural gas costs increased turnover by two per cent compared with a year ago. This had no corresponding impact on profit. Organic growth in China and north America was also boosted by revenues from new plants. Prices remained firm and continued improvements in operating efficiencies also enabled increased turnover to be reflected in a higher operating profit.

In the US, strong demand for oxygen from existing steel customers and increased liquefied nitrogen sales to food customers were important factors in turnover growth. The new hydrogen plant supplying the CITGO refinery at Lemont, Illinois, also added to revenues, particularly during the second quarter.

UK tonnage and merchant volumes remained strong in the steel and chemicals sectors. This was coupled with significantly lower costs arising from operational efficiencies leading to a better operating profit. There were somewhat smaller improvements in Poland as well as in Ireland, despite the continued weakness in the Irish economy.

Operating profit increased significantly in the south Pacific region as sales volumes and prices improved while costs were well controlled.

Sustained growth in the Chinese economy led to increasing demand from steel and electronic customers as well as from the merchant market. Trends were also favourable in Taiwan and Korea, where new argon production boosted sales.

With the exception of Indonesia, which was unchanged, operating profit increased in each of the south and east Asian countries for the second quarter. The most significant improvements were in Thailand, Malaysia and Singapore.

Industrial and Special Products (ISP)

A significantly better operating profit, up 15 per cent in the second quarter, resulted from turnover growth of six per cent combined with lower operating costs in the south Pacific region, a better performance in the US and growth across Canada following the acquisition of Air Products' packaged gas business. The effect of lower liquefied petroleum gas prices in South Africa and Australia reduced turnover by two per cent but margins improved.

Revenue growth in medical gases followed the introduction of portable cylinders, but overall turnover growth was constrained in the UK. Operating profit was almost unchanged for the second quarter in the UK, despite continuing weakness in the manufacturing economy. Sales and operating profit increased modestly in Ireland and more significantly in Poland as a result of the successful integration of the business acquired from Praxair.

Following clearance from the US Federal Trade Commission, BOC signed a conditional asset purchase agreement for Airgas to buy BOC's US packaged gas business. This business generated annual turnover of approximately \$240 million in 2003. Subject to the fulfilment of certain conditions, completion is expected in the fiscal fourth quarter for an initial consideration of \$175 million in cash with up to a further \$25 million payable on 15 November 2005.

Other ISP businesses in the US, including helium, bulk medical gases, tube-trailer hydrogen and bulk gas supplies to distributors, with total annual sales in excess of \$200 million are not included in the disposal. For the second quarter, there was an improvement in the turnover and operating profit of the US ISP business overall compared with a weak performance a year ago.

Demand from the industrial sector remained firm in Australia leading to better sales volumes of both gases and hard goods. These were coupled with well-controlled costs and improved rental income to give a significantly better operating profit for both the second quarter and the first six months. Liquefied petroleum gas margins also improved.

Turnover increased in South Africa for the second quarter and there was a more significant improvement in operating profit with the benefit of better margins on liquefied petroleum gas. However, export-oriented industries were affected by the strength of the rand during the second quarter as in the first quarter which led to some reduction in sales of ResQPac emergency oxygen units to the mining industry and constrained sales of industrial gases and equipment.

A jury in Philadelphia has returned a verdict in the case of Yencho v. Azrock against a US subsidiary of BOC and one other defendant in the amount of $525,000 to be shared. The plaintiff alleged that his injury was caused by exposure to asbestos. BOC's US subsidiary believes that the jury verdict is inconsistent with the evidence introduced at trial and believes that there are strong grounds for a successful appeal.

BOC Edwards

The business environment continued to develop favourably during the second quarter with the continuing upturn in investment by the semiconductor industry and the increasing importance of the flat panel display market. Wireless technologies, hand held devices and consumer electronics are providing growth of end user demand with the potential to stimulate new investment.

Turnover and operating profit both increased significantly led by sales of turbomolecular and dry pumps to semiconductor manufacturers. In addition there was a marked increase in electronic gases sales in Japan and Taiwan. Progress with important contracts during the quarter resulted in increased turnover for pharmaceutical packaging equipment.

The weakness of the US dollar continued to have an adverse effect on margins as the bulk of BOC Edwards' manufacturing costs are in sterling and the major proportion of sales are denominated in dollars. As in the first quarter, operating profit for the second quarter of 2004 would have been approximately £4 million more at the exchange rates of a year ago.

Semiconductor equipment order intake improved further during the second quarter leading to a significant increase in the order book at the end of the period.

Afrox hospitals

Increased turnover and operating profit resulted from a combination of improved operating efficiencies and firm pricing which more than offset marginally lower sales volumes for the second quarter.

During April, the South African Competition Commission recommended the approval, subject to certain conditions, of the proposed transaction that would allow African Oxygen Limited to dispose of its holding in Afrox Healthcare Limited. Approval by the Competition Tribunal is now the only condition precedent to completion.

Gist

Turnover was slightly lower overall as the loss of Marks & Spencer General Merchandise business announced last year was largely offset by growth elsewhere. Operating profit was at a similar level for the second quarter mainly as a result of expanded operations for Marks & Spencer in the food segment.

As in the first quarter, additional volumes came mainly from the expansion of the Marks & Spencer Simply Food outlets and from new business with Carlsberg-Tetley.

Impact of exchange rates

The effect of exchange rate movements on the comparison of results for the second quarter was slightly unfavourable in aggregate. The impact of South African rand exchange rates, which had been strongly positive in the first quarter, diminished in the second quarter and the movement of the US dollar exchange rates was increasingly unfavourable. Translation adversely affected the year ago turnover comparison by nearly £27 million and the adjusted operating profit comparison by £1.6 million for the second quarter.

Cash flow, borrowings and tax

For the six months to 31 March 2004, operating cash flow was £277.1 million, an improvement of more than ten per cent over the same period last year. This was achieved by increasing operating profit at the same time as controlling working capital.

Principally as a result of the upturn in semiconductor orders on BOC Edwards' activity, working capital increased during the three months ended 31 March 2004. The increase was well controlled and was much lower than in the first quarter and the year to date position compares favourably with the same period last year.

Contributions to the main UK pensions scheme in the quarter were some £7 million higher than a year ago, similar to the year on year increase in the first quarter.

The amount of dividends received from joint ventures and associates was £27.3 million in the second quarter. This was significantly higher than in the previous year, with the increase substantially relating to dividends received from Japan Air Gases.

In total, the levels of cash outflows for servicing of debt and for the payment of taxes on Group profits is running at similar levels to last year, both in the second quarter and for the year to date.

Capital expenditure in the second quarter was slightly above that of the previous year.

There has been no significant acquisition activity in the current financial year. In the second quarter, the Group disposed of its interest in its joint venture business in Turkey. Compared with the first six months of last year when a number of acquisitions were made, this has resulted in a year on year improvement in cash flow of some £100 million.

Interim statement continued

Net borrowings at 31 March 2004 were £1,278.0 million. This was some £90 million lower than at 30 September 2003 and over £243 million lower than at the same time last year. The decrease in net borrowings in the six months to 31 March was attributable to both positive net cash flow (£38.9 million) and movements in the value of foreign currencies, principally the US dollar, relative to sterling (£52.0 million).

Gearing ratios at 31 March 2004 were 36.4 per cent for net debt/capital employed and 70.1 per cent for net debt/equity, compared with 37.4 per cent and 73.4 per cent respectively at 30 September 2003. Net interest on net debt was covered 5.9 times by operating profit for the six months to 31 March 2004. The corresponding figure for the same period last year was 4.6 times.

Adjusted return on capital employed was 13.7 per cent, compared with 12.6 per cent at 30 September 2003 and 13.1 per cent at 31 December 2003. Return on capital employed was 12.2 per cent compared with 10.9 per cent at 30 September 2003 and 11.5 per cent at 31 December 2003.

The effective rate of tax on adjusted profit was 29 per cent, compared with 30 per cent for the same quarter last year and 29 per cent for the financial year ended 30 September 2003.

Dividends

Ordinary shareholders A second interim dividend of 24.5p will be paid on 2 August 2004 to shareholders on the register on 2 July and the shares will be quoted 'ex dividend' on 30 June. Taken together with the 15.5p first interim dividend paid on 2 February 2004, this represents an increase of 2.6 per cent on the annual dividend of the previous year.

The BOC Dividend Reinvestment Plan will be available to shareholders whose applications have been received by Lloyds TSB Registrars by 12 July. Any revocations must be received by the same date.

American Depositary Receipt (ADR) holders The second interim dividend will be paid on 9 August 2004 to holders of sponsored ADRs registered on 2 July. The ADRs will be quoted 'ex dividend' on the New York Stock Exchange on 30 June. The Global Invest Direct Plan will be available to ADR holders.

Outlook

BOC's Industrial and Special Products business is benefiting from an upturn in key economies. The agreed disposal of the packaged gas business in the US will lead to further improvements in both profit and the return on capital for this segment after the transaction is completed. Investment activity is now picking up in the Process Gas Solutions business and, when plants are commissioned, new supply scheme contracts will support accelerated growth. Despite the continuing unfavourable impact of weaker US dollar exchange rates on margins, improving order intake for semiconductor and flat panel equipment is expected to support further growth of BOC Edwards' turnover and profit over the coming months. In these improved economic conditions, business efficiency programmes, increased plant reliability and productivity, and firm pricing will also underpin profit performance across the Group.

Rob Margetts

Rob Margetts Chairman

Tony Isaac

Tony Isaac Chief executive

Windlesham, Surrey
13 May 2004

Group profit and loss account

6 months to 31 March 2004

	6 months to 31 March 2004			6 months to 31 March 2003			Year to 30 September 2003		
	Before exceptional items £ million	**Exceptional items £ million**	**After exceptional items £ million**	Before exceptional items £ million	Exceptional items £ million	After exceptional items £ million	Before exceptional items £ million	Exceptional items £ million	After exceptional items £ million
Turnover, including share of joint ventures and associates	**2,253.3**	**–**	**2,253.3**	2,084.5	–	2,084.5	4,323.2	–	4,323.2
Less: Share of joint ventures	**311.5**	**–**	**311.5**	223.4	–	223.4	544.3	–	544.3
Share of associates	**35.5**	**–**	**35.5**	27.5	–	27.5	60.6	–	60.6
Turnover	**1,906.3**	**–**	**1,906.3**	1,833.6	–	1,833.6	3,718.3	–	3,718.3
Operating profit of subsidiary undertakings	**221.5**	**–**	**221.5**	197.5	(6.1)	191.4	407.4	(60.2)	347.2
Share of operating profit of joint ventures	**46.9**	**–**	**46.9**	35.2	(0.3)	34.9	86.8	(6.8)	80.0
Share of operating profit of associates	**5.4**	**–**	**5.4**	4.6	–	4.6	11.4	–	11.4
Total operating profit including share of joint ventures and associates	**273.8**	**–**	**273.8**	237.3	(6.4)	230.9	505.6	(67.0)	438.6
Interest on net debt	**(46.8)**	**–**	**(46.8)**	(50.7)	–	(50.7)	(96.1)	–	(96.1)
Interest on pension scheme liabilities	**(59.1)**	**–**	**(59.1)**	(54.8)	–	(54.8)	(110.2)	–	(110.2)
Expected return on pension scheme assets	**67.0**	**–**	**67.0**	59.5	–	59.5	119.6	–	119.6
Other net financing income	**7.9**	**–**	**7.9**	4.7	–	4.7	9.4	–	9.4
Profit on ordinary activities before tax	**234.9**	**–**	**234.9**	191.3	(6.4)	184.9	418.9	(67.0)	351.9
Tax (note 5)	**(68.1)**	**–**	**(68.1)**	(57.3)	1.8	(55.5)	(121.4)	25.0	(96.4)
Profit on ordinary activities after tax	**166.8**	**–**	**166.8**	134.0	(4.6)	129.4	297.5	(42.0)	255.5
Minority interests	**(20.4)**	**–**	**(20.4)**	(15.6)	0.4	(15.2)	(36.8)	0.4	(36.4)
Profit for the period	**146.4**	**–**	**146.4**	118.4	(4.2)	114.2	260.7	(41.6)	219.1
Dividends	**(76.3)**	**–**	**(76.3)**	(76.4)	–	(76.4)	(192.1)	–	(192.1)
Surplus for the period	**70.1**	**–**	**70.1**	42.0	(4.2)	37.8	68.6	(41.6)	27.0
Earnings per share (note 6)									
– basic	**29.7p**	**–**	**29.7p**	24.0p	(0.8)p	23.2p	52.9p	(8.4)p	44.5p
– diluted	**29.7p**	**–**	**29.7p**	24.0p	(0.8)p	23.2p	52.9p	(8.4)p	44.5p

Group profit and loss account

3 months to 31 March 2004

	3 months to 31 March 2004			3 months to 31 March 2003		
	Before exceptional items £ million	**Exceptional items £ million**	**After exceptional items £ million**	Before exceptional items £ million	Exceptional items £ million	After exceptional items £ million
Turnover, including share of joint ventures and associates	**1,125.1**	**–**	**1,125.1**	1,049.5	–	1,049.5
Less: Share of joint ventures	**151.6**	**–**	**151.6**	147.2	–	147.2
Share of associates	**12.7**	**–**	**12.7**	13.0	–	13.0
Turnover	**960.8**	**–**	**960.8**	889.3	–	889.3
Operating profit of subsidiary undertakings	**112.3**	**–**	**112.3**	95.6	(3.0)	92.6
Share of operating profit of joint ventures	**22.1**	**–**	**22.1**	21.3	(0.3)	21.0
Share of operating profit of associates	**2.6**	**–**	**2.6**	1.8	–	1.8
Total operating profit including share of joint ventures and associates	**137.0**	**–**	**137.0**	118.7	(3.3)	115.4
Interest on net debt	**(22.6)**	**–**	**(22.6)**	(25.1)	–	(25.1)
Interest on pension scheme liabilities	**(29.3)**	**–**	**(29.3)**	(27.5)	–	(27.5)
Expected return on pension scheme assets	**33.1**	**–**	**33.1**	29.8	–	29.8
Other net financing income	**3.8**	**–**	**3.8**	2.3	–	2.3
Profit on ordinary activities before tax	**118.2**	**–**	**118.2**	95.9	(3.3)	92.6
Tax (note 5)	**(34.3)**	**–**	**(34.3)**	(28.6)	0.7	(27.9)
Profit on ordinary activities after tax	**83.9**	**–**	**83.9**	67.3	(2.6)	64.7
Minority interests	**(10.3)**	**–**	**(10.3)**	(8.6)	0.3	(8.3)
Profit for the period	**73.6**	**–**	**73.6**	58.7	(2.3)	56.4
Earnings per share (note 6)						
– basic	**14.9p**	**–**	**14.9p**	11.9p	(0.4)p	11.5p
– diluted	**14.9p**	**–**	**14.9p**	11.9p	(0.4)p	11.5p

Group balance sheet

At 31 March 2004

	At 31 March 2004 £ million	At 31 March 2003 *(restated)* £ million	At 30 September 2003 *(restated)* £ million
Fixed assets			
Intangible assets	**191.9**	202.5	206.1
Tangible assets	**2,739.6**	2,951.4	2,913.4
Joint ventures, associates and other investments	**566.2**	624.2	608.6
	3,497.7	3,778.1	3,728.1
Current assets	**1,266.0**	1,164.8	1,104.9
Creditors: amounts falling due within one year	**(1,125.4)**	(1,219.6)	(1,168.2)
Net current assets/(liabilities)	**140.6**	(54.8)	(63.3)
Total assets less current liabilities	**3,638.3**	3,723.3	3,664.8
Creditors: amounts falling due after more than one year	**(1,161.6)**	(1,205.4)	(1,133.1)
Provisions for liabilities and charges	**(373.1)**	(391.6)	(376.6)
Total net assets excluding pension assets and liabilities	**2,103.6**	2,126.3	2,155.1
Pension assets	**49.1**	56.1	50.7
Pension liabilities	**(328.5)**	(309.9)	(341.8)
Total net assets including pension assets and liabilities	**1,824.2**	1,872.5	1,864.0
Shareholders' capital and reserves	**1,640.9**	1,719.3	1,686.7
Minority shareholders' interests	**183.3**	153.2	177.3
Total capital and reserves	**1,824.2**	1,872.5	1,864.0

Group cash flow statement

6 months to 31 March 2004

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 (restated) £ million	Year to 30 September 2003 (restated) £ million
Total operating profit before exceptional items	**273.8**	237.3	505.6
Depreciation and amortisation	**165.7**	164.9	333.4
Net retirement benefits charge less contributions	**(4.4)**	9.2	5.6
Operating profit before exceptional items of joint ventures	**(46.9)**	(35.2)	(86.8)
Operating profit before exceptional items of associates	**(5.4)**	(4.6)	(11.4)
Changes in working capital and other items	**(101.1)**	(107.3)	(18.0)
Exceptional cash flows	**(4.6)**	(14.1)	(28.3)
Net cash inflow from operating activities	**277.1**	250.2	700.1
Dividends from joint ventures and associates	**28.8**	4.2	35.0
Returns on investments and servicing of finance	**(44.7)**	(53.2)	(94.4)
Tax paid	**(44.9)**	(37.9)	(90.7)
Capital expenditure and financial investment	**(106.4)**	(118.2)	(227.0)
Acquisitions and disposals	**5.3**	(94.5)	(118.3)
Equity dividends paid	**(76.3)**	(76.4)	(192.1)
Net cash inflow/(outflow) before use of liquid resources and financing	**38.9**	(125.8)	12.6

Group cash flow statement

3 months to 31 March 2004

	3 months to 31 March 2004 £ million	3 months to 31 March 2003 (restated) £ million
Total operating profit before exceptional items	**137.0**	118.7
Depreciation and amortisation	**81.5**	82.3
Net retirement benefits charge less contributions	**(1.7)**	4.0
Operating profit before exceptional items of joint ventures	**(22.1)**	(21.3)
Operating profit before exceptional items of associates	**(2.6)**	(1.8)
Changes in working capital and other items	**(26.7)**	6.0
Exceptional cash flows	**(1.2)**	(7.3)
Net cash inflow from operating activities	**164.2**	180.6
Dividends from joint ventures and associates	**27.3**	3.4
Returns on investments and servicing of finance	**(30.0)**	(30.1)
Tax paid	**(25.8)**	(23.7)
Capital expenditure and financial investment	**(51.6)**	(45.5)
Acquisitions and disposals	**5.4**	(29.2)
Equity dividends paid	**(76.3)**	(76.4)
Net cash inflow/(outflow) before use of liquid resources and financing	**13.2**	(20.9)

Total recognised gains and losses
6 months to 31 March 2004

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 £ million	Year to 30 September 2003 £ million
Profit for the period	**146.4**	114.2	219.1
Actuarial loss recognised on the pension schemes	**–**	–	(17.5)
Movement on deferred tax relating to actuarial loss on pensions	**–**	–	2.0
Unrealised profit on disposal of a subsidiary	**–**	8.2	8.2
Exchange translation effect on:			
– results for the period	**(1.6)**	3.8	8.0
– *foreign currency net investments*	**(118.7)**	36.9	23.5
Total recognised gains and losses for the period	**26.1**	163.1	243.3

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax for any of the above periods.

Movement in shareholders' funds
6 months to 31 March 2004

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 (restated) £ million	Year to 30 September 2003 (restated) £ million
Profit for the period	**146.4**	114.2	219.1
Dividends	**(76.3)**	(76.4)	(192.1)
	70.1	37.8	27.0
Other recognised gains and losses	**(120.3)**	48.9	24.2
Reversal of goodwill credit in total recognised gains and losses on disposal of a subsidiary	**–**	(4.2)	(4.2)
Shares issued	**2.0**	1.5	3.7
Consideration paid for the purchase of own shares held in an ESOP trust	**–**	(7.5)	(7.5)
Consideration received for the sale of own shares held in an ESOP trust	**1.7**	1.2	1.2
Credit in respect of employee share schemes	**0.7**	–	0.7
Net (decrease)/increase in shareholders' funds for the period	**(45.8)**	77.7	45.1
Shareholders' funds at 1 October – previously reported	**1,734.8**	1,684.1	1,684.1
Prior period adjustment (note 1)	**(48.1)**	(42.5)	(42.5)
Shareholders' funds at 1 October – restated	**1,686.7**	1,641.6	1,641.6
Shareholders' funds – *at period end*	**1,640.9**	1,719.3	1,686.7

Notes to the accounts

1. Basis of preparation

The results for the six months to 31 March 2004 have been prepared on an accounting basis consistent with that applied in the financial year to 30 September 2003, except for changes arising from the adoption of UITF38 (Accounting for ESOP trusts). This new pronouncement changes the treatment of own shares held in an ESOP trust from being a fixed asset investment to a reduction in shareholders' funds. Consideration paid for the purchase of own shares represents the cost of shares purchased by the company. Consideration received for the sale of own shares represents the prices paid by employees on the exercise of options. The credit in respect of employee share schemes represents the charge for those schemes under UITF17 (Employee Share Schemes). Comparative figures have been restated accordingly.

Financial information for the year to 30 September 2003 has been based on the full Group accounts for that period. The 2003 accounts received an unqualified audit report and have been delivered to the Registrar of Companies. The results for the six months to 31 March 2004 are unaudited.

2. Exchange rates

The majority of the Group's operations are located outside the UK and operate in currencies other than sterling. Profit and loss and other period statements of the Group's overseas operations are translated at average rates of exchange for the period. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end.

The rates of exchange to sterling for the currencies which principally affected the Group's results were as follows:

	6 months to 31 March 2004	6 months to 31 March 2003	Year to 30 September 2003
Average rates:			
US dollar	**1.77**	1.59	1.60
Australian dollar	**2.39**	2.76	2.62
Japanese yen	**191.32**	191.56	191.01
South African rand	**11.96**	14.28	13.24
Period end rates:			
US dollar	**1.84**	1.58	1.66
Australian dollar	**2.41**	2.62	2.45
Japanese yen	**191.20**	187.43	185.60
South African rand	**11.58**	12.44	11.57

3. Segmental information

a) Turnover, by business and by region, for the six months to 31 March 2004 was as follows:

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 £ million	Year to 30 September 2003 £ million
Business analysis:			
Process Gas Solutions	**628.8**	603.0	1,242.7
Industrial and Special Products	**892.0**	833.7	1,751.2
BOC Edwards	**380.2**	341.8	684.1
Afrox hospitals	**204.9**	156.4	353.4
Gist	**147.4**	149.6	291.8
Continuing operations	**2,253.3**	2,084.5	4,323.2
Regional analysis:			
Europe	**605.3**	571.9	1,154.4
Americas	**603.5**	605.6	1,238.8
Africa	**329.7**	262.9	585.5
Asia/Pacific	**714.8**	644.1	1,344.5
Continuing operations	**2,253.3**	2,084.5	4,323.2

3. Segmental information continued

b) Adjusted operating profit and operating profit, by business and by region, for the six months to 31 March 2004 were as follows:

	6 months to 31 March 2004		6 months to 31 March 2003		Year to 30 September 2003	
	Adjusted operating profit £ million	**Operating profit £ million**	Adjusted operating profit £ million	Operating profit £ million	Adjusted operating profit £ million	Operating profit £ million
Business analysis:						
Process Gas Solutions	**92.4**	**92.4**	88.8	87.8	184.0	177.1
Industrial and Special Products	**133.4**	**133.4**	116.3	114.3	242.7	238.2
BOC Edwards	**17.3**	**17.3**	8.6	5.8	18.5	7.9
Afrox hospitals	**26.1**	**26.1**	18.6	18.6	46.1	46.1
Gist	**12.2**	**12.2**	12.2	12.2	29.2	29.2
Corporate	**(7.6)**	**(7.6)**	(7.2)	(7.8)	(14.9)	(59.9)
Continuing operations	**273.8**	**273.8**	237.3	230.9	505.6	438.6
Regional analysis:						
Europe	**70.6**	**70.6**	73.3	72.6	144.3	137.0
Americas	**39.2**	**39.2**	41.5	38.9	91.8	42.7
Africa	**51.9**	**51.9**	38.2	38.2	85.0	85.0
Asia/Pacific	**112.1**	**112.1**	84.3	81.2	184.5	173.9
Continuing operations	**273.8**	**273.8**	237.3	230.9	505.6	438.6

c) Turnover, adjusted operating profit and operating profit, by business and by region, for the three months to 31 March 2004 were as follows:

	3 months to 31 March 2004			3 months to 31 March 2003		
	Turnover £ million	**Adjusted operating profit £ million**	**Operating profit £ million**	Turnover £ million	Adjusted operating profit £ million	Operating profit £ million
Business analysis:						
Process Gas Solutions	**307.9**	**45.7**	**45.7**	302.8	45.3	45.0
Industrial and Special Products	**437.3**	**61.9**	**61.9**	417.7	54.3	53.3
BOC Edwards	**205.2**	**11.3**	**11.3**	171.7	4.5	3.0
Afrox hospitals	**105.5**	**16.1**	**16.1**	86.1	11.8	11.8
Gist	**69.2**	**6.1**	**6.1**	71.2	6.1	6.1
Corporate	**–**	**(4.1)**	**(4.1)**	–	(3.3)	(3.8)
Continuing operations	**1,125.1**	**137.0**	**137.0**	1,049.5	118.7	115.4
Regional analysis:						
Europe	**308.4**	**35.2**	**35.2**	287.9	38.9	38.4
Americas	**298.7**	**20.1**	**20.1**	293.9	18.1	16.9
Africa	**164.0**	**25.5**	**25.5**	140.0	19.6	19.6
Asia/Pacific	**354.0**	**56.2**	**56.2**	327.7	42.1	40.5
Continuing operations	**1,125.1**	**137.0**	**137.0**	1,049.5	118.7	115.4

Adjusted means excluding exceptional items.

4. Exceptional items

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 £ million	Year to 30 September 2003 £ million
Litigation settlement	**–**	–	(43.2)
Restructuring costs	**–**	(6.4)	(23.8)
Total operating exceptional items	**–**	(6.4)	(67.0)

Notes to the accounts continued

5. Tax

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 £ million	Year to 30 September 2003 £ million
Subsidiary undertakings	**(55.4)**	(50.2)	(77.9)
Share of joint ventures	**(11.6)**	(4.0)	(16.0)
Share of associates	**(1.1)**	(1.3)	(2.5)
Tax on profit on ordinary activities	**(68.1)**	(55.5)	(96.4)
Overseas tax included in the tax on profit on ordinary activities above was:	**(56.1)**	(42.8)	(69.8)
The tax charge includes a credit in respect of operating exceptional items of:	**–**	1.8	25.0

6. Earnings per share

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 £ million	Year to 30 September 2003 £ million
Amounts used in computing the earnings per share:			
Earnings attributable to ordinary shareholders for the period	**146.4**	114.2	219.1
Adjustment for exceptional items	**–**	4.2	41.6
Adjusted earnings before exceptional items	**146.4**	118.4	260.7

	6 months to 31 March 2004 million	6 months to 31 March 2003 million	Year to 30 September 2003 million
Average number of 25p ordinary shares:			
Average issued share capital	**497.8**	497.4	497.5
Less: average own shares held in trust	**(5.3)**	(4.7)	(5.0)
Basic	**492.5**	492.7	492.5
Add: dilutive share options	**0.5**	0.2	0.2
Diluted	**493.0**	492.9	492.7

7. Reconciliation of net cash flow to movement in net debt

	6 months to 31 March 2004 £ million	6 months to 31 March 2003 (restated) £ million	Year to 30 September 2003 (restated) £ million
Net borrowings and finance leases – at 1 October	**(1,368.1)**	(1,325.6)	(1,325.6)
Net cash inflow/(outflow)	**38.9**	(125.8)	12.6
Issue of shares	**3.7**	(4.8)	(2.6)
Net borrowings assumed at acquisition	**(4.5)**	(0.7)	(0.8)
Net liquid resources eliminated on disposal	**–**	(30.8)	(31.0)
Exchange adjustment	**52.0**	(33.6)	(20.7)
Net borrowings and finance leases – at period end	**(1,278.0)**	(1,521.3)	(1,368.1)

8. Contingent liabilities

There has been no material change in contingent liabilities and legal proceedings since 30 September 2003.

Shareholder information

Financial calendar

Dividend and interest payments	Ex-dividend	Record date	DRIP notice date	Payment date
Ordinary shares				
Second interim 2004	30 June 2004	2 July 2004	12 July 2004	2 August 2004
First interim 2005*	5 January 2005	7 January 2005	11 January 2005	1 February 2005
American depositary shares				
Second interim 2004	30 June 2004	2 July 2004	n/a	9 August 2004
First interim 2005*	5 January 2005	7 January 2005	n/a	8 February 2005
12¼% Unsecured Loan Stock 2012/2017				
Half year	1 September 2004	3 September 2004	n/a	2 October 2004

	9 months	Preliminary	Report and Accounts
Group results	3 August 2004	18 November 2004	December 2004

*Proposed dates

Key contacts information

Shareholder enquiries

Shareholders who have questions relating to the Group's business should write to:
Director – Investor Relations
The BOC Group plc, Chertsey Road
Windlesham, Surrey GU20 6HJ, England
Telephone: 01276 477222
E-mail: ir@boc.com

Registrar

Administrative enquiries concerning shareholdings in the company such as the loss of share certificates, change of address, dividend payment arrangements, amalgamation of multiple accounts, or requests for the full report and accounts should be sent directly to:
Lloyds TSB Registrars
The Causeway, Worthing
West Sussex BN99 6DA, England
Teltex for shareholders with hearing difficulties: 0870 600 3950
Telephone: 0870 600 3958
Fax: 0870 600 3980
If telephoning from outside the UK:
+44 121 415 7035 or
Fax: +44 1903 854031
Website: www.lloydstsb-registrars.co.uk

Correspondence should refer to The BOC Group plc, stating clearly the registered name and address and, if available, the full account number which starts with 0385.

Shareholding information

To view up-to-date information about your shareholding, change your address details, set up a new, or change an existing, dividend mandate, visit the Lloyds TSB Registrars shareview website at www.shareview.co.uk

The portfolio service provides access to more information on your investments including balance movements, indicative share prices and details of recent dividend payments. To register with Lloyds TSB Registrars as a user of the *portfolio service and for more* information visit the website at www.shareview.co.uk

Electronic shareholder communications

Shareholders can now elect to receive shareholder documents, such as annual and interim reports and notices of general meetings, electronically from the company's website rather than in hard copy through the mail. This has the advantage of improving the speed of communications and reducing administrative costs of printing and postage. The terms on which this electronic facility is provided can be found on the company's website (www.boc.com) or on request from the registered office. Any shareholder wishing to take advantage of this free service may do so by registering their details on the Lloyds TSB Registrars shareview website at www.shareview.co.uk

Dividend reinvestment plan

A dividend reinvestment plan (DRIP), through which Ordinary shareholders may invest the whole of their cash dividends in additional shares in the company, is available. Ordinary shareholders on the register at the record date may participate in the plan provided their application forms are received by the DRIP notice date shown in the financial calendar above. Copies of the explanatory brochure and application form are available from Lloyds TSB Registrars whose details appear above.

Payment of dividends

Ordinary shareholders and loan stock holders may arrange to have their dividends or interest paid directly into a bank or building society account through the Bankers Automated Clearing System (BACS). Mandate forms are available from Lloyds TSB Registrars whose details appear above or alternatively you can set up a new, or change an existing, dividend mandate via the Lloyds TSB Registrars shareview website at www.shareview.co.uk The tax voucher relating to any dividend or interest payment made via BACS will be mailed directly to the registered address of the *share or loan stock holder in February of* each year. The company's policy is to issue a consolidated tax voucher in February showing both dividend payments made in the tax year.

Share dealing service

For internet and telephone share dealing services contact Lloyds TSB Registrars by either logging on to *www.shareview.co.uk/dealing or by* calling 0870 850 0852 between 8.30 am and 4.30 pm on any business day (excluding bank holidays).

Lloyds TSB Registrars also offer a postal share dealing service. For further information contact:

Share Dealing Services
Lloyds TSB Registrars, PO Box 1357
The Causeway, Worthing
West Sussex BN99 6UB.

American Depositary Shares

The BOC Group plc American Depositary Shares (ADS) are listed on the New York Stock Exchange and trade under the symbol BOX. One ADS represents two The BOC Group plc Ordinary shares. JPMorgan Chase Bank is the depositary and their address for enquiries is:
JPMorgan Chase Bank
JPMorgan Service Center, PO Box 43013
Providence, RI 02940-3013, USA
Telephone: +1 781 575 4328
Website: www.adr.com/shareholder

A dividend reinvestment plan is available through JPMorgan Chase Bank as depositary for holders of ADSs.
All enquiries regarding this plan should be addressed to:
Global Invest Direct, JPMorgan Chase Bank
PO Box 43013
Providence, RI 02940-3013, USA
Telephone, toll free:
JPMorgan Service Center on
+1 800 749 1687 or +1 800 428 4237

The BOC Group plc
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FOR IMMEDIATE RELEASE
WINDLESHAM, 13 May 2004

The BOC Group results for the 6 months to 31 March 2004

'strongly improved business performance in the second quarter'

	1st half 2004	1st half 2003	2nd qtr 2004	2nd qtr 2003
Turnover	£2,253.3m	£2,084.5m	£1,125.1m	£1,049.5m
Operating profit	£273.8m	£230.9m	£137.0m	£115.4m
Adjusted operating profit (1)	£273.8m	£237.3m	£137.0m	£118.7m
Earnings per share	29.7p	23.2p	14.9p	11.5p
Adjusted earnings per share (1)	29.7p	24.0p	14.9p	11.9p

- Group turnover and operating profit increased for the first six months and the second quarter with strong performances from the global gases businesses and an acceleration in the recovery at BOC Edwards. Adjusted earnings per share were up 20 per cent for the first six months and up 26 per cent for the second quarter (note 2).
- Turnover and operating profit increased in Process Gas Solutions both for the first six months and for the second quarter with the improvement mainly driven by operational efficiency and increased activity at existing customers.
- A significantly better operating profit in Industrial and Special Products was helped by a particularly strong performance in the south Pacific region.
- Improving order intake mainly from semiconductor but also flat panel display manufacturers helped BOC Edwards to achieve a sharply better operating profit in the second quarter despite the adverse impact of US dollar exchange rate movements.
- *The Group adjusted return on capital rose to 13.7 per cent from 12.6 per cent a year ago.*

1 *'Adjusted' means excluding exceptional items. There have been no exceptional items in fiscal 2004*
2 *Comparisons are made with the same period a year ago at constant exchange rates*

Chief Executive, Tony Isaac said,
'BOC achieved very strong growth in profit before tax and earnings per share during the second quarter. This was also reflected in significantly better cash flow. Both our global gases businesses performed well and the recovery at BOC Edwards accelerated with second quarter operating profit nearly double that of the first quarter and an increased rate of order intake.'

The BOC Group results for the 6 months to 31 March 2004

	2004	2003	*change as reported*	*at constant exchange rates* [2]
Excl. exceptional items [1]				
6 months to 31 March				
Turnover	£2,253.3m	£2,084.5m	+ 8%	+ 8%
Adjusted operating profit	£273.8m	£237.3m	+ 15%	+ 13%
Adjusted profit before tax	£234.9m	£191.3m	+ 23%	+ 18%
Adjusted earnings per share	29.7p	24.0p	+ 24%	+ 20%

2nd quarter to 31 March				
Turnover	£1,125.1m	£1,049.5m	+ 7%	+ 10%
Adjusted operating profit	£137.0m	£118.7m	+ 15%	+ 17%
Adjusted profit before tax	£118.2m	£95.9m	+ 23%	+ 23%
Adjusted earnings per share	14.9p	11.9p	+ 25%	+ 26%

Statutory results

6 months to 31 March				
Turnover	£2,253.3m	£2,084.5m	+ 8%	+ 8%
Operating profit	£273.8m	£230.9m	+ 19%	+ 16%
Profit before tax	£234.9m	£184.9m	+ 27%	+ 21%
Earnings per share	29.7p	23.2p	+ 28%	+ 24%
2nd quarter to 31 March				
Turnover	£1,125.1m	£1,049.5m	+ 7%	+ 10%
Operating profit	£137.0m	£115.4m	+ 19%	+ 20%
Profit before tax	£118.2m	£92.6m	+ 28%	+ 27%
Earnings per share	14.9p	11.5p	+ 30%	+ 30%

Notes

1. Results excluding exceptional items are used by management to measure performance. They are shown in order to reveal business trends more clearly than statutory results, which include such items.
2. In order to show underlying business trends, results are also compared at constant exchange rates to eliminate the effects of translating overseas results into sterling at varying rates.
3. Unless otherwise stated, all the commentaries that follow are made on the basis of results that exclude exceptional items and comparisons are at constant exchange rates. Segment results are shown on this basis below.
4. Full statutory results are on pages 8 to 17.

BUSINESS SEGMENT RESULTS

All comparisons that follow are on the basis of constant exchange rates.
There were no exceptional items in the first six months of fiscal 2004.
Adjusted operating profits in 2003 exclude exceptional items.
Comparisons are made with the same period a year ago unless stated otherwise.

Business segments £ million	6 months to 31 March 2004 Turnover		Operating profit		Fiscal second quarter Turnover		Operating profit	
Process Gas Solutions	628.8	+ 9%	92.4	+ 8%	307.9	+ 9%	45.7	+ 8%
Industrial and Special Products	892.0	+ 5%	133.4	+ 10%	437.3	+ 6%	61.9	+ 15%
BOC Edwards	380.2	+ 17%	17.3	+ 98%	205.2	+ 28%	11.3	+ 154%
Afrox hospitals	204.9	+ 10%	26.1	+ 18%	105.5	+ 12%	16.1	+ 22%
Gist	147.4	- 1%	12.2	+ 0%	69.2	- 3%	6.1	- 1%
Corporate			(7.6)				(4.1)	
Group total	2,253.3	+ 8%	273.8	+ 13%	1,125.1	+ 10%	137.0	+ 17%

Operating profit comparisons are made with the adjusted operating profits of a year ago.
In the first six months of 2004 there were no adjustments to operating profit.

PROCESS GAS SOLUTIONS (PGS)

Improved turnover in PGS was derived from most of the key markets, mainly as a result of increased activity at existing customers. The pass-through of natural gas costs increased turnover by 2 per cent compared with a year ago. This had no corresponding impact on profit. Organic growth in China and north America was also boosted by revenues from new plants. Prices remained firm and continued improvements in operating efficiencies also enabled increased turnover to be reflected in a higher operating profit.

In the US, strong demand for oxygen from existing steel customers and increased liquefied nitrogen sales to food customers were important factors in turnover growth. The new hydrogen plant supplying the CITGO refinery at Lemont, Illinois, also added to revenues, particularly during the second quarter.

UK tonnage and merchant volumes remained strong in the steel and chemicals sectors. This was coupled with significantly lower costs arising from operational efficiencies leading to a better operating profit. There were somewhat smaller improvements in Poland as well as in Ireland, despite the continued weakness in the Irish economy.

Operating profit increased significantly in the south Pacific region as sales volumes and prices improved while costs were well controlled.

Sustained growth in the Chinese economy led to increasing demand from steel and electronic customers as well as from the merchant market. Trends were also favourable in Taiwan and Korea, where new argon production boosted sales.

With the exception of Indonesia, which was unchanged, operating profit increased in each of the south and east Asian countries for the second quarter. The most significant improvements were in Thailand, Malaysia and Singapore.

INDUSTRIAL AND SPECIAL PRODUCTS (ISP)

A significantly better operating profit, up 15 per cent in the second quarter, resulted from turnover growth of 6 per cent combined with lower operating costs in the south Pacific region, a better performance in the US and growth across Canada following the acquisition of Air Products' packaged gas business. The effect of lower liquefied petroleum gas prices in South Africa and Australia reduced turnover by 2 per cent but margins improved.

Revenue growth in medical gases followed the introduction of portable cylinders, but overall turnover growth was constrained in the UK. Operating profit was almost unchanged for the second quarter in the UK, despite continuing weakness in the manufacturing economy.
Sales and operating profit increased modestly in Ireland and more significantly in Poland as a result of the successful integration of the business acquired from Praxair.

Following clearance from the US Federal Trade Commission, BOC signed a conditional asset purchase agreement for Airgas to buy BOC's US packaged gas business. This business generated annual turnover of approximately $240 million in 2003. Subject to the fulfilment of certain conditions, completion is expected in the fiscal fourth quarter for an initial consideration of $175 million in cash with up to a further $25 million payable on 15 November 2005.

Other ISP businesses in the US, including helium, bulk medical gases, tube-trailer hydrogen and bulk gas supplies to distributors, with total annual sales in excess of $200 million are not included in the disposal. For the second quarter, there was an improvement in the turnover and operating profit of the US ISP business overall compared with a weak performance a year ago.

Demand from the industrial sector remained firm in Australia leading to better sales volumes of both gases and hard goods. These were coupled with well-controlled costs and improved rental income to give a significantly better operating profit for both the second quarter and the first six months. Liquefied petroleum gas margins also improved.

Turnover increased in South Africa for the second quarter and there was a more significant improvement in operating profit with the benefit of better margins on liquefied petroleum gas. However, export–oriented industries were affected by the strength of the rand during the second quarter as in the first quarter which led to some reduction in sales of ResQPac emergency oxygen units to the mining industry and constrained sales of industrial gases and equipment.

A jury in Philadelphia has returned a verdict in the case of Yencho v. Azrock against a US subsidiary of BOC and one other defendant in the amount of $525,000 to be shared. The plaintiff alleged that his injury was caused by exposure to asbestos. BOC's US subsidiary believes that the jury verdict is inconsistent with the evidence introduced at trial and believes that there are strong grounds for a successful appeal.

BOC EDWARDS
The business environment continued to develop favourably during the second quarter with the continuing upturn in investment by the semiconductor industry and the increasing importance of the flat panel display market. Wireless technologies, hand held devices and consumer electronics are providing growth of end user demand with the potential to stimulate new investment.

Turnover and operating profit both increased significantly led by sales of turbomolecular and dry pumps to semiconductor manufacturers. In addition there was a marked increase in electronic gases sales in Japan and Taiwan. Progress with important contracts during the quarter resulted in increased turnover for pharmaceutical packaging equipment.

The weakness of the US dollar continued to have an adverse effect on margins as the bulk of BOC Edwards' manufacturing costs are in sterling and the major proportion of sales are denominated in dollars. As in the first quarter, operating profit for the second quarter of 2004 would have been approximately £4 million more at the exchange rates of a year ago.

Semiconductor equipment order intake improved further during the second quarter leading to a significant increase in the order book at the end of the period.

AFROX HOSPITALS
Increased turnover and operating profit resulted from a combination of improved operating efficiencies and firm pricing which more than offset marginally lower sales volumes for the second quarter.

During April, the South African Competition Commission recommended the approval, subject to certain conditions, of the proposed transaction that would allow African Oxygen Limited to dispose of its holding in Afrox Healthcare Limited. Approval by the Competition Tribunal is now the only condition precedent to completion.

GIST
Turnover was slightly lower overall as the loss of Marks & Spencer General Merchandise business announced last year was largely offset by growth elsewhere. Operating profit was at a similar level for the second quarter mainly as a result of expanded operations for Marks & Spencer in the food segment.

As in the first quarter, additional volumes came mainly from the expansion of the Marks & Spencer Simply Food outlets and from new business with Carlsberg-Tetley.

IMPACT OF EXCHANGE RATES
The effect of exchange rate movements on the comparison of results for the second quarter was slightly unfavourable in aggregate. The impact of South African rand exchange rates, which had been strongly positive in the first quarter, diminished in the second quarter and the movement of the US dollar exchange rates was increasingly unfavourable. Translation adversely affected the year ago turnover comparison by nearly £27 million and the adjusted operating profit comparison by £1.6 million for the second quarter.

CASH FLOW, BORROWINGS AND TAX
For the six months to 31 March 2004, operating cash flow was £277.1 million, an improvement of more than 10 per cent over the same period last year. This was achieved by increasing operating profit at the same time as controlling working capital.

Principally as a result of the upturn in semiconductor orders on BOC Edwards' activity, working capital increased during the 3 months ended 31 March 2004. The increase was well controlled and was much lower than in the first quarter and the year to date position compares favourably with the same period last year.

Contributions to the main UK pensions scheme in the quarter were some £7 million higher than a year ago, similar to the year on year increase in the first quarter.

The amount of dividends received from joint ventures and associates was £27.3 million in the second quarter. This was significantly higher than in the previous year, with the increase substantially relating to dividends received from Japan Air Gases.

In total, the levels of cash outflows for servicing of debt and for the payment of taxes on Group profits is running at similar levels to last year, both in the second quarter and for the year to date.

Capital expenditure in the second quarter was slightly above that of the previous year.

There has been no significant acquisition activity in the current financial year. In the second quarter, the Group disposed of its interest in its joint venture business in Turkey. Compared with the first 6 months of last year when a number of acquisitions were made, this has resulted in a year on year improvement in cash flow of some £100 million.

Net borrowings at 31 March 2004 were £1,278.0 million. This was some £90 million lower than at 30 September 2003 and over £243 million lower than at the same time last year. The decrease in net borrowings in the 6 months to 31 March was attributable to both positive net cash flow (£38.9 million) and movements in the value of foreign currencies, principally the US dollar, relative to sterling (£52.0 million).

Gearing ratios at 31 March 2004 were 36.4 per cent for net debt / capital employed and 70.1 per cent for net debt / equity, compared with 37.4 per cent and 73.4 per cent respectively at 30 September 2003. Net interest on net debt was covered 5.9 times by operating profit for the 6 months to 31 March 2004. The corresponding figure for the same period last year was 4.6 times.

Adjusted return on capital employed was 13.7 per cent, compared with 12.6 per cent at 30 September 2003 and 13.1 per cent at 31 December 2003. Return on capital employed was 12.2 per cent compared with 10.9 per cent at 30 September 2003 and 11.5 per cent at 31 December 2003.

The effective rate of tax on adjusted profit was 29 per cent, compared with 30 per cent for the same quarter last year and 29 per cent for the financial year ended 30 September 2003.

DIVIDENDS

Ordinary shareholders

A second interim dividend of 24.5p will be paid on 2 August 2004 to shareholders on the register on 2 July and the shares will be quoted 'ex dividend' on 30 June. Taken together with the 15.5p first interim dividend paid on 2 February 2004, this represents an increase of 2.6 per cent on the annual dividend of the previous year.

The BOC Dividend Reinvestment Plan will be available to shareholders whose applications have been received by Lloyds TSB Registrars by 12 July. Any revocations must be received by the same date.

American Depositary Receipt (ADR) holders

The second interim dividend will be paid on 9 August 2004 to holders of sponsored ADRs registered on 2 July. The ADRs will be quoted 'ex dividend' on the New York Stock Exchange on 30 June. The Global Invest Direct Plan will be available to ADR holders.

OUTLOOK
BOC's Industrial and Special Products business is benefiting from an upturn in key economies. The agreed disposal of the packaged gas business in the US will lead to further improvements in both profit and the return on capital for this segment after the transaction is completed. Investment activity is now picking up in the Process Gas Solutions business and, when plants are commissioned, new supply scheme contracts will support accelerated growth. Despite the continuing unfavourable impact of weaker US dollar exchange rates on margins, improving order intake for semiconductor and flat panel equipment is expected to support further growth of BOC Edwards' turnover and profit over the coming months. In these improved economic conditions, business efficiency programmes, increased plant reliability and productivity, and firm pricing will also underpin profit performance across the Group.

Contact: Christopher Marsay, Director – Investor Relations
01276 477222 (International +44 1276 477222)

Notes for editors
The BOC Group is one of the largest and most global of the world's leading gases companies. Serving two million customers in more than 50 countries, BOC employs some 46,000 people and had annual sales of over £4 billion in 2003.

BOC is organised into three global lines of business – aligning our organisation directly to our customers.

Process Gas Solutions (PGS) provides tailored solutions to the process needs of our largest customers, primarily in industries such as oil refining, chemicals and steel. The result is the dedicated supply of gases by pipeline, from on-site production units, or in liquid form by tanker. PGS works globally, wherever the world's largest companies do business.

Industrial and Special Products (ISP) serves customers who need smaller volumes of gas, mostly delivered in cylinders. It offers a range of gases, products and services for cutting and welding metals, and for a host of customers in the medical, hospitality and scientific markets. ISP also has a significant liquefied petroleum gas business in certain countries.

BOC Edwards is synonymous with the semiconductor industry, supplying products and services to one of the world's most challenging industries. The chemical, metallurgical and scientific instrument markets are increasingly important to BOC Edwards' general vacuum business.

In addition BOC has two specialised operations:

Gist, a logistics company specialising in a range of supply chain solutions, which serves a number of major customers including Marks & Spencer.
Afrox hospitals, the largest supplier of private health care in southern Africa.

Print quality images of Tony Isaac, chief executive of The BOC Group and René Médori, finance director, may be downloaded directly from our photo library on the NewsCast website at: www.newscast.co.uk To access the library, simply register your details with that website.
More detailed presentation material will be made available on The BOC Group investor relations website www.boc.com/ir under Annual and Quarterly Reports.

GROUP RESULTS
6 MONTHS TO 31 MARCH 2004

	6 months to 31 Mar 2004			6 months to 31 Mar 2003			Year to 30 Sep 2003		
	Before excep items	Excep items	After excep items	Before excep items	Excep items	After excep items	Before excep items	Excep items	After excep items
	£m	£m	£m	£m	£m	£m	£m	£m	£m
TURNOVER, including share of joint ventures and associates	2,253.3	-	2,253.3	2,084.5	-	2,084.5	4,323.2	-	4,323.2
Less: Share of joint ventures	311.5	-	311.5	223.4	-	223.4	544.3	-	544.3
Share of associates	35.5	-	35.5	27.5	-	27.5	60.6	-	60.6
Turnover	1,906.3	-	1,906.3	1,833.6	-	1,833.6	3,718.3	-	3,718.3
Operating profit of subsidiary undertakings	221.5	-	221.5	197.5	(6.1)	191.4	407.4	(60.2)	347.2
Share of operating profit of joint ventures	46.9	-	46.9	35.2	(0.3)	34.9	86.8	(6.8)	80.0
Share of operating profit of associates	5.4	-	5.4	4.6	-	4.6	11.4	-	11.4
Total operating profit including share of joint ventures and associates	273.8	-	273.8	237.3	(6.4)	230.9	505.6	(67.0)	438.6
Interest on net debt	(46.8)	-	(46.8)	(50.7)	-	(50.7)	(96.1)	-	(96.1)
Interest on pension scheme liabilities	(59.1)	-	(59.1)	(54.8)	-	(54.8)	(110.2)	-	(110.2)
Expected return on pension scheme assets	67.0	-	67.0	59.5	-	59.5	119.6	-	119.6
Other net financing income	7.9	-	7.9	4.7	-	4.7	9.4	-	9.4
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	234.9	-	234.9	191.3	(6.4)	184.9	418.9	(67.0)	351.9
Tax (note 5)	(68.1)	-	(68.1)	(57.3)	1.8	(55.5)	(121.4)	25.0	(96.4)
Profit on ordinary activities after tax	166.8	-	166.8	134.0	(4.6)	129.4	297.5	(42.0)	255.5
Minority interests	(20.4)	-	(20.4)	(15.6)	0.4	(15.2)	(36.8)	0.4	(36.4)
PROFIT FOR THE PERIOD	146.4	-	146.4	118.4	(4.2)	114.2	260.7	(41.6)	219.1
Dividends	(76.3)	-	(76.3)	(76.4)	-	(76.4)	(192.1)	-	(192.1)
Surplus for the period	70.1	-	70.1	42.0	(4.2)	37.8	68.6	(41.6)	27.0
Earnings per share (note 6)									
- basic	29.7p	-	29.7p	24.0p	(0.8)p	23.2p	52.9p	(8.4)p	44.5p
- diluted	29.7p	-	29.7p	24.0p	(0.8)p	23.2p	52.9p	(8.4)p	44.5p

GROUP RESULTS
3 MONTHS TO 31 MARCH 2004

	3 months to 31 Mar 2004			3 months to 31 Mar 2003		
	Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
	£million	£million	£million	£million	£million	£million
TURNOVER, including share of joint ventures and associates	1,125.1	-	1,125.1	1,049.5	-	1,049.5
Less: Share of joint ventures	151.6	-	151.6	147.2	-	147.2
Share of associates	12.7	-	12.7	13.0	-	13.0
Turnover	960.8	-	960.8	889.3	-	889.3
Operating profit of subsidiary undertakings	112.3	-	112.3	95.6	(3.0)	92.6
Share of operating profit of joint ventures	22.1	-	22.1	21.3	(0.3)	21.0
Share of operating profit of associates	2.6	-	2.6	1.8	-	1.8
Total operating profit including share of joint ventures and associates	137.0	-	137.0	118.7	(3.3)	115.4
Interest on net debt	(22.6)	-	(22.6)	(25.1)	-	(25.1)
Interest on pension scheme liabilities	(29.3)	-	(29.3)	(27.5)	-	(27.5)
Expected return on pension scheme assets	33.1	-	33.1	29.8	-	29.8
Other net financing income	3.8	-	3.8	2.3	-	2.3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	118.2	-	118.2	95.9	(3.3)	92.6
Tax (note 5)	(34.3)	-	(34.3)	(28.6)	0.7	(27.9)
Profit on ordinary activities after tax	83.9	-	83.9	67.3	(2.6)	64.7
Minority interests	(10.3)	-	(10.3)	(8.6)	0.3	(8.3)
PROFIT FOR THE PERIOD	73.6	-	73.6	58.7	(2.3)	56.4
Earnings per share (note 6)						
- basic	14.9p	-	14.9p	11.9p	(0.4)p	11.5p
- diluted	14.9p	-	14.9p	11.9p	(0.4)p	11.5p

GROUP BALANCE SHEET
AT 31 MARCH 2004

	At 31 Mar 2004	At 31 Mar 2003 (restated)	At 30 Sep 2003 (restated)
	£million	£million	£million
Fixed assets			
- Intangible assets	191.9	202.5	206.1
- Tangible assets	2,739.6	2,951.4	2,913.4
- Joint ventures, associates and other investments	566.2	624.2	608.6
	3,497.7	3,778.1	3,728.1
Current assets	1,266.0	1,164.8	1,104.9
Creditors: amounts falling due within one year	(1,125.4)	(1,219.6)	(1,168.2)
Net current assets/(liabilities)	140.6	(54.8)	(63.3)
Total assets less current liabilities	3,638.3	3,723.3	3,664.8
Creditors: amounts falling due after more than one year	(1,161.6)	(1,205.4)	(1,133.1)
Provisions for liabilities and charges	(373.1)	(391.6)	(376.6)
Total net assets excluding pension assets and liabilities	2,103.6	2,126.3	2,155.1
Pension assets	49.1	56.1	50.7
Pension liabilities	(328.5)	(309.9)	(341.8)
Total net assets including pension assets and liabilities	1,824.2	1,872.5	1,864.0
Shareholders' capital and reserves	1,640.9	1,719.3	1,686.7
Minority shareholders' interests	183.3	153.2	177.3
Total capital and reserves	1,824.2	1,872.5	1,864.0

GROUP CASH FLOW STATEMENT
6 MONTHS TO 31 MARCH 2004

	6 months to 31 Mar 2004	6 months to 31 Mar 2003 (restated)	Year to 30 Sep 2003 (restated)
	£million	£million	£million
TOTAL OPERATING PROFIT before exceptional items	273.8	237.3	505.6
Depreciation and amortisation	165.7	164.9	333.4
Net retirement benefits charge less contributions	(4.4)	9.2	5.6
Operating profit before exceptional items of joint ventures	(46.9)	(35.2)	(86.8)
Operating profit before exceptional items of associates	(5.4)	(4.6)	(11.4)
Changes in working capital and other items	(101.1)	(107.3)	(18.0)
Exceptional cash flows	(4.6)	(14.1)	(28.3)
NET CASH INFLOW FROM OPERATING ACTIVITIES	277.1	250.2	700.1
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES	28.8	4.2	35.0
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(44.7)	(53.2)	(94.4)
TAX PAID	(44.9)	(37.9)	(90.7)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(106.4)	(118.2)	(227.0)
ACQUISITIONS AND DISPOSALS	5.3	(94.5)	(118.3)
EQUITY DIVIDENDS PAID	(76.3)	(76.4)	(192.1)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING	38.9	(125.8)	12.6

GROUP CASH FLOW STATEMENT
3 MONTHS TO 31 MARCH 2004

	3 months to 31 Mar 2004 £million	3 months to 31 Mar 2003 (restated) £million
TOTAL OPERATING PROFIT before exceptional items	137.0	118.7
Depreciation and amortisation	81.5	82.3
Net retirement benefits charge less contributions	(1.7)	4.0
Operating profit before exceptional items of joint ventures	(22.1)	(21.3)
Operating profit before exceptional items of associates	(2.6)	(1.8)
Changes in working capital and other items	(26.7)	6.0
Exceptional cash flows	(1.2)	(7.3)
NET CASH INFLOW FROM OPERATING ACTIVITIES	164.2	180.6
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES	27.3	3.4
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(30.0)	(30.1)
TAX PAID	(25.8)	(23.7)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(51.6)	(45.5)
ACQUISITIONS AND DISPOSALS	5.4	(29.2)
EQUITY DIVIDENDS PAID	(76.3)	(76.4)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING	13.2	(20.9)

TOTAL RECOGNISED GAINS AND LOSSES
6 MONTHS TO 31 MARCH 2004

	6 months to 31 Mar 2004 £million	6 months to 31 Mar 2003 £million	Year to 30 Sep 2003 £million
Profit for the period	146.4	114.2	219.1
Actuarial loss recognised on the pension schemes	-	-	(17.5)
Movement on deferred tax relating to actuarial loss on pensions	-	-	2.0
Unrealised profit on disposal of a subsidiary	-	8.2	8.2
Exchange translation effect on:			
- results for the period	(1.6)	3.8	8.0
- foreign currency net investments	(118.7)	36.9	23.5
Total recognised gains and losses for the period	26.1	163.1	243.3

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax for any of the above periods.

MOVEMENT IN SHAREHOLDERS' FUNDS
6 MONTHS TO 31 MARCH 2004

	6 months to 31 Mar 2004 £million	6 months to 31 Mar 2003 (restated) £million	Year to 30 Sep 2003 (restated) £million
Profit for the period	146.4	114.2	219.1
Dividends	(76.3)	(76.4)	(192.1)
	70.1	37.8	27.0
Other recognised gains and losses	(120.3)	48.9	24.2
Reversal of goodwill credit in total recognised gains and losses on disposal of a subsidiary	-	(4.2)	(4.2)
Shares issued	2.0	1.5	3.7
Consideration paid for the purchase of own shares held in an ESOP trust	-	(7.5)	(7.5)
Consideration received for the sale of own shares held in an ESOP trust	1.7	1.2	1.2
Credit in respect of employee share schemes	0.7	-	0.7
Net (decrease)/increase in shareholders' funds for the period	(45.8)	77.7	45.1
Shareholders' funds at 1 October - previously reported	1,734.8	1,684.1	1,684.1
Prior period adjustment (note 1)	(48.1)	(42.5)	(42.5)
Shareholders' funds at 1 October - restated	1,686.7	1,641.6	1,641.6
Shareholders' funds - at period end	1,640.9	1,719.3	1,686.7

NOTES TO THE ACCOUNTS

1. Basis of preparation

The results for the 6 months to 31 March 2004 have been prepared on an accounting basis consistent with that applied in the financial year to 30 September 2003, except for changes arising from the adoption of UITF38 (Accounting for ESOP trusts). This new pronouncement changes the treatment of own shares held in an ESOP trust from being a fixed asset investment to a reduction in shareholders' funds. Consideration paid for the purchase of own shares represents the cost of shares purchased by the company. Consideration received for the sale of own shares represents the prices paid by employees on the exercise of options. The credit in respect of employee share schemes represents the charge for those schemes under UITF17 (Employee Share Schemes). Comparative figures have been restated accordingly.

Financial information for the year to 30 September 2003 has been based on the full Group accounts for that period. The 2003 accounts received an unqualified audit report and have been delivered to the Registrar of Companies. The results for the 6 months to 31 March 2004 are unaudited.

2. Exchange rates

The majority of the Group's operations are located outside the UK and operate in currencies other than sterling. Profit and loss and other period statements of the Group's overseas operations are translated at average rates of exchange for the period. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end.

The rates of exchange to sterling for the currencies which principally affected the Group's results were as follows:

	6 months to 31 Mar 2004	6 months to 31 Mar 2003	Year to 30 Sep 2003
Average rates:			
- US dollar	1.77	1.59	1.60
- Australian dollar	2.39	2.76	2.62
- Japanese yen	191.32	191.56	191.01
- South African rand	11.96	14.28	13.24
Period end rates:			
- US dollar	1.84	1.58	1.66
- Australian dollar	2.41	2.62	2.45
- Japanese yen	191.20	187.43	185.60
- South African rand	11.58	12.44	11.57

3. Segmental information

a) Turnover, by business and by region, for the 6 months to 31 March 2004 was as follows:

	6 months to 31 Mar 2004	6 months to 31 Mar 2003	Year to 30 Sep 2003
Business analysis:	£million	£million	£million
Process Gas Solutions	628.8	603.0	1,242.7
Industrial and Special Products	892.0	833.7	1,751.2
BOC Edwards	380.2	341.8	684.1
Afrox hospitals	204.9	156.4	353.4
Gist	147.4	149.6	291.8
Continuing operations	2,253.3	2,084.5	4,323.2
Regional analysis:			
Europe	605.3	571.9	1,154.4
Americas	603.5	605.6	1,238.8
Africa	329.7	262.9	585.5
Asia/Pacific	714.8	644.1	1,344.5
Continuing operations	2,253.3	2,084.5	4,323.2

b) Adjusted operating profit and operating profit, by business and by region, for the 6 months to 31 March 2004 were as follows:

	6 months to 31 Mar 2004		6 months to 31 Mar 2003		Year to 30 Sep 2003	
	Adjusted operating profit	Operating profit	Adjusted operating profit	Operating profit	Adjusted operating profit	Operating profit
	£million	£million	£million	£million	£million	£million
Business analysis:						
Process Gas Solutions	92.4	92.4	88.8	87.8	184.0	177.1
Industrial and Special Products	133.4	133.4	116.3	114.3	242.7	238.2
BOC Edwards	17.3	17.3	8.6	5.8	18.5	7.9
Afrox hospitals	26.1	26.1	18.6	18.6	46.1	46.1
Gist	12.2	12.2	12.2	12.2	29.2	29.2
Corporate	(7.6)	(7.6)	(7.2)	(7.8)	(14.9)	(59.9)
Continuing operations	273.8	273.8	237.3	230.9	505.6	438.6
Regional analysis:						
Europe	70.6	70.6	73.3	72.6	144.3	137.0
Americas	39.2	39.2	41.5	38.9	91.8	42.7
Africa	51.9	51.9	38.2	38.2	85.0	85.0
Asia/Pacific	112.1	112.1	84.3	81.2	184.5	173.9
Continuing operations	273.8	273.8	237.3	230.9	505.6	438.6

c) Turnover, adjusted operating profit and operating profit, by business and by region, for the 3 months to March 2004 were as follows:

	3 months to 31 Mar 2004			3 months to 31 Mar 2003		
	Turnover	Adjusted operating profit	Operating profit	Turnover	Adjusted operating profit	Operating profit
	£million	£million	£million	£million	£million	£million
Business analysis:						
Process Gas Solutions	307.9	45.7	45.7	302.8	45.3	45.0
Industrial and Special Products	437.3	61.9	61.9	417.7	54.3	53.3
BOC Edwards	205.2	11.3	11.3	171.7	4.5	3.0
Afrox hospitals	105.5	16.1	16.1	86.1	11.8	11.8
Gist	69.2	6.1	6.1	71.2	6.1	6.1
Corporate	-	(4.1)	(4.1)	-	(3.3)	(3.8)
Continuing operations	1,125.1	137.0	137.0	1,049.5	118.7	115.4
Regional analysis:						
Europe	308.4	35.2	35.2	287.9	38.9	38.4
Americas	298.7	20.1	20.1	293.9	18.1	16.9
Africa	164.0	25.5	25.5	140.0	19.6	19.6
Asia/Pacific	354.0	56.2	56.2	327.7	42.1	40.5
Continuing operations	1,125.1	137.0	137.0	1,049.5	118.7	115.4

Adjusted means excluding exceptional items.

4. Exceptional items

	6 months to 31 Mar 2004	6 months to 31 Mar 2003	Year to 30 Sep 2003
	£million	£million	£million
Litigation settlement	-	-	(43.2)
Restructuring costs	-	(6.4)	(23.8)
Total operating exceptional items	-	(6.4)	(67.0)

5. Tax

	6 months to 31 Mar 2004	6 months to 31 Mar 2003	Year to 30 Sep 2003
	£million	£million	£million
Subsidiary undertakings	(55.4)	(50.2)	(77.9)
Share of joint ventures	(11.6)	(4.0)	(16.0)
Share of associates	(1.1)	(1.3)	(2.5)
Tax on profit on ordinary activities	(68.1)	(55.5)	(96.4)
Overseas tax included in the tax on profit on ordinary activities above was:	(56.1)	(42.8)	(69.8)
The tax charge includes a credit in respect of operating exceptional items of:	-	1.8	25.0

6. Earnings per share

	6 months to 31 Mar 2004	6 months to 31 Mar 2003	Year to 30 Sep 2003
	£million	£million	£million
Amounts used in computing the earnings per share:			
Earnings attributable to ordinary shareholders for the period	146.4	114.2	219.1
Adjustment for exceptional items	-	4.2	41.6
Adjusted earnings before exceptional items	146.4	118.4	260.7

	6 months to 31 Mar 2004	6 months to 31 Mar 2003	Year to 30 Sep 2003
	million	million	million
Average number of 25p ordinary shares:			
Average issued share capital	497.8	497.4	497.5
Less: average own shares held in trust	(5.3)	(4.7)	(5.0)
Basic	492.5	492.7	492.5
Add: dilutive share options	0.5	0.2	0.2
Diluted	493.0	492.9	492.7

7. Reconciliation of net cash flow to movement in net debt

	6 months to 31 Mar 2004	6 months to 31 Mar 2003 (restated)	Year to 30 Sep 2003 (restated)
	£million	£million	£million
Net borrowings and finance leases – at 1 October	(1,368.1)	(1,325.6)	(1,325.6)
Net cash inflow/(outflow)	38.9	(125.8)	12.6
Issue of shares	3.7	(4.8)	(2.6)
Net borrowings assumed at acquisition	(4.5)	(0.7)	(0.8)
Net liquid resources eliminated on disposal	-	(30.8)	(31.0)
Exchange adjustment	52.0	(33.6)	(20.7)
Net borrowings and finance leases – at period end	(1,278.0)	(1,521.3)	(1,368.1)

8. Contingent liabilities

There has been no material change in contingent liabilities and legal proceedings since 30 September 2003.

THE BOC GROUP

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NEWS RELEASE

FOR IMMEDIATE RELEASE
***WINDLESHAM, 3 August* 2004**

The BOC Group results for the 9 months to 30 June 2004

	9 mths 2004	9 mths 2003	3rd qtr 2004	3rd qtr 2003
Turnover	£3,411.1m	£3,181.4m	£1,157.8m	£1,096.9m
Operating profit	£407.8m	£359.1m	£134.0m	£128.2m
Adjusted operating profit (1)	£422.4m	£373.7m	£148.6m	£136.4m
Earnings per share	33.5p	36.7p	3.8p	13.5p
Adjusted earnings per share (1)	46.2p	38.5p	16.5p	14.5p

- Adjusted earnings per share were up 19 per cent for the first nine months and up 18 per cent for the third quarter (note 2).
- Process Gas Solutions' turnover increased mainly through existing business. The return on capital of this business exceeded 10 per cent at the end of the third quarter and significant new contracts in China and for hydrogen in the US will add to future growth.
- Industrial and Special Products results improved in Europe and the strong performance continued in the south Pacific region but the stronger rand affected manufacturing and mining in South Africa.
- Buoyant order intake during the previous quarter led to a further increase in adjusted operating profit from BOC Edwards in the third quarter, although US dollar exchange rate movements continued to affect margins adversely.
- Further progress has been made with reshaping BOC's business portfolio with the disposal of the US packaged gas business, which will enable returns in the Industrial and Special Products business to be improved significantly.

1 *'Adjusted' means excluding exceptional items. In the third quarter these were largely related to the disposal of the US packaged gas business.*
2 *Comparisons are made with the same period a year ago at constant exchange rates.*

Chief Executive, Tony Isaac said,
'It is pleasing to report significant growth of adjusted operating profit and earnings for the third quarter in succession. Our global gases businesses have continued to perform strongly and their results have been complemented by further improvements in BOC Edwards. Our profit performance is reflected in the achievement of a 14.3 per cent adjusted return on capital across the Group and cash flow has remained very positive, leading to lower borrowings. Significant new contracts will add to future growth and a recently completed business disposal will enable our financial performance to be improved.'

The BOC Group results for the 9 months to 30 June 2004

	2004	2003	*change as reported*	*at constant exchange rates* [2]
Excl. exceptional items [1]				
9 months to 30 June				
Turnover	£3,411.1m	£3,181.4m	+ 7%	+ 8%
Adjusted operating profit	£422.4m	£373.7m	+ 13%	+ 12%
Adjusted profit before tax	£365.2m	£306.5m	+ 19%	+ 17%
Adjusted earnings per share	46.2p	38.5p	+ 20%	+ 19%
3rd quarter to 30 June				
Turnover	£1,157.8m	£1,096.9m	+ 6%	+ 9%
Adjusted operating profit	£148.6m	£136.4m	+ 9%	+ 12%
Adjusted profit before tax	£130.3m	£115.2m	+ 13%	+ 15%
Adjusted earnings per share	16.5p	14.5p	+ 14%	+ 18%
Statutory results				
9 months to 30 June				
Turnover	£3,411.1m	£3,181.4m	+ 7%	+ 8%
Operating profit	£407.8m	£359.1m	+ 14%	+ 13%
Profit before tax	£270.8m	£291.9m	- 7%	- 9%
Earnings per share	33.5p	36.7p	- 9%	- 9%
3rd quarter to 30 June				
Turnover	£1,157.8m	£1,096.9m	+ 6%	+ 9%
Operating profit	£134.0m	£128.2m	+ 5%	+ 8%
Profit before tax	£35.9m	£107.0m	- 66%	- 66%
Earnings per share	3.8p	13.5p	- 72%	- 70%

Notes

1. Results excluding exceptional items are used by management to measure performance. They are shown in order to reveal business trends more clearly than statutory results, which include such items.
2. In order to show underlying business trends, results are also compared at constant exchange rates to eliminate the effects of translating overseas results into sterling at varying rates.
3. Unless otherwise stated, all the commentaries that follow are made on the basis of results that exclude exceptional items and comparisons are at constant exchange rates. Segment results are shown on this basis below.
4. Full statutory results are on pages 8 to 17.

BUSINESS SEGMENT RESULTS
All comparisons that follow are on the basis of constant exchange rates.
Adjusted operating profits exclude operating exceptional items.
Comparisons are made with the same period a year ago unless stated otherwise.

	9 months to 30 June 2004				Fiscal third quarter			
Business segments **£ million**	***Turnover***		***Adjusted* operating profit**		***Turnover***		***Adjusted* operating profit**	
Process Gas Solutions	940.6	*+ 9%*	141.5	*+ 8%*	311.8	*+ 9%*	49.1	*+ 8%*
Industrial and Special Products	1,339.7	*+ 4%*	199.0	*+ 8%*	447.7	*+ 4%*	65.6	*+ 5%*
BOC Edwards	595.2	*+ 22%*	32.5	*+ 162%*	215.0	*+ 33%*	15.2	*+ 314%*
Afrox hospitals	314.8	*+ 10%*	41.9	*+ 19%*	109.9	*+ 10%*	15.8	*+ 20%*
Gist	220.8	*- 3%*	18.6	*- 20%*	73.4	*- 5%*	6.4	*- 42%*
Corporate			(11.1)				(3.5)	
Group total	3,411.1	*+ 8%*	422.4	*+ 12%*	1,157.8	*+ 9%*	148.6	*+ 12%*

PROCESS GAS SOLUTIONS (PGS)
Most of the increase in turnover and adjusted operating profit during the third quarter once again came from improvements in existing business. Turnover was also enhanced nearly 2 per cent by the pass-through of natural gas costs. Prices remained firm and further improvements in operating efficiencies meant that margins were sustained.

In the US, both turnover and adjusted operating profit in the third quarter were higher than a year ago. The new hydrogen plant serving CITGO's refinery in Illinois contributed part of the increase in turnover. Increased sales volumes of liquefied nitrogen reflected demand from major food customers and oxygen demand was driven by demand for combustion applications. Carbon dioxide volumes were slightly lower – partly as a result of supply shortages.

UK tonnage volumes improved in the third quarter with increased activity at chemical and steel customers. This, together with improved plant reliability and productivity, contributed to increased adjusted operating profit. There was a small improvement in adjusted operating profit in Poland and in Ireland.

Turnover and adjusted operating profit increased in Asia for the third quarter, as economic conditions remained favourable throughout the region. Despite high levels of manufacturing activity in China, Korea and Taiwan, adjusted operating profit in north Asia was slightly lower as a result of the timing of plant shutdowns and overhauls.

Turnover increased and there was a greater improvement in adjusted operating profit in south east Asia as a result of more efficient plant operations.

A new supply scheme contract to provide hydrogen for BP's Toledo, Ohio, refinery will add to future growth. Under a long-term agreement, BOC will construct a hydrogen production and utilities complex to supply more than 100 million standard cubic feet a day to the BP refinery and other industrial customers in the surrounding region. Site construction is targeted to begin later this year and, when the plant comes on stream, it will help BP produce cleaner-burning ultra-low sulphur gasoline and diesel fuels and it will increase the refinery's production capability.

In June BOC announced a letter of intent to form a joint venture with Sinopec Shanghai Petroleum Corporation (SPC) to meet SPC's industrial gas needs in the Jinshan region. This is one of the major areas of petrochemical investment in China and includes not only the SPC complex but also the nearby Shanghai Industrial Chemical Park where a number of global and local chemical companies are located. The joint venture expects to invest in nearly 3,000 tonnes a day of air separation capacity, initially by acquiring SPC's existing air separation units and then through the construction of a new world-scale unit. This is the second such joint venture between BOC and a Sinopec company in China. The first was formed in 2002 with YPC to supply companies in the Nanjing Chemical Industries Park.

Under a new 15-year contract with Corus, BOC will increase by 30 per cent its supply of oxygen, nitrogen and argon to the Corus Strip Products UK plant in Port Talbot. BOC also supplies hydrogen by pipeline from its Margam plant to the two Corus blast furnaces and steel making plants in Port Talbot.

BOC's water services company has recently signed a contract for significant new business with a leading food processing company in the US. Additional revenues of more than US$30 million are expected over the lifetime of the multi-year contract. BOC already supplies liquid carbon dioxide to the customer.

INDUSTRIAL AND SPECIAL PRODUCTS (ISP)
Turnover and adjusted operating profit improved in the third quarter but at a slower pace than in the previous quarter. Results were better in Europe and the strong performance continued in the south Pacific region but activity in the South African manufacturing and mining industries was restrained because of the strength of the rand.

Turnover in Europe was slightly down, following the disposal of BOC's interest in its Turkish joint venture. Continuing business in the UK, Ireland and Poland increased. Despite the lower overall turnover, adjusted operating profit increased.

Turnover and adjusted operating profit in north America were similar to a year ago in the third quarter. Following the disposal of BOC's packaged gas business in the US, the continuing ISP business in the US will now consist of the bulk liquid and tube-trailer helium, bulk medical gases and bulk distributor businesses. Other lines of business in the US and the Canadian packaged gas business are unaffected by the disposal.

The strong performance trend in the south Pacific region continued in the third quarter with better sales volumes of industrial gases, liquefied petroleum gas and safety products. The pricing trend remained positive and overhead costs were well controlled, leading to an improved adjusted operating profit.

The effect of the strong rand on export-oriented manufacturing industry in South Africa was felt more acutely in the third quarter. Turnover and adjusted operating profit were therefore lower. The gold mining industry was particularly affected in the third quarter and there were fewer new contracts for the ResQpac emergency oxygen units, which had been a source of growth in the previous year.

BOC EDWARDS

Sales of bulk gases and electronic materials increased sequentially and semiconductor equipment sales remained strong during the third quarter.

New equipment orders were well ahead of a year ago but below the outstanding level of the previous quarter. Demand for semiconductor equipment remains strong across a broad range of applications. There is now increasing demand for consumer electronics in addition to the traditional applications in computers and mobile telephones. Despite currently high inventories of some semiconductor devices, manufacturers remain generally confident of increasing demand for semiconductor equipment beyond January 2005.

Meanwhile demand for vacuum equipment, electronic materials and gases by flat panel display manufacturers continues to expand rapidly. Further substantial investments are planned for at least the next two years and this is already providing important additional opportunities for BOC Edwards in Asia.

AFROX HOSPITALS

The volume of business increased slightly and revenues increased further as a result of tariff increases agreed earlier in the year. There was also an increase in adjusted operating profit as a result of improved business efficiency.

GIST

Turnover for the third quarter was lower than a year ago as the loss of Marks & Spencer's General Merchandise business announced last year was not yet fully offset by the continued growth of other business.

Adjusted operating profit was above that of the previous quarter but down compared with a year ago principally because a non-recurrent income of £4.1 million arising from the termination of the General Merchandise contract was included a year ago.

IMPACT OF EXCHANGE RATES

The negative effect of exchange rate movements on the comparison of results increased in the third quarter. The principal factor was continued weakness of the US dollar while the benefits of the stronger Australian dollar and South African rand have diminished as the year has progressed. For the third quarter, translation adversely affected the turnover by £39 million and the adjusted operating profit by £3.7 million compared with a year ago.

DISPOSALS

The disposal of BOC's US packaged gas business to Airgas was completed as planned on 30 July. Cash proceeds were £98.3 million (US$175 million) and cash costs of the disposal are expected to be approximately £35 million, leaving net proceeds of approximately £63 million. BOC may receive a further payment of US$25 million in November 2005, subject to certain conditions including profit performance.

The provisional book loss on disposal of £79.8 million has been charged as an exceptional item in the third quarter. This includes writing off certain assets, severance and other disposal costs as well as a goodwill write-off of £20.1 million. An additional £12.9 million has been charged against operating profit for the expected cost of restructuring the remaining ISP business in the US in order to eliminate overhead costs that will no longer be needed to support the continuing business. This is targeted to add approximately £10 million a year to operating profit, which would lead to a significant increase in the return on capital.

The proposed disposal by African Oxygen Limited of its holding in Afrox Healthcare Limited, which has been cleared by the South African Competition Commission, is now being reviewed by a Competition Tribunal which has now adjourned until further hearings scheduled for September.

CASH FLOW, BORROWINGS AND TAX

Operating cash flow for the 3 months to 30 June 2004 was £219.9 million, bringing the year to date total close to £500 million, which was over 20 per cent better than a year ago.

Improved operating profit was combined with continued good working capital control. The working capital inflow for the third quarter recouped most of the outflow of the previous quarter and the position for the year to date compares favourably with a year ago.

Contributions to the main UK pension scheme in the quarter were some £6 million higher than a year ago, similar to the increase in the previous two quarters of fiscal 2004.

In the third quarter, the levels of dividend income from joint ventures and associates, interest and tax payments were all similar to a year ago. For the year to date there has been a significant increase in dividend income as a result of a strategy to make the financial structure of joint ventures more efficient.

Capital expenditure and financial investment for the quarter was £46.8 million, approximately £20 million lower than a year ago. No major business acquisitions or disposals were completed in the quarter. The year to date level of net expenditure on acquisitions and disposals remains well below that of the previous year. The impact of the relatively low outflows for these latter two items contributed to the positive net cash flow of £123.2 million for the quarter.

For the fifth successive quarter, net borrowings declined. The figure at 30 June 2004 was £1,148.9 million. The decrease in net borrowings for the third quarter was almost entirely due to the positive net cash flow. The overall net effect of currency movements between 31 March and 30 June 2004 had little impact on total net borrowings.

Gearing ratios at 30 June 2004 were 34.7 per cent for net debt / capital employed and 65.6 per cent for net debt / equity, compared with 37.4 per cent and 73.4 per cent respectively at 30 September 2003. Net interest on net debt was covered 4.7 times by operating profit for the 9 months to 30 June 2004. The corresponding figure for the same period last year was 4.8 times. On an adjusted profit basis (excluding exceptional items) the cover was 6.1 times, compared with 5.0 times last year.

Adjusted return on capital employed was 14.3 per cent, compared with 12.6 per cent at 30 September 2003. Return on capital employed was 12.6 per cent compared with 10.9 per cent at 30 September 2003.

The effective rate of tax on adjusted profit was 29 per cent, compared with 30 per cent for the same quarter last year and 29 per cent for the financial year ended 30 September 2003. There was a tax benefit of £32.1 million on the exceptional items charged in the 3 months to 30 June 2004.

OUTLOOK

The outlook for industrial gases demand is positive wordwide with the exception of South Africa, where the exchange rate continues to hamper activity in the export-oriented mining and manufacturing industries. This should lead to further growth in turnover in BOC's continuing gases business. Profit performance throughout the business will be further enhanced by efficiency programmes, increased plant reliability and firm pricing.

The divestment of BOC's packaged gases business in the US will enable further improvements to be made in both operating profit and return on capital in the Industrial and Special Products business.

BOC's Process Gas Solutions has been increasingly successful in winning new supply scheme contracts. Over US$350 million of new investment has been announced for production plants that are due to come on stream over the next 3 years. These include some notable successes in China.

BOC Edwards' order intake for semiconductor equipment remained at a high level in the third quarter, although it was lower than in the previous period. Shipments to customers are expected to remain strong in the fourth quarter.

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Notes for editors

The BOC Group is one of the largest and most global of the world's leading gases companies. Serving two million customers in more than 50 countries, BOC employs some 46,000 people and had annual sales of over £4 billion in 2003.

BOC is organised into three global lines of business – aligning our organisation directly to our customers.

Process Gas Solutions (PGS) provides tailored solutions to the process needs of our largest customers, primarily in industries such as oil refining, chemicals and steel. The result is the dedicated supply of gases by pipeline, from on-site production units, or in liquid form by tanker. PGS works globally, wherever the world's largest companies do business.

Industrial and Special Products (ISP) serves customers who need smaller volumes of gas, mostly delivered in cylinders. It offers a range of gases, products and services for cutting and welding metals, and for a host of customers in the medical, hospitality and scientific markets. ISP also has a significant liquefied petroleum gas business in certain countries.

BOC Edwards is synonymous with the semiconductor industry, supplying products and services to one of the world's most challenging industries. The chemical, metallurgical and scientific instrument markets are increasingly important to BOC Edwards' general vacuum business.

In addition BOC has two specialised operations:

Gist, a logistics company specialising in a range of supply chain solutions, which serves a number of major customers including Marks & Spencer.

Afrox hospitals, *the largest supplier of private health care in southern Africa.*

Print quality images of Tony Isaac, chief executive of The BOC Group and René Médori, finance director, may be downloaded directly from our photo library on the NewsCast website at: www.newscast.co.uk To access the library, simply register your details with that website. More detailed presentation material will be made available on The BOC Group investor relations website www.boc.com/ir under Annual and Quarterly Reports.

GROUP RESULTS
9 MONTHS TO 30 JUNE 2004

	9 months to 30 Jun 2004			9 months to 30 Jun 2003			Year to 30 Sep 2003		
	Before excep items	Excep items	After excep items	Before excep items	Excep items	After excep items	Before excep items	Excep items	After excep items
	£m	£m	£m	£m	£m	£m	£m	£m	£m
TURNOVER, including share of joint ventures and associates	3,411.1	-	3,411.1	3,181.4	-	3,181.4	4,323.2	-	4,323.2
Less:									
Share of joint ventures	474.3	-	474.3	380.0	-	380.0	544.3	-	544.3
Share of associates	51.4	-	51.4	39.4	-	39.4	60.6	-	60.6
Turnover	2,885.4	-	2,885.4	2,762.0	-	2,762.0	3,718.3	-	3,718.3
Operating profit of subsidiary undertakings	340.4	(12.9)	327.5	306.1	(8.8)	297.3	407.4	(60.2)	347.2
Share of operating profit of joint ventures	72.6	(1.7)	70.9	60.3	(5.8)	54.5	86.8	(6.8)	80.0
Share of operating profit of associates	9.4	-	9.4	7.3	-	7.3	11.4	-	11.4
Total operating profit including share of joint ventures and associates	422.4	(14.6)	407.8	373.7	(14.6)	359.1	505.6	(67.0)	438.6
Loss on termination / disposal of businesses	-	(79.8)	(79.8)	-	-	-	-	-	-
Profit before interest	422.4	(94.4)	328.0	373.7	(14.6)	359.1	505.6	(67.0)	438.6
Interest on net debt	(69.1)	-	(69.1)	(74.2)	-	(74.2)	(96.1)	-	(96.1)
Interest on pension scheme liabilities	(88.4)	-	(88.4)	(82.6)	-	(82.6)	(110.2)	-	(110.2)
Expected return on pension scheme assets	100.3	-	100.3	89.6	-	89.6	119.6	-	119.6
Other net financing income	11.9	-	11.9	7.0	-	7.0	9.4	-	9.4
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	365.2	(94.4)	270.8	306.5	(14.6)	291.9	418.9	(67.0)	351.9
Tax (note 5)	(106.0)	32.1	(73.9)	(92.0)	5.5	(86.5)	(121.4)	25.0	(96.4)
Profit on ordinary activities after tax	259.2	(62.3)	196.9	214.5	(9.1)	205.4	297.5	(42.0)	255.5
Minority interests	(31.7)	-	(31.7)	(25.1)	0.4	(24.7)	(36.8)	0.4	(36.4)
PROFIT FOR THE PERIOD	227.5	(62.3)	165.2	189.4	(8.7)	180.7	260.7	(41.6)	219.1
Dividends	(197.3)	-	(197.3)	(192.1)	-	(192.1)	(192.1)	-	(192.1)
Surplus/(deficit) for the period	30.2	(62.3)	(32.1)	(2.7)	(8.7)	(11.4)	68.6	(41.6)	27.0
Earnings per share (note 6)									
- basic	46.2p	(12.7)p	33.5p	38.5p	(1.8)p	36.7p	52.9p	(8.4)p	44.5p
- diluted	46.1p	(12.7)p	33.4p	38.5p	(1.8)p	36.7p	52.9p	(8.4)p	44.5p

GROUP RESULTS
3 MONTHS TO 30 JUNE 2004

	3 months to 30 Jun 2004			3 months to 30 Jun 2003		
	Before exceptional items	Exceptional items	After exceptional items	Before exceptional items	Exceptional items	After exceptional items
	£million	£million	£million	£million	£million	£million
TURNOVER, including share of joint ventures and associates	1,157.8	-	1,157.8	1,096.9	-	1,096.9
Less: Share of joint ventures	162.8	-	162.8	156.6	-	156.6
Share of associates	15.9	-	15.9	11.9	-	11.9
Turnover	979.1	-	979.1	928.4	-	928.4
Operating profit of subsidiary undertakings	118.9	(12.9)	106.0	108.6	(2.7)	105.9
Share of operating profit of joint ventures	25.7	(1.7)	24.0	25.1	(5.5)	19.6
Share of operating profit of associates	4.0	-	4.0	2.7	-	2.7
Total operating profit including share of joint ventures and associates	148.6	(14.6)	134.0	136.4	(8.2)	128.2
Loss on termination / disposal of businesses	-	(79.8)	(79.8)	-	-	-
Profit before interest	148.6	(94.4)	54.2	136.4	(8.2)	128.2
Interest on net debt	(22.3)	-	(22.3)	(23.5)	-	(23.5)
Interest on pension scheme liabilities	(29.3)	-	(29.3)	(27.8)	-	(27.8)
Expected return on pension scheme assets	33.3	-	33.3	30.1	-	30.1
Other net financing income	4.0	-	4.0	2.3	-	2.3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	130.3	(94.4)	35.9	115.2	(8.2)	107.0
Tax (note 5)	(37.9)	32.1	(5.8)	(34.7)	3.7	(31.0)
Profit on ordinary activities after tax	92.4	(62.3)	30.1	80.5	(4.5)	76.0
Minority interests	(11.3)	-	(11.3)	(9.5)	-	(9.5)
PROFIT FOR THE PERIOD	81.1	(62.3)	18.8	71.0	(4.5)	66.5
Earnings per share (note 6)						
- basic	16.5p	(12.7)p	3.8p	14.5p	(1.0)p	13.5p
- diluted	16.4p	(12.7)p	3.7p	14.5p	(1.0)p	13.5p

GROUP BALANCE SHEET
AT 30 JUNE 2004

	At 30 Jun 2004	At 30 Jun 2003 (restated)	At 30 Sep 2003 (restated)
	£million	£million	£million
Fixed assets			
- Intangible assets	184.0	194.7	206.1
- Tangible assets	2,676.7	2,933.2	2,913.4
- Joint ventures, associates and other investments	580.4	605.2	608.6
	3,441.1	3,733.1	3,728.1
Current assets	1,310.8	1,204.6	1,104.9
Creditors: amounts falling due within one year	(1,288.1)	(1,220.2)	(1,168.2)
Net current assets/(liabilities)	22.7	(15.6)	(63.3)
Total assets less current liabilities	3,463.8	3,717.5	3,664.8
Creditors: amounts falling due after more than one year	(1,072.1)	(1,284.6)	(1,133.1)
Provisions for liabilities and charges	(370.3)	(380.1)	(376.6)
Total net assets excluding pension assets and liabilities	2,021.4	2,052.8	2,155.1
Pension assets	48.8	54.8	50.7
Pension liabilities	(319.9)	(306.5)	(341.8)
Total net assets including pension assets and liabilities	1,750.3	1,801.1	1,864.0
Shareholders' capital and reserves	1,557.9	1,643.8	1,686.7
Minority shareholders' interests	192.4	157.3	177.3
Total capital and reserves	1,750.3	1,801.1	1,864.0

GROUP CASH FLOW STATEMENT
9 MONTHS TO 30 JUNE 2004

	9 months to 30 Jun 2004	9 months to 30 Jun 2003 (restated)	Year to 30 Sep 2003 (restated)
	£million	£million	£million
TOTAL OPERATING PROFIT before exceptional items	422.4	373.7	505.6
Depreciation and amortisation	245.0	246.8	333.4
Net retirement benefits charge less contributions	(7.1)	7.5	5.6
Operating profit before exceptional items of joint ventures	(72.6)	(60.3)	(86.8)
Operating profit before exceptional items of associates	(9.4)	(7.3)	(11.4)
Changes in working capital and other items	(76.2)	(130.3)	(18.0)
Exceptional cash flows	(5.1)	(21.6)	(28.3)
NET CASH INFLOW FROM OPERATING ACTIVITIES	497.0	408.5	700.1
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES	36.5	12.1	35.0
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(70.4)	(78.6)	(94.4)
TAX PAID	(60.5)	(52.7)	(90.7)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(153.2)	(184.4)	(227.0)
ACQUISITIONS AND DISPOSALS	(11.0)	(116.0)	(118.3)
EQUITY DIVIDENDS PAID	(76.3)	(76.4)	(192.1)
NET CASH INFLOW/(OUTFLOW) BEFORE USE OF LIQUID RESOURCES AND FINANCING	162.1	(87.5)	12.6

GROUP CASH FLOW STATEMENT
3 MONTHS TO 30 JUNE 2004

	3 months to 30 Jun 2004 £million	3 months to 30 Jun 2003 (restated) £million
TOTAL OPERATING PROFIT before exceptional items	148.6	136.4
Depreciation and amortisation	79.3	81.9
Net retirement benefits charge less contributions	(2.7)	(1.7)
Operating profit before exceptional items of joint ventures	(25.7)	(25.1)
Operating profit before exceptional items of associates	(4.0)	(2.7)
Changes in working capital and other items	24.9	(23.0)
Exceptional cash flows	(0.5)	(7.5)
NET CASH INFLOW FROM OPERATING ACTIVITIES	219.9	158.3
DIVIDENDS FROM JOINT VENTURES AND ASSOCIATES	7.7	7.9
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(25.7)	(25.4)
TAX PAID	(15.6)	(14.8)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(46.8)	(66.2)
ACQUISITIONS AND DISPOSALS	(16.3)	(21.5)
EQUITY DIVIDENDS PAID	-	-
NET CASH INFLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING	123.2	38.3

TOTAL RECOGNISED GAINS AND LOSSES
9 MONTHS TO 30 JUNE 2004

	9 months to 30 Jun 2004 £million	9 months to 30 Jun 2003 £million	Year to 30 Sep 2003 £million
Profit for the period	165.2	180.7	219.1
Actuarial loss recognised on the pension schemes	-	-	(17.5)
Movement on deferred tax relating to actuarial loss on pensions	-	-	2.0
Unrealised profit on disposal of a subsidiary	-	8.2	8.2
Exchange translation effect on:			
- results for the period	(4.6)	4.2	8.0
- foreign currency net investments	(119.9)	8.8	23.5
Total recognised gains and losses for the period	40.7	201.9	243.3

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax for any of the above periods.

MOVEMENT IN SHAREHOLDERS' FUNDS
9 MONTHS TO 30 JUNE 2004

	9 months to 30 Jun 2004 £million	9 months to 30 Jun 2003 (restated) £million	Year to 30 Sep 2003 (restated) £million
Profit for the period	165.2	180.7	219.1
Dividends	(197.3)	(192.1)	(192.1)
	(32.1)	(11.4)	27.0
Other recognised gains and losses	(124.5)	21.2	24.2
Reversal of goodwill in total recognised gains and losses on disposal of a subsidiary	15.8	(4.2)	(4.2)
Shares issued	7.9	2.6	3.7
Consideration paid for the purchase of own shares held in an ESOP trust	-	(7.5)	(7.5)
Consideration received for the sale of own shares held in an ESOP trust	2.5	1.2	1.2
Credit in respect of employee share schemes	1.6	0.3	0.7
Net (decrease)/increase in shareholders' funds for the period	(128.8)	2.2	45.1
Shareholders' funds at 1 October - previously reported	1,734.8	1,684.1	1,684.1
Prior period adjustment (note 1)	(48.1)	(42.5)	(42.5)
Shareholders' funds at 1 October - restated	1,686.7	1,641.6	1,641.6
Shareholders' funds - at period end	1,557.9	1,643.8	1,686.7

NOTES TO THE ACCOUNTS

1. Basis of preparation

The results for the 9 months to 30 June 2004 have been prepared on an accounting basis consistent with that applied in the financial year to 30 September 2003, except for changes arising from the adoption of UITF38 (Accounting for ESOP trusts). This new pronouncement changes the treatment of own shares held in an ESOP trust from being a fixed asset investment to a reduction in shareholders' funds. Consideration paid for the purchase of own shares represents the cost of shares purchased by the company. Consideration received for the sale of own shares represents the prices paid by employees on the exercise of options. The credit in respect of employee share schemes represents the charge for those schemes under UITF17 (Employee Share Schemes). Comparative figures have been restated accordingly.

Financial information for the year to 30 September 2003 has been based on the full Group accounts for that period. The 2003 accounts received an unqualified audit report and have been delivered to the Registrar of Companies. The results for the 9 months to 30 June 2004 are unaudited.

2. Exchange rates

The majority of the Group's operations are located outside the UK and operate in currencies other than sterling. Profit and loss and other period statements of the Group's overseas operations are translated at average rates of exchange for the period. Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the period end.

The rates of exchange to sterling for the currencies which principally affected the Group's results were as follows:

	9 months to 30 Jun 2004	9 months to 30 Jun 2003	Year to 30 Sep 2003
Average rates:			
- US dollar	1.78	1.60	1.60
- Australian dollar	2.44	2.68	2.62
- Japanese yen	193.58	191.65	191.01
- South African rand	11.94	13.69	13.24
Period end rates:			
- US dollar	1.81	1.65	1.66
- Australian dollar	2.60	2.46	2.45
- Japanese yen	197.88	198.14	185.60
- South African rand	11.27	12.39	11.57

3. Segmental information

a) Turnover, by business and by region, for the 9 months to 30 June 2004 was as follows:

	9 months to 30 Jun 2004	9 months to 30 Jun 2003	Year to 30 Sep 2003
Business analysis:	£million	£million	£million
Process Gas Solutions	940.6	909.3	1,242.7
Industrial and Special Products	1,339.7	1,281.5	1,751.2
BOC Edwards	595.2	513.6	684.1
Afrox hospitals	314.8	249.7	353.4
Gist	220.8	227.3	291.8
Continuing operations	3,411.1	3,181.4	4,323.2
Regional analysis:			
Europe	912.1	867.5	1,154.4
Americas	914.8	908.7	1,238.8
Africa	506.5	417.4	585.5
Asia/Pacific	1,077.7	987.8	1,344.5
Continuing operations	3,411.1	3,181.4	4,323.2

b) Adjusted operating profit and operating profit, by business and by region, for the 9 months to 30 June 2004 were as follows:

	9 months to 30 Jun 2004		9 months to 30 Jun 2003		Year to 30 Sep 2003	
	Adjusted operating profit	Operating profit	Adjusted operating profit	Operating profit	Adjusted operating profit	Operating profit
	£million	£million	£million	£million	£million	£million
Business analysis:						
Process Gas Solutions	141.5	140.9	137.6	134.2	184.0	177.1
Industrial and Special Products	199.0	185.5	179.9	176.4	242.7	238.2
BOC Edwards	32.5	32.0	13.2	6.4	18.5	7.9
Afrox hospitals	41.9	41.9	30.7	30.7	46.1	46.1
Gist	18.6	18.6	23.3	23.3	29.2	29.2
Corporate	(11.1)	(11.1)	(11.0)	(11.9)	(14.9)	(59.9)
Continuing operations	422.4	407.8	373.7	359.1	505.6	438.6
Regional analysis:						
Europe	106.2	106.2	109.5	107.9	144.3	137.0
Americas	62.6	49.7	71.0	67.0	91.8	42.7
Africa	78.2	78.2	60.8	60.8	85.0	85.0
Asia/Pacific	175.4	173.7	132.4	123.4	184.5	173.9
Continuing operations	422.4	407.8	373.7	359.1	505.6	438.6

c) Turnover, adjusted operating profit and operating profit, by business and by region, for the 3 months to 30 June 2004 were as follows:

	3 months to 30 Jun 2004			3 months to 30 Jun 2003		
	Turnover	Adjusted operating profit	Operating profit	Turnover	Adjusted operating profit	Operating profit
	£million	£million	£million	£million	£million	£million
Business analysis:						
Process Gas Solutions	311.8	49.1	48.5	306.3	48.8	46.4
Industrial and Special Products	447.7	65.6	52.1	447.8	63.6	62.1
BOC Edwards	215.0	15.2	14.7	171.8	4.6	0.6
Afrox hospitals	109.9	15.8	15.8	93.3	12.1	12.1
Gist	73.4	6.4	6.4	77.7	11.1	11.1
Corporate	-	(3.5)	(3.5)	-	(3.8)	(4.1)
Continuing operations	1,157.8	148.6	134.0	1,096.9	136.4	128.2
Regional analysis:						
Europe	306.8	35.6	35.6	295.6	36.2	35.3
Americas	311.3	23.4	10.5	303.1	29.5	28.1
Africa	176.8	26.3	26.3	154.5	22.6	22.6
Asia/Pacific	362.9	63.3	61.6	343.7	48.1	42.2
Continuing operations	1,157.8	148.6	134.0	1,096.9	136.4	128.2

In the quarter in Process Gas Solutions, there was a write-off in the Americas which was offset by a one-off gain in Asia/Pacific. Last year, Europe had the benefit of non-recurrent income in Gist, arising from the termination of the Marks & Spencer General Merchandise contract.

Adjusted means excluding exceptional items.

4. Exceptional items

	9 months to 30 Jun 2004 £million	9 months to 30 Jun 2003 £million	Year to 30 Sep 2003 £million
Litigation settlement	-	-	(43.2)
Restructuring costs	(14.6)	(14.6)	(23.8)
Total operating exceptional items	(14.6)	(14.6)	(67.0)
Loss on termination/disposal of businesses – continuing operations	(79.8)	-	-
Total non-operating exceptional items	(79.8)	-	-

The sale of the packaged gas business in the US was completed on 30 July 2004. In the 3 months to 30 June 2004 the provisional loss on sale of £79.8 million has been booked as a non-operating exceptional item, which includes the write-off of the assets associated with the business, severance and other disposal costs. It also includes a goodwill write-off of £20.1 million, of which £15.8 million had been written off to reserves in the years up to, and including, 1998 in accordance with prevailing UK GAAP at that time. In addition, £12.9 million has been booked as an operating exceptional item for the cost of restructuring the footprint of the remaining business in the US. Cash proceeds are £98.3 million (US$175 million). Cash costs of the disposal, including the settlement of accounts payable liabilities not included in the disposal transaction, are expected to be approximately £35 million, leaving net cash proceeds of approximately £63 million.

Other operating restructuring costs relate to the ongoing integration of BOC's gases business in Japan with part of the Air Liquide business in Japan.

5. Tax

	9 months to 30 Jun 2004 £million	9 months to 30 Jun 2003 £million	Year to 30 Sep 2003 £million
Subsidiary undertakings	(54.6)	(75.5)	(77.9)
Share of joint ventures	(17.5)	(9.4)	(16.0)
Share of associates	(1.8)	(1.6)	(2.5)
Tax on profit on ordinary activities	(73.9)	(86.5)	(96.4)
Overseas tax included in the tax on profit on ordinary activities above was	(55.7)	(65.9)	(69.8)
The tax charge includes a credit in respect of:			
Operating exceptional items	5.4	5.5	25.0
Non-operating exceptional items	26.7	-	-
Tax on exceptional items	32.1	5.5	25.0

6. Earnings per share

	9 months to 30 Jun 2004	9 months to 30 Jun 2003	Year to 30 Sep 2003
	£million	£million	£million
Amounts used in computing the earnings per share:			
Earnings attributable to ordinary shareholders for the period	165.2	180.7	219.1
Adjustment for exceptional items	62.3	8.7	41.6
Adjusted earnings before exceptional items	227.5	189.4	260.7

	9 months to 30 Jun 2004	9 months to 30 Jun 2003	Year to 30 Sep 2003
	million	million	million
Average number of 25p ordinary shares:			
Average issued share capital	498.0	497.4	497.5
Less: average own shares held in trust	(5.2)	(5.0)	(5.0)
Basic	492.8	492.4	492.5
Add: dilutive share options	0.6	0.2	0.2
Diluted	493.4	492.6	492.7

7. Reconciliation of net cash flow to movement in net debt

	9 months to 30 Jun 2004	9 months to 30 Jun 2003 (restated)	Year to 30 Sep 2003 (restated)
	£million	£million	£million
Net borrowings and finance leases – at 1 October	(1,368.1)	(1,325.6)	(1,325.6)
Net cash inflow/(outflow)	162.1	(87.5)	12.6
Issue of shares	10.4	(3.7)	(2.6)
Net borrowings assumed at acquisition	(4.5)	(0.5)	(0.8)
Net liquid resources eliminated on disposal	-	(30.8)	(31.0)
Exchange adjustment	51.2	(12.4)	(20.7)
Net borrowings and finance leases – at period end	(1,148.9)	(1,460.5)	(1,368.1)

8. Contingent liabilities

There has been no material change in contingent liabilities and legal proceedings since 30 September 2003.

THE BOC GROUP, INC.

(A NEVADA CORPORATION)
AND SUBSIDIARIES

SEPTEMBER 30, 2003

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEETS (Unaudited)
as of September 30, 2003 and 2002
(thousands of dollars)

ASSETS	2003	2002
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,813	$ 13,804
Accounts Receivable (less allowance for doubtful accounts of $18,255 and $19,302 in 2003 and 2002, respectively)	221,721	258,234
Due from Affiliates	53,259	68,667
Inventories	95,601	93,094
Prepaid Expenses and Other Assets	21,384	20,240
Deferred Income Taxes	21,540	7,174
Total Current Assets	416,318	461,213
PROPERTY, PLANT AND EQUIPMENT		
Land and Land Improvements	15,203	15,185
Buildings and Leasehold Improvements	111,475	120,232
Machinery and Equipment	2,960,744	2,852,097
Construction in Progress	79,974	97,024
	3,167,396	3,084,538
Less Accumulated Allowance for Depreciation and Amortization	1,822,313	1,729,865
Property, Plant and Equipment-Net	1,345,083	1,354,673
GOODWILL, PATENTS AND TRADEMARKS-NET	155,377	102,705
OTHER ASSETS	271,935	315,126
TOTAL ASSETS	$ 2,188,713	$ 2,233,717

Information under the heading "Notes to Consolidated Financial Statements" is an integral part of these statements.

LIABILITIES AND STOCKHOLDER'S EQUITY		2003		2002
CURRENT LIABILITIES				
Accounts Payable	$	83,240	$	89,278
Accrued Expenses		101,984		139,781
Notes Payable		35,981		163,981
Currently Maturing Long-term Debt		751		751
Income Taxes Payable		35		815
Due to Affiliates		27,933		22,876
Total Current Liabilities		249,924		417,482
LONG-TERM DEBT		283,261		283,597
LONG-TERM DEBT DUE TO AFFILIATES		569,000		411,000
DEFERRED INCOME TAXES		83,789		82,652
OTHER LIABILITIES AND DEFERRED CREDITS		168,226		181,236
COMMON STOCKHOLDER'S EQUITY				
Common Stock, $.05 Par Value:				
Authorized-500,000 Shares				
Issued and Outstanding-477,001 Shares		24		24
Capital in Excess of Par Value		277,067		277,067
Retained Earnings		557,422		580,659
Total Common Stockholder's Equity		834,513		857,750
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$	2,188,713	$	2,233,717

Information under the heading "Notes to Consolidated Financial Statements" is an integral part of these statements.

CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
for the Years Ended September 30, 2003 and 2002
(thousands of dollars)

	2003	2002
Net Sales and Other Revenues	$ 1,652,194	$ 1,617,724
Operating Costs and Expenses:		
Cost of Goods Sold	1,237,941	1,190,570
Selling and Administrative	312,860	304,816
Research and Development	26,535	39,516
Amortization of Intangibles	48	12,500
Total Operating Costs and Expenses	1,577,384	1,547,402
Operating Income	74,810	70,322
Interest Income	501	488
Interest Expense	(50,192)	(47,156)
Legal Settlement (note 17)	(69,000)	-
Other Income-Net	5,892	81
(Loss)/Income from Operations Before Income Taxes	(37,989)	23,735
Tax Benefit on Income from Operations	14,752	15,143
Net (Loss)/ Income	$ (23,237)	$ 38,878

Information under the heading "Notes to Consolidated Financial Statements" is an integral part of these statements.

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY (Unaudited)
for the Years Ended September 30, 2003 and 2002
(thousands of dollars)

	Common Stock- $.05 Par Value	Capital in Excess of Par Value	Retained Earnings	Total Common Stockholder's Equity
Balance at September 30, 2001	$ 24	$ 277,067	$ 541,781	$ 818,872
Net Income	-	-	38,878	38,878
Balance at September 30, 2002	$ 24	$ 277,067	$ 580,659	$ 857,750
Net Loss	-	-	(23,237)	(23,237)
Balance at September 30, 2003	$ 24	$ 277,067	$ 557,422	$ 834,513

Information under the heading "Notes to Consolidated Financial Statements" is an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
for the Years Ended September 30, 2003 and 2002
(thousands of dollars)

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss)/Income	$ (23,237)	$ 38,878
Adjustments to Reconcile Net (Loss)/ Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	154,137	164,694
Provision for Claims and Losses on Accounts Receivable	16,494	6,903
Deferred Income Taxes	(20,181)	15,533
Gain on Sale of Property, Plant and Equipment	(1,209)	(2,031)
Change in Assets and Liabilities Net of Effects from Acquisitions, Disposals, Provisions and Settlements:		
Accounts Receivable	20,019	(49,411)
Due from Affiliates	15,408	(11,697)
Inventories	(2,507)	12,646
Prepaid Expenses and Other Assets	(1,144)	(4,379)
Accounts Payable	(33,938)	40,989
Accrued Expenses	(9,897)	(34,045)
Income Taxes Payable	(780)	460
Due to Affiliates	5,057	9,904
Other Noncurrent Assets and Liabilities-Net	40,707	(81,470)
Net Cash Provided by Operating Activities	158,929	106,974
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital Expenditures	(153,577)	(206,962)
Proceeds from Sale of Property, Plant and Equipment	5,688	13,530
Acquisition of Businesses	(51,280)	(40,296)
Proceeds from Sale of Businesses	-	1,250
Net Cash Used by Investing Activities	(199,169)	(232,478)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments)/Proceeds of Notes Payable-net	(128,000)	151,981
Repayment of Affiliate Debt	-	(423,055)
Proceeds from Affiliate Debt	158,000	411,000
Repayment of Long-term Debt	(751)	(27,913)
Net Cash Provided by Financing Activities	29,249	112,013
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,991)	(13,491)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	13,804	27,295
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 2,813	$ 13,804

Information under the heading "Notes to Consolidated Financial Statements" is an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. **Summary of Significant Accounting Policies**

General The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries (the "Company") is a wholly-owned subsidiary of BOC Holdings, whose ultimate parent is The BOC Group plc (the "Group"), an English corporation.

Nature of Operations The Company currently operates two main businesses consisting of Gases and Related Products and Vacuum Technology. The principal markets for the Gases products are domestic industrial concerns. Vacuum Technology products are sold primarily to semiconductor manufacturers located in the United States and Mexico.

Principles of Consolidation The consolidated financial statements of the Company include the accounts of all majority owned and controlled domestic and foreign subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Cash Flows For the purpose of the Consolidated Statements of Cash Flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Inventory Valuation Substantially all inventories are stated at the lower of cost (determined principally by use of the last-in, first-out "LIFO" method) or market. The remaining inventories are valued at the lower of average cost or market.

Property, Plant and Equipment Property, plant and equipment is stated at cost and is generally depreciated on a straight-line basis over the estimated useful service lives of the related assets. Depreciation expense amounted to $154,089,000 and $152,194,000 for the years ended September 30, 2003 and 2002, respectively. The estimated useful lives for each class of fixed assets are as follows:

Land improvements	10-15 years
Buildings	40 years
Leasehold improvements	Shorter of useful life or life of lease
Machinery and equipment	3-25 years

The company self constructs assets to be used in its main businesses. As such it capitalizes overheads related to the construction of those assets.

Gains and losses on disposals are included in Other Income. Major additions and betterments are capitalized, whereas maintenance and repairs are expensed currently.

Revenue Recognition Substantially all revenues are recognized as products are shipped or services are rendered to customers. The Company uses the percentage of completion method of reporting revenues and costs for its long-term projects. Under this method, revenues are recorded based upon the estimated stage of completion of each project measured by the percentage of costs incurred to date to the total anticipated costs for each project. Revenues recognized under this method amounted to $12,600,000 and $12,865,000 for the years ended September 30, 2003 and 2002, respectively.

Related Party Transactions At September 30, 2003 and 2002, current amounts Due from Affiliates and Due to Affiliates consisted of intercompany receivables and payables, respectively, created in the normal course of business.

Sales to affiliated companies amounted to $78,947,000 and $63,547,000 for the years ended September 30, 2003 and 2002, respectively. Purchases from affiliated companies amounted to $137,672,000 and $158,282,000 for the years ended September 30, 2003 and 2002, respectively.

Goodwill, Patents and Trademarks Goodwill represents cost in excess of fair value of the net assets of companies acquired. In June 2001, the Financial Accounting Standards Board issued SFAS No. 142, " Goodwill and Other Intangible Assets." SFAS No. 142 addresses financial accounting and reporting for acquired goodwill and intangible assets. The Statement provides that goodwill and intangible assets with indefinite lives are no longer amortized on a recurring basis but instead are subject to impairment testing at least annually. The Company adopted SFAS No. 142 on October 1, 2002. Accordingly, the Company no longer amortizes goodwill. In accordance with the provisions of SFAS No. 142, the Company performed impairment tests on goodwill which indicated no impairment of goodwill. Prior to October 1, 2002, the Company amortized goodwill into income on a straight-line basis over periods ranging from five to twenty years.

The following table reflects net income for comparative periods prior to the adoption of SFAS 142 as if the statement's non-amortization of expense had been adopted at the beginning of the respective periods.

Net (Loss)/Income	2003	2002
As reported	$ (23,237,000)	$ 38,878,000
Effect goodwill amortization	-	12,422,000
As adjusted	$ (23,237,000)	$ 51,300,000

The changes in the carrying amount of goodwill for the year ended September 30, 2003 are as follows:

	2003	2002
Balance at October 1	$ 97,447,000	$ 78,486,000
Goodwill amortization	-	(12,422,000)
Acquisitions	50,387,000	31,383,000
Disposals	(1,000,000)	-
Balance at September 30	$ 146,834,000	$ 97,447,000

The changes in the carrying amount of intangible for the year ended September 30, 2003 are as follows:

	2003	2002
Balance at October 1	$ 5,258,000	$ 3,147,000
Intangible amortization	(48,000)	(78,000)
Acquisitions	3,333,000	2,189,000
Balance at September 30	$ 8,543,000	$ 5,258,000

In 2003, the increase in intangible assets was due to the acquisitions of EcoSnow and RGF Systems. In 2002, the increase in intangible assets was due to the acquisition of Plastic Solutions.

Intangible assets with determinable lives consist of patents and non compete covenants acquired. Intangible assets with indefinite lives consist of acquired trademarks. The cost of intangible assets with determinable lives is amortized on a straight-line basis over the estimated useful life or the patent life, whichever is less.

	2003	2002
Patents	$ 7,540,000	$ 3,684,000
Trademarks	400,000	-
Non Competes	603,000	1,574,000
Balance at September 30	$ 8,543,000	$ 5,258,000

Financial Instruments The company uses foreign currency and interest rate swap agreements as hedges to manage foreign currency exchange risk and to manage the proportion of fixed versus floating rate debt. Differences between amounts paid and received under interest rate swaps are recorded as adjustments to the interest expense of the underlying debt. As of September 30, 2003 and 2002 the Company is party to interest rate swap agreements that hedge positions held by the Group. These swap agreements do not qualify for hedge accounting treatment by the Company as the underlying obligations are not included in the Company's consolidated financial statements. Accordingly, the Company records these instruments at market value.

The Company uses foreign exchange contracts as hedges to manage foreign currency exchange risk of commitments to purchase certain inventory for the Gases and Related Products business. Gains and losses on these contracts are deferred and included in the basis of the transaction when it is completed. Substantially all of the Company's foreign exchange contracts at September 30, 2003 were executed.

Taxes on Income Deferred income taxes are provided on the liability method whereby deferred tax assets and liabilities are established for the difference between the financial reporting and income tax basis of assets and liabilities as well as operating loss and tax credit carryforwards. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Investment tax credits are accounted for by the flow-through method whereby they reduce income taxes currently payable and the provision for income taxes in the period the assets giving rise to such credits are placed in service. To the extent such credits are not currently utilized on the Corporation's tax return, deferred tax assets, subject to considerations about the need for a valuation allowance, are recognized for the carryforward amount.

Capitalization of Interest Interest costs associated with the acquisition and construction of capital additions are capitalized as part of the cost of the related assets. The total interest cost incurred for the years ended September 30, 2003 and 2002 amounted to $50,982,000 and $49,288,000 respectively, of which $790,000 and $2,132,000 was capitalized.

Environmental Remediation Costs The company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. As of September 30, 2003 and 2002 accruals amounted to $32,823,000 and $35,863,000 for estimated losses from environmental remediation obligations. These losses generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations which are fixed or readily determinable are discounted to their present value using an interest adjusted treasury rate of 4% at September 30, 2003 and 2002. The impact of this discounting factor is to reduce the liability by $10,009,000 and $10,500,000 at September 30, 2003 and 2002, respectively. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. The total environmental remediation costs incurred for years ended September 30, 2003 and 2002 amounted to $3,474,000 and $3,008,000, respectively.

Use of Estimates The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. **Consolidated Statements of Cash Flows** Supplemental disclosures of cash flow information for the years ended September 30 consisted of the following:

	2003	2002
Cash paid for:		
Interest (net of amount capitalized)	$ 51,916,000	$ 46,557,000
Income taxes	573,000	418,000

3. **Fair Value of Financial Instruments** The estimated fair values of the Company's financial instrument assets/(liabilities) as of September 30 consisted of the following:

	2003	
	Carrying Amount	Fair Value
Cash and Cash Equivalents	$ 2,813,000	$ 2,813,000
Long-term Receivables (included in Other Assets)	3,405,000	3,405,000
Long-term Debt	(853,012,000)	(885,912,000)

	2002	
	Carrying Amount	Fair Value
Cash and Cash Equivalents	$ 13,804,000	$ 13,804,000
Long-term Receivables (included in Other assets)	4,063,000	4,063,000
Long-term Debt	(695,348,000)	(717,883,000)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents The carrying amount approximates fair value because of the short maturity of those instruments.

Long-term Receivables The fair value is estimated based on the discounted future cash flows using current interest rates.

Long-term Debt The fair value of long-term debt is estimated based on the discounted future cash flows using currently available interest rates, adjusted to reflect current exchange rates where applicable.

4. **Accounts Receivable** Accounts receivable as of September 30 consisted of the following:

	2003	2002
Customers	$ 238,571,000	$ 270,122,000
Miscellaneous	1,405,000	7,414,000
	239,976,000	277,536,000
Less allowance for doubtful accounts	18,255,000	19,302,000
	$ 221,721,000	$ 258,234,000

5. **Inventories** Inventories as of September 30 consisted of the following:

	2003	2002
Finished goods	$ 51,232,000	$ 48,345,000
Goods in process	7,918,000	14,538,000
Raw materials and supplies	35,911,000	30,211,000
	$ 95,061,000	$ 93,094,000

Current replacement cost as of September 30, 2003 and 2002 for such inventories exceeded the recorded value by approximately $35,953,000 and $26,137,000, respectively.

6. **Notes Payable** Notes payable as of September 30 consisted of the following:

	2003	2002
Domestic Commercial Paper, interest rate average of 1.79% and 1.38% in 2003 and 2002, respectively.......	$ 35,981,000	163,981,000

7. **Long-term Debt** Long-term debt as of September 30 consisted of the following:

	2003	2002
Unsecured Senior Notes, 7.45%, due 2006..................	$ 250,000,000	$ 250,000,000
Industrial Revenue Bonds, Wachovia tax-exempt weekly rate (1.05% and 1.57% at September 30, 2003 and 2002, respectively), due 2004-2012.......	30,320,000	30,320,000
Other debt and capital lease obligations, 5-10%, due 2004-2006..	3,692,000	4,028,000
	284,012,000	284,348,000
Less current portion...	751,000	751,000
	$ 283,261,000	$ 283,597,000

As of September 30, 2003 and 2002, the Group has $450,000,000 and $420,000,000 respectively of medium-term revolving credit facilities with banks, expiring in various periods ranging from four to five years, which are available to certain subsidiaries of the Group, including the Company. No borrowings were outstanding under the above facilities as of September 30, 2003 and 2002. Interest is based on money market rates, LIBOR or the prime U.S. bank rate. The amount, duration and interest rate basis of each individual borrowing drawn down under these facilities is defined in advance of the borrowing. The facilities are guaranteed by the Group and can be terminated by the Company without penalty on seven days' notice.

Maturities of long-term debt during each of the next five years are as follows:

2004	$ 751,000
2005	11,971,000
2006	258,733,000
2007	475,000
2008	3,696,000
Thereafter	7,635,000
	$ 283,261,000

8. **Long-term Debt Due to Affiliates** Long-term debt due to affiliates as of September 30 consisted of the following:

	2003	2002
The Group, 5.00%, due 2006	$ 411,000,000	$ 411,000,000
The Group, 2.28%, due 2005	116,500,000	-
The Group, 3.94%, due 2005	41,500,000	-
	569,000,000	411,000,000
Less current portion	-	-
	$ 569,000,000	$ 411,000,000

Maturities of long-term debt due to affiliates during each of the next five years are as follows:

2004	$ -
2005	158,000,000
2006	411,000,000
2007	-
2008	-
Thereafter	-
	$ 569,000,000

9. **Acquisitions** In October 2002, the Company purchased the assets of Environmental Management Corporation for $51,280,000 in cash. Cost in excess of fair value of the net assets acquired, which is included in Goodwill in the consolidated balance sheet as of September 30, 2003, amounted to $50,387,000.

In July 2002, the Company purchased the assets of Applied Gas Technology, Inc for $3,180,000 in cash. Cost in excess of fair value of the net assets acquired, which is included in Goodwill in the consolidated balance sheet as of September 30, 2002, amounted to $2,649,000.

In May 2002, the Company purchased the assets of Semco for $4,866,000 in cash. Cost in excess of fair value of the net assets acquired, which is included in Goodwill in the consolidated balance sheet as of September 30, 2002, amounted to $6,535,000.

In January 2002, the Company purchased the assets of Hydromatix for $7,250,000 in cash. Cost in excess of fair value of the net assets acquired, which is included in Goodwill in the consolidated balance sheet as of September 30, 2002, amounted to $8,292,000.

In December 2001, the Company purchased the assets of MG Industries for $25,000,000 in cash. Cost in excess of fair value of the net assets acquired, which is included in Goodwill in the consolidated balance sheet as of September 30, 2002, amounted to $250,000.

10. **Corporate transaction** In March 2002, the group announced plans to merge its process plant operations with Linde engineering to form a new company, Linde BOC Process Plants, LLC. The transaction was completed in September 2002. The net book value in excess of fair value of the net assets contributed to merger, which is included in Goodwill in the consolidated balance sheet as of September 30, 2002, amounted to $13,657,000. The costs of $28,683,000 for closing process plant operations, is included in Other Income-net in the consolidated statements of operations. This includes severance costs for 150 employees, the writedown of assets and costs of winding down the operations.

11. **Taxes on Income** The components of deferred tax assets/(liabilities) as of September 30 consisted of the following:

	2003	2002
Depreciation and amortization	$ (157,227,000)	$ (180,623,000)
Employee benefits and deferred compensation-net	(4,749,000)	(19,026,000)
Anticipatory reserves-net	49,484,000	68,936,000
Deferred state taxes	(21,599,000)	(23,872,000)
Investment tax credit and general business credit carryforwards	21,540,000	21,335,000
Alternative minimum tax credits	41,087,000	42,307,000
Other-net	9,215,000	15,465,000
Total	$ (62,249,000)	$ (75,478,000)

A valuation allowance is provided when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company had established a valuation allowance for a portion of the investment tax credit and general business credit carryforwards. Based upon continued utilization of such credits, as well as the Company's earnings history, such valuation allowance was deemed to be unnecessary in 2003. No other valuation allowances are deemed necessary as all deductible temporary differences will be utilized primarily as charges against reversals of future taxable temporary differences. Based upon prior earnings history, it is expected that future taxable income will be sufficient to utilize the remaining deductible temporary differences.

Deferred taxes as of September 30 were comprised of total deferred tax assets/(liabilities) as follows:

	2003	2002
Total deferred tax assets	$ 160,196,000	$ 187,045,000
Total deferred tax liabilities	(222,445,000)	(262,523,000)
Net deferred tax liabilities	$ (62,249,000)	$ (75,478,000)

Tax provision on income for the years ended September 30 consisted of the following:

	2003	2002
Current:		
Federal	$ -	$ 1,262,000
State and local	(687,000)	905,000
Foreign	11,000	2,000
	(676,000)	2,169,000
Deferred:		
Federal, state and local	(14,076,000)	(17,312,000)
Tax Benefit for income taxes	$ (14,752,000)	$ (15,143,000)

The Company's effective tax rate varies from the statutory federal tax rate as a result of the following factors:

	2003	2002
Statutory federal tax-continuing operations	$ (13,296,000)	$ 8,624,000
(Decrease)/increase in taxes resulting from:		
Release of Contingency Reserves	-	(25,794,000)
State and local taxes, net of federal income taxes	(1,443,000)	1,249,000
Amortization and write-off of goodwill	770,000	1,818,000
All other items-net	(783,000)	(1,040,000)
Tax Benefit for income taxes	$ (14,752,000)	$ (15,143,000)

The Company has investment tax credit and general business credit carryforwards for federal income tax purposes of approximately $21,540,000 which are available to reduce income taxes otherwise payable; however, if not used, the credits will expire as follows:

	Investment Tax and General Business Credits
2004	$ 1,611,000
2005	1,693,000
2006	1,278,000
2007	1,540,000
2008 and thereafter	15,418,000

The Company has alternative minimum tax credits for federal income tax purposes of approximately $41,087,000 which can be carried forward to reduce regular tax liabilities of future years. There is no expiration date on these credits.

12. **Pension Plans and Postretirement Benefits** As of December 31, 1996, the Company merged the BOC Group, Inc. Cash Balance Retirement Plan with the Non-Contributory Retirement Income Plan for Bargaining Unit Employees of the BOC Group, Inc. to form the BOC Group Pension Plan (the "Plan"). The merger has not changed pension benefit structures, although pension cost and funded status is now calculated on a combined basis. The Plan is a trusteed, defined benefit retirement plan covering substantially all officers and employees. The benefits for the Plan are based primarily on years of service, employees' pay and interest credits. The Company's funding policy is consistent with the funding requirements of federal law and regulations. As of September 30, 2003 and 2002 approximately 87% and 88%, respectively, of plan assets were held in equity securities with the remainder primarily in fixed income securities.

The Company also sponsors two unfunded defined benefit postretirement plans that cover full-time regular salaried, non-bargaining and bargaining hourly employees in the United States and their eligible dependents. One plan provides medical benefits and the other provides life insurance benefits. Employees become eligible for these benefits if they reach age 55, with at least ten years of service, while working for the Company.

Participants who are not eligible for Medicare are provided with the same medical benefits as active employees and their covered dependents. Participants who are eligible for Medicare are provided with supplemental benefits to Medicare. The life insurance plan provides up to $2,000 of insurance to each covered retiree.

The postretirement medical plan is contributory, with retiree contributions for pre-1994 retirees frozen at current dollar amounts. The life insurance plan is noncontributory. The Company reserves the right to change the amount contributed by retirees or terminate or amend the postretirement plans at any time. The Company continues to fund benefit costs on a pay-as-you-go basis. For the years ended September 30, 2003 and 2002, the Company made benefit payments totaling $5,068,000 and $5,681,000, respectively.

Effective January 1, 1994, the schedule of retiree contributions in the substantive postretirement medical plan has been amended. The Company pays a percentage of the total cost of medical coverage based on an employee's service at retirement and the retiree will pay the remainder. The Company's percentage is equal to 3% times years of service. For dependents, the Company's percentage is 2% times years of service. In both cases, years of service is limited to a maximum of 30 in determining the Company's percentage. As a transitional measure, the amendment provides that all eligible employees who retire prior to January 1, 1997 will be deemed to have 30 years of service. This change applies only to eligible employees who retire on or after January 1, 1994.

In addition, the Company sponsors a Savings Investment Plan (the "SIP") which qualifies under Section 401(a) and is a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code. The majority of the employees of the Company participate in the SIP. Employees may contribute up to 16% of their compensation, subject to IRS limitations. The Company matched employee contributions of up to six percent of compensation at a rate of 50% until July 1, 2001. In place of matching the contribution, the Company funds three percent toward the Cash Balance Retirement Plan.

	Pension Plan	
	2003	2002
Change in benefit obligation		
Benefit obligation at beginning of year	$ 389,425,000	$ 375,869,000
Service cost	19,827,000	18,484,000
Interest cost	26,413,000	26,349,000
Actual loss/(gain)	13,816,000	(6,083,000)
Benefits paid	(30,325,000)	(24,208,000)
One time charge	69,000,000	-
Amendments	17,000	(986,000)
Benefit obligation at end of year	$ 488,173,000	$ 389,425,000
Change in plan assets		
Fair value of plan assets at beginning of year	$ 632,205,000	$ 717,208,000
Actual return on plan assets (based upon 6/30 mmt. date)	(1,998,000)	(60,795,000)
Benefits paid	(30,325,000)	(24,208,000)
Fair value of plan assets at end of year	$ 599,882,000	$ 632,205,000
Funded status	$ 111,709,000	$ 242,780,000
Unrecognized net transition obligation	(7,688,000)	(10,057,000)
Unrecognized prior service cost	20,300,000	22,330,000
Unrecognized net actuarial loss/(gain)	60,631,000	(33,499,000)
Net amount recognized June 30	184,952,000	221,554,000
Pension Expense July 1 thru September 30	-	6,283,000
Net amount recognized September 30	$ 184,952,000	$ 227,837,000
Amounts recognized in the statement of financial position consist of:		
Prepaid benefit cost	$ 184,952,000	$ 227,837,000
Net amount recognized	$ 184,952,000	$ 227,837,000

Pension Plan

Weighted-average assumptions as of September 30	**2003**	**2002**
Discount rate	5.80%	7.00%
Expected return on plan assets	8.00%	9.00%
Rate of compensation increase (includes merit)	4.75%	4.75%
Interest credits to cash balance accounts	4.80%	6.00%

	2003	**2002**
Components of net benefit cost		
Service cost	$ 19,827,000	$ 18,483,000
Interest cost	26,412,000	26,350,000
Expected return on plan assets	(65,895,000)	(63,050,000)
Amortization of unrecognized net transition obligation	(2,368,000)	(2,368,000)
Amortization of prior service cost	2,043,000	2,144,000
Recognized net actuarial gain	(6,133,000)	(6,693,000)
Net periodic benefit cost benefit	$ (26,114,000)	$ (25,134,000)
Settlement loss	69,000,000	-
Net benefit cost/(benefit)	42,886,000	(25,134,000)

The settlement loss disclosed above in 2003 relates to the agreement reached with regards to the action between the US District Court for the Southern District of Illinois against the BOC Group Cash Balance Plan.

Other postemployment benefits

	2003	**2002**
Change in benefit obligation		
Benefit obligation at beginning of year	$ 78,725,000	$ 76,444,000
Service Cost	2,921,000	2,400,000
Interest Cost	4,946,000	5,333,000
Actuarial loss	2,775,000	229,000
Benefits paid	(5,583,000)	(5,681,000)
Benefit obligation at end of year	$ 83,784,000	$ 78,725,000
Funded status	(83,784,000)	(78,725,000)
Unrecognized prior service cost	(4,637,000)	(5,361,000)
Unrecognized net actuarial loss	16,946,000	14,602,000
Net amount recognized	$ (71,475,000)	$ (69,484,000)
Amounts recognized in the statement of financial *position consist of:*		
Accrued benefit liability and net amount recognized	$ (71,475,000)	$ (69,484,000)

Weighted-average assumptions as of September 30		2003		2002
Discount rate		5.90%		6.50%
Ultimate health care cost trend rate		4.50%		4.50%
Components of net benefit cost:				
Service cost	$	2,921,000	$	2,400,000
Interest cost		4,946,000		5,333,000
Amortization of prior service cost		(724,000)		(724,000)
Recognized net actuarial loss		431,000		451,000
Net benefit cost	$	7,574,000	$	7,460,000

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plan. A one percentage-point change in assumed health care cost trend rates would have the following effects on 2003 costs:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost	$ 864,000	$ (772,000)
Effect on postretirement benefit obligation	$ 7,567,000	$ (7,155,000)

13. **Commitments and Contingencies** The Company leases certain real property and distribution equipment under operating leases. The future minimum obligations under such leases in effect as of September 30, 2003 consisted of the following:

2004	$	21,674,000
2005		18,291,000
2006		13,866,000
2007		9,960,000
2008		7,438,000
Thereafter		53,154,000
	$	124,383,000

For the years ended September 30, 2003 and 2002, total rental expense relating to operating leases amounted to $19,745,000 and $17,736,000, respectively.

The unexpended portion of amounts authorized for capital expenditures as of September 30, 2003 approximated $36,318,000, as to which commitments have been made for approximately $13,244,000.

As of September 30, 2003, the Company was contingently liable for approximately $970,000 for guarantees of indebtedness of others and had approximately $8,166,000 of standby letters of credit outstanding which can only be drawn upon by the beneficiaries if the Company does not perform according to the terms of the related agreements. The Company, however, intends to fully perform on all related agreements.

The Company is committed to make future purchases under take-or-pay contracts. Obligations under such contracts in effect as of September 30, 2003 consisted of the following:

2004	$ 105,072,000
2005	108,061,000
2006	131,466,000
2007	133,795,000
2008	135,581,000
2009 onwards	951,803,000
	$ 1,565,778,000

For the years ended September 30, 2003 and 2002, total purchases made relating to these contracts amounted to $95,519,000 and $81,657,000, respectively.

In the normal course of business, the Company is a party to numerous claims and lawsuits involving many kinds of business disputes and questions, including those related to product liability and environmental matters. The Company has recorded a reserve for these legal matters where it is probable that a liability has been incurred and the amount of cost could be reasonably estimated. Cost of future expenditures for environmental remediation obligations which are readily determinable are discounted to their present value. While the ultimate outcome of these claims and lawsuits cannot readily be determined, it is the opinion of management that none of them, individually or in the aggregate, will have a material adverse effect on the financial position or the results of operations of the Company.

14 Legal Proceedings

The Company has been named in numerous lawsuits alleging injury from exposure to welding fumes. Many of these cases were filed during 2003. Certain of these cases have been either filed in, or transferred for pre-trial purposes to, the federal district court in the Northern District of Ohio, where a multi-district litigation (the "MDL") proceeding has been commenced. The MDL proceeding is still at an early stage. The MDL proceeding is a vehicle for coordinating pre-trial proceedings in cases pending in different federal district courts. In addition to the cases in federal court, the Company is a defendant in a number of similar cases pending in state courts. These cases are in different stages of procedural development, and certain cases are scheduled for trial from time to time. The Company had never had an adverse jury verdict returned against it in a case alleging injury from exposure to welding fumes. On October 28, 2003, a jury in Madison County, Illinois, rendered a verdict against the Company and two co-defendants. The jury awarded $1 million to Mr. Elam, a former laborer who asserted that his idiopathic Parkinson's disease was attributable to his exposure to welding fumes over a period of years. The Company believes that the verdict is inconsistent with the decisions rendered by juries in previous cases, is not supported by the existing scientific evidence and intends to pursue vigorously its post-trial and appeal rights. The Company believes that it has strong defense to the claims asserted in these various proceedings related to alleged injury from exposure to welding fumes and intends to defend vigorously such claims. Based on the Company's experience to date, together with the Company's current assessment of the merits of the claims being asserted, and applicable insurance, the Company believes that continued defense and resolution of these proceedings will not have a material adverse effect in its financial condition or profitability and no liability has been made.

In February 2003, the Group was notified that a jury verdict in the US District Court for the Western District of Texas was obtained for $132 million against the Group, the Company and Fluorogas Limited, an English corporation. The verdict arises primarily out of an alleged breach of a memorandum of understanding by Fluorgas Limited before it was acquired by the Group in September 2001. In March 2003, the court also awarded interest and costs against the defendants, making them jointly and severally liable for a total of $174 million. A bond for the full amount has been posted by the Group with the Court as part of the normal appeals process. The Group believes that the jury's verdict reflects a misunderstanding of the law and does not reflect the facts of any loss that may have been suffered by the plaintiff. The Group is challenging the verdict through the appropriate appeals process and hence no liability has been made. In addition, Fluorogas Limited was placed in administration under the Insolvency Act of 1986 pursuant to an order of the English Courts. In a related proceeding in a US Bankruptcy Court, the UK administrators have obtained injunctive relief preventing the plaintiff in the Fluorogas litigation from commencing or continuing any action or proceeding enforcing any judgement against Fluorogas Limited.

15. Recent Issued Accounting Pronouncements implemented in the year

SFAS 142-Goodwill and other intangible assets
SFAS 142 became effective for the Company on October 1, 2002. The statement removes the requirement to amortize goodwill and certain other intangible assets, and instead, requires an annual impairment review to be carried out on these items. The impact of this standard is reflected in Consolidated Statement of Operations for the year ended September 30, 2003.

SFAS 143-Accounting for asset retirement obligations
SFAS 143 became effective for the Company on October 1, 2002. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The standard has not had a material impact on the results or financial position of the Company in the year.

SFAS 144-Accounting for the impairment or disposal of long-lived assets
SFAS 144 became effective for the Company on October 1, 2002. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The statement establishes a single accounting model for long-lived assets to be disposed of and addresses implementation issues related to SFAS 121. The standard has not had a material impact on the results or financial position of the Company in the year.

SFAS 146-Acccounting for costs associated with exit or disposal activities
SFAS 146 is effective for all exit or disposal activities initiated after December 31, 2002. The statement addresses financial reporting and accounting for costs associated with exit or disposal activities. The statement requires that a liability for cost associated with an exit or disposal activity be recognized when the liability is incurred, at the fair value of the liability. The standard has not had a material impact on the results or financial position of the Company in the year.

SFAS 148-Accounting for stock-based compensation-transition and disclosure-an amendment to SFAS 123
In December 2002 the Financial Accounting Standards Board (the "FASB") issued SFAS 148. This statement provides alternative methods of transition for companies electing to adopt a fair value method of accounting for stock-based employee compensation. It also amends the disclosure requirement of SFAS 123 Accounting for Stock-Based Compensation, but makes no changes to the fair value principle of SFAS 123. The standard has not had a material impact on the results or financial position of the Company in the year.

SFAS 149-Amendment of Statement 133 on derivative instruments and hedging activities
In April 2003, the FASB issued SFAS 149. This statement amends and clarifies financial reporting for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. This statement is effective for contracts entered into or modified after June 30, 2003, and has not had a material effect on the results or financial position in the current period. Management does not believe that this statement will have a material effect on the Company's results and financial position in the future periods.

SFAS 150-Accounting for certain financial instruments with characteristics of both debt and equity

In May 2003, FASB issued SFAS 150. This statement establishes how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. Some financial instruments will be classified as a liability, and others will be classified as equity. This statement is effective for financial instruments entered into or modified after May 31, 2003 and has not had a material effect on the results or financial position in the current period. Management does not believe that this statement will have a material effect on the Company's results and financial position in the future periods.

EITF 00-21-Accounting for revenue arrangements with multiple deliverables

In May 2003, the Emerging Issues Task Force (the "EITF") finalized amendments made to Issued 00-21 following a consensus being reached in November 2002. Issue 00-21 addresses certain aspects of accounting by a seller, especially relating to the identification of single units of accounting for arrangements where the company will perform multiple revenue-generating activities. Issue 00-21 is effective prospectively for arrangements initiated on or after July 1, 2003. Issue 00-21 has not had a material impact on the Company's results and financial position in the current period. Management does not believe that this issue will have a material effect on the results and financial position in the future periods.

EITF 01-8-Determining whether an arrangement contains a lease

In May 2003, the EITF reached a consensus on EITF Issue 01-8. Issue 01-8 provides guidance for determining whether an arrangement contains a lease that is within the scope of SFAS 13 Accounting for Leases. If it is determined that a lease exists, the lease and non-lease components of a combined sales arrangement must be accounted for separately. Issue 01-8 is effective prospectively for arrangement initiated, modified, or acquired after July 1, 2003. The standard has not had a material impact on the results or financial position of the Company in the year.

16. **Recent Issued Accounting Pronouncement not yet implemented**

FIN 46-Consolidation of variable interest entities

In January 2003, the FASB issued FASB Interpretation Number (FIN) 46. In the current period, this interpretation is applicable to all variable interest entities created after January 31, 2003. It will apply to all variable interest entities for accounting periods beginning after December 31, 2003. This interpretation requires the primary beneficiary to consolidate a variable interest entity if it holds a variable interest that will absorb a majority of the entity's expected losses if they occur, receive a majority of the entity's expected residual returns if they occur, or both. This interpretation has not had a material effect on the results or financial position in the current period. Management is currently assessing whether this interpretation is likely to have a material effect on the Company's results and financial position in the future periods.

17. **Subsequent Events**

An action was filed in the US District Court for the Southern District of Illinois against the BOC Group Cash Balance Retirement Plan (the "Plan"). The plaintiffs brought this action on behalf of themselves and all others similarly affected, alleging that the Plan improperly calculated lump sum distributions from the plan in violation of the Employee Retirement Income Security Act. On November 13, 2003 the parties have reached an agreement in principle to settle at $69 million, which is included in Legal Settlement in the consolidated statements of operations, subject to approval by the court at a fairness hearing. The settlement will be paid out of Plan assets.

On January 27, 2004, the Group announced that it intends to sell the US packaged gas business to Airgas for up to $200 million in cash. The business generated approximately $240 million of revenue and accounts for approximately 15% of the Company's revenue.

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003

(UNAUDITED)

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(UNAUDITED)
(Thousands of Dollars)

ASSETS

	December 31, 2003
CURRENT ASSETS:	
Cash and Cash Equivalents	$ 8,614
Accounts Receivable-Net	212,611
Due from Affiliates	52,784
Inventories	113,062
Prepaid Expenses and Other Assets	45,068
Deferred Income Taxes	23,240
Total Current Assets	455,379
PROPERTY, PLANT AND EQUIPMENT-NET	1,320,742
GOODWILL, PATENTS AND TRADEMARKS-NET	157,359
OTHER ASSETS	272,162
	$ 2,205,642

LIABILITIES AND STOCKHOLDER'S EQUITY

	December 31, 2003
CURRENT LIABILITIES:	
Accounts Payable and Accrued Expenses	$ 199,995
Notes Payable	78,000
Currently Maturing Long-term Debt	751
Currently Maturing Long-term Debt Due to Affiliate	-
Income Taxes Payable	212
Due to Affiliates	35,507
Total Current Liabilities	314,465
LONG-TERM DEBT	283,270
LONG-TERM DEBT DUE TO AFFILIATE	519,000
DEFERRED INCOME TAXES	85,865
OTHER LIABILITIES AND DEFERRED CREDITS	167,668
COMMON STOCKHOLDER'S EQUITY	835,374
	$ 2,205,642

These consolidated financial statements should be read in conjunction with The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries September 30, 2003 Consolidated Financial Statements..

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)
(Thousands of Dollars)

	Three Months Ended December 31, 2003
Net Sales and Other Revenues	$ 399,066
Operating Costs and Expenses:	
Cost of Goods Sold	299,723
Selling and Administrative	79,425
Research and Development	6,244
Amortization of Intangibles	12
Total Operating Costs and Expenses	385,404
Operating Income	13,662
Interest-Net	(12,493)
Other Expense-net	266
Gain from Operations Before Income Taxes	1,435
Tax Provision on Income from Continuing Operations	(574)
Net Income	$ 861

These consolidated financial statements should be read in conjunction with The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries September 30, 2003 Consolidated Financial Statements .

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
(Thousands of Dollars)

	Three Months Ended December 31, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	$ 861
Adjustments to Reconcile Net Income to Net Cash used by Operating Activities:	
Depreciation and Amortization	40,518
Provision for Losses on Accounts Receivable	1,453
Deferred Income Taxes	375
Gain on Sale of Property, Plant and Equipment	187
Net Change in Working Capital, excluding Cash, Currently Maturing Debt and Deferred Income Taxes	(10,491)
Net Change in Other Assets and Other Liabilities and Deferred Credits	(2,711)
Net Cash Used by Operating Activities	30,192
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Sale of Property, Plant and Equipment	1,332
Capital Expenditures	(17,751)
Net Cash Used in Investing Activities	(16,419)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Notes Payable-Net	42,019
Repayment of Affiliate Debt	(49,991)
Net Cash Used by Financing Activities	(7,972)
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,801
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,813
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ 8,614

These consolidated financial statements should be read in conjunction with The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries September 30, 2003 Consolidated Financial Statements .

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

DECEMBER 31, 2003

Note 1: The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries (the "Company") is a wholly-owned subsidiary of BOC Holdings (the "Parent"), whose ultimate parent is The BOC Group plc, an English corporation

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2004

(UNAUDITED)

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(UNAUDITED)
(Thousands of Dollars)

ASSETS	March 31, 2004	LIABILITIES AND STOCKHOLDER'S EQUITY	March 31, 2004
CURRENT ASSETS:		CURRENT LIABILITIES:	
Cash and Cash Equivalents	$ 6,502	Accounts Payable and Accrued Expenses	$ 197,748
Accounts Receivable-Net	221,857	Notes Payable	66,000
Due from Affiliates	55,216	Currently Maturing Long-term Debt	751
Inventories	126,972	Currently Maturing Long-term Debt Due to Affiliate	-
Prepaid Expenses and Other Assets	45,857	Income Taxes Payable	-
Deferred Income Taxes	23,240	Due to Affiliates	69,500
Total Current Assets	479,644	Total Current Liabilities	333,999
		LONG-TERM DEBT	283,174
		LONG-TERM DEBT DUE TO AFFILIATE	520,500
PROPERTY, PLANT AND EQUIPMENT-NET	1,312,059	DEFERRED INCOME TAXES	104,357
GOODWILL, PATENTS AND TRADEMARKS-NET	155,545	OTHER LIABILITIES AND DEFERRED CREDITS	144,365
OTHER ASSETS	279,437	COMMON STOCKHOLDER'S EQUITY	840,290
	$ 2,226,685		$ 2,226,685

These consolidated financial statements should be read in conjunction with The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries September 30, 2003 Consolidated Financial Statements .

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)
(Thousands of Dollars)

	Three Months Ended March 31, 2004	Six Months Ended March 31, 2004
Net Sales and Other Revenues	$ 440,325	$ 839,391
Operating Costs and Expenses:		
Cost of Goods Sold	329,652	629,375
Selling and Administrative	80,280	159,669
Research and Development	6,824	13,068
Amortization of Intangibles	241	289
Total Operating Costs and Expenses	416,997	802,401
Operating Income	23,328	36,990
Interest-Net	(12,270)	(24,763)
Other Expense-Net	(2,593)	(2,327)
Income from Operations Before Income Taxes	8,465	9,900
Tax Provision on Income from Operations	(3,549)	(4,123)
Net Income	$ 4,916	$ 5,777

These consolidated financial statements should be read in conjunction with The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries September 30, 2003 Consolidated Financial Statements .

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)
(Thousands of Dollars)

	Six Months Ended March 31, 2004
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Income	$ 5,777
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	80,182
Provision for Losses on Accounts Receivable	2,342
Deferred Income Taxes	18,867
Gain on Sale of Property, Plant and Equipment	(156)
Net Change in Working Capital, excluding Cash, Currently Maturing Debt and Deferred Income Taxes	(6,223)
Net Change in Other Assets and Other Liabilities and Deferred Credits	(31,927)
Net Cash Provided by Operating Activities	68,862
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from Sale of Property, Plant and Equipment	3,884
Capital Expenditures	(50,489)
Net Cash Used in Investing Activities	(46,605)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from Notes Payable-net	30,019
Repayment of Long-term Debt	(48,587)
Net Cash Used by Financing Activities	(18,568)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,689
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,813
CASH AND CASH EQUIVALENTS AT END OF QUARTER	$ 6,502

These consolidated financial statements should be read in conjunction with The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries September 30, 2003 Consolidated Financial Statements .

THE BOC GROUP, INC.
(A NEVADA CORPORATION)
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

MARCH 31, 2004

Note 1: The BOC Group, Inc. (a Nevada Corporation) and Subsidiaries (the "Company") is a wholly-owned subsidiary of BOC Holdings (the "Parent"), whose ultimate parent is The BOC Group plc, an English corporation

E. JOHN OCCHIPINTI

John Occhipinti is President of BOC Energy Services, Inc. and Vice President - Energy Affairs for The BOC Group, Inc., one of the nation's largest electric energy users. The BOC Group, Inc. operates more than 125 plants throughout the United States, Canada and South America .

Mr. Occhipinti is responsible for advising BOC management on electricity matters and other energy related issues. His department is responsible for managing over $130 MM of electricity spend in twenty five states. Some of those duties include: new plant siting, utility contract negotiations and administration; liaisons with and expert testimony before state and federal regulatory and legislative bodies.

Mr. Occhipinti joined BOC Gases in 1984 after holding various engineering management positions with the American Electric Power Corporation, Stone & Webster Management Consultants and the Olin Chemicals Corporation.

Mr. Occhipinti received his BS and MS degrees in Electrical Engineering from the Georgia Institute of Technology in 1972 and 1973 and his Master of Business Administration from Long Island University in 1979.

Mr. Occhipinti has served as Chairman of the Electricity Consumers Resource Council (ELCON), a Washington based association of 36 large industrial electricity consumers. He has also served as Chairman of various state energy groups including Alabama, Connecticut and Pennsylvania. He has testified before State Public Service Commissions in Pennsylvania, West Virginia and Hawaii and the Connecticut State Legislature.

He is married and resides in Mahwah, New Jersey.

LARRY STALICA

Mr. Stalica currently holds the positions of Vice President for BOC Energy Services, Inc. ("BOCES") and Manager – Energy and Regulatory Affairs for The BOC Group, Inc. ("BOC"). BOCES and BOC are a part of The BOC Group plc, an English public company with an international portfolio of companies grouped for management control and reporting into three principal lines of business: Process Gas Solutions, which solves the process needs of the largest customers; Industrial and Special Products, which meets the demands of customers for smaller quantities of gas and related products; and BOC Edwards, which concentrates on the needs of the semiconductor industry while serving a host of other markets. BOC operates over 50 facilities across the United States and Canada with a total electric load of approximately 500 MW.

Prior to joining BOC, Mr. Stalica was Manager – Energy, Facilities, and Maintenance – Americas Tube Operations for Thomson Consumer Electronics. In this position, he managed energy and facility issues for Thomson's television picture tube plants in North America. Thomson Consumer Electronics is a division of Thomson Multimedia, the worldwide consumer electronics company with annual sales of $9.3 billion.

Mr. Stalica is a Senior Member of the Association of Energy Engineers. He is a past President of the Industrial Energy Consumers of Pennsylvania. Mr. Stalica has testified on various energy matters before the Pennsylvania House Consumers Affairs Committee, the Pennsylvania Senate Consumer Protection and Professional Licensure Committee, and the Pennsylvania Public Utility Commission.

Mr. Stalica is a graduate of the Pennsylvania State University where he received a Bachelor of Science Degree in Electric Engineering in 1989. Mr. Stalica also graduated from the United States Navy's Nuclear Power School in Orlando, Florida, and is a certified Engineer by the Department of Energy's Naval Reactors Program, which operates and maintains the power plants of the Navy's nuclear fleet.

Mr. Stalica is married and has two children. He and his family make their home in Easton, Pennsylvania.

DAVID L. BROOKS

Mr. Brooks currently holds the positions of Vice President – Global Financial Services for BOC Group, Vice-President, Chief Financial Officer and Treasurer for BOC Group, Inc. and Treasurer for BOC Energy Services, Inc. BOC Group, Inc. and BOC Energy Services, Inc. are part of The BOC Group, plc., an English public company with an international portfolio of companies grouped for management control and reporting into three principal lines of business: Process Gas Solutions, which solves the process needs of the largest customers; Industrial and Special Products, which meets the demands of customers for smaller quantities of gas and related products; and BOC Edwards, which concentrates on the needs of the semiconductor industry while serving a host of other markets.

Prior to joining the gases division of the BOC Group in 1997, Mr. Brooks was Controller of Ohmeda, a BOC Group health care company. Prior to joining the BOC Group, Mr. Brooks was a Senior Manager with KPMG and a Director of Financial Reporting with Metallurg, Inc.

Mr. Brooks is a Certified Public Accountant and is a member of the New Jersey Society of Certified Public Accountants and the American Institute of Certified Public Accountants.

Mr. Brooks is a graduate of Wheaton College, Wheaton, Illinois with a Bachelor of Arts in Economics. He graduated from Rutgers University Graduate School of Business Administration with a MBA in Public Accounting.

Mr. Brooks is married and has three children. He and his family make their home in Scotch Plains, New Jersey.

JIM BOYCE

Mr. Boyce currently holds the positions of Controller-Tax for The BOC Group, Inc. ("BOC") and Assistant Treasurer for BOC Energy Services, Inc.("BOCES"). BOC and BOCES are a part of The BOC Group plc, an English public company with an international portfolio of companies grouped for management control and reporting into three principal lines of business: Process Gas Solutions, which solves the process needs of the largest customers; Industrial and Special Products, which meets the demands of customers for smaller quantities of gas and related products; and BOC Edwards, which concentrates on the needs of the semiconductor industry while serving a host of other markets.. BOC operates over 50 facilities across the United States and Canada with a total electric load of approximately 500 MW.

Mr. Boyce has worked for BOC for eighteen years. Prior to joining BOC, Mr. Boyce worked as a tax attorney for Texaco, Inc. and the U.S Treasury Department.

Mr. Boyce is licensed to practice law in Massachusetts and is also admitted to the bars of the United States Tax Court, the United States District Court (MA.) and the First Circuit Court of Appeals.

Mr. Boyce is a graduate of Brandeis University where he received a Bachelor of Arts Degree in mathematics. He also has earned J.D. and L.L.M. (Tax) degrees from Boston University.

JAMES BLAKE

Mr. Blake has been employed by for 20 years by The BOC Group, Inc. ("BOC") and is currently the Vice President, General Counsel and Secretary. He is a member of the Board of Directors for several BOC subsidiary companies and Secretary for BOC Energy Services, Inc. ("BOCES"). BOC and BOCES are a part of The BOC Group plc, an English public company with an international portfolio of companies grouped for management control and reporting into three principal lines of business: Process Gas Solutions, which solves the process needs of the largest customers; Industrial and Special Products, which meets the demands of customers for smaller quantities of gas and related products; and BOC Edwards, which concentrates on the needs of the semiconductor industry while serving a host of other markets.

Before joining BOC, Mr. Blake was an associate with Cahill Cordon & Reindel. His responsibilities included but were not limited to general corporate and securities experience including public and private financing; mergers and acquisitions and preparation of SEC filings and state regulatory and legal investment work.

Mr. Blake graduated Summa Cum Laude with a Bachelor of Arts degree in English and Political Science from Boston College. He received his J.D. from University of Michigan Law School and was a member of the Michigan Law Review.

Mr. Blake is member of the New York State Bar, American Bar Association and American Corporate Counsel Association.

Mr. Blake resides in Randolph, New Jersey with his wife and two children.

MARK S. ANDERSON

Mr. Anderson currently holds the positions of Director, Finance & Planning, Process Gas Solutions, North America for The BOC Group, Inc. ("BOC") and Assistant Treasurer for BOC Energy Services, Inc. ("BOCES"). BOC and BOCES are a part of The BOC Group plc, an English public company with an international portfolio of companies grouped for management control and reporting into three principal lines of business: Process Gas Solutions, which solves the process needs of the largest customers; Industrial and Special Products, which meets the demands of customers for smaller quantities of gas and related products; and BOC Edwards, which concentrates on the needs of the semiconductor industry while serving a host of other markets. BOC operates over 50 facilities across the United States and Canada with a total electric load of approximately 500 MW.

Mr. Anderson joined BOC in 1988, and has served in a wide range of engineering, operational, corporate and financial roles across BOC.

Mr. Anderson is a graduate of Christ's College, Cambridge University, UK with a Master of Arts in Chemical Engineering. He graduated from Cranfield School of Management, UK with an MBA.

Mr. Anderson is married and has one child. He and his family make their home in Basking Ridge, New Jersey.

GREGORY J. MULLIGAN

Mr. Mulligan currently holds the positions of Assistant Secretary for BOC Energy Services, Inc. ("BOCES") and Associate Counsel for The BOC Group, Inc. ("BOC"). In his positions, Mr. Mulligan provides legal advice and support to BOC's Process Gas Solutions business operations within the United States. BOC and BOCES are a part of The BOC Group plc, an English public company with an international portfolio of companies grouped for management control and reporting into three principal lines of business: Process Gas Solutions, which solves the process needs of the largest customers; Industrial and Special Products, which meets the demands of customers for smaller quantities of gas and related products; and BOC Edwards, which concentrates on the needs of the semiconductor industry while serving a host of other markets.

Prior to joining BOC, Mr. Mulligan was an Assistant General Counsel for the Dun & Bradstreet Corporation, an Associate Counsel for New York Life Insurance Company and an Associate with the law firm of Whitman Breed Abbott & Morgan in New York City. In these positions, Mr. Mulligan provided legal advice and counsel on corporate matters and commercial transactions, both internationally and domestically.

Mr. Mulligan is a graduate of Vanderbilt University where he received a Bachelor of Arts Degree in Spanish and Chemistry in 1986. Mr. Mulligan received his Juris Doctorate from Vanderbilt Law School in 1990 and is admitted to practice law in the States of New York and New Jersey. Mr. Mulligan is a member of the American and New Jersey Bar Associations.

TECHNICAL FITNESS

BOC Energy Services, Inc., is a wholly owned subsidiary of The BOC Group, Inc. (a Delaware Corporation), whose industrial gases division, BOC Gases, operates over fifty facilities across the United States and Canada producing a variety of industrial gases for its customers. The industrial gas manufacturing process is highly energy intensive, and BOC Gases collectively consumes approximately 3 billion megawatt-hours per year of electricity at its facilities across the United States and Canada.

The management team of BOC Energy Services is composed of highly skilled individuals from within The BOC Group, Inc., that are experienced in securing electricity supply for large industrial facilities, including the Pennsylvania facilities. The following are the principal officers responsible for BOC Energy Services' Pennsylvania operations: E. John Occhipinti, President; Larry Stalica, Vice President; David L. Brooks, Treasurer; James A. Boyce, Assistant Treasurer; Mark Anderson, Assistant Treasurer; James Blake, Secretary; and Gregory Mulligan, Assistant Secretary. Biographies of these referenced officers are included within Exhibit F and demonstrate the officers' strong operational experience.

Experienced professionals from within The BOC Group, Inc., staff BOC Energy Services. These individuals are experienced with managing the operation of energy-intensive manufacturing operations across the United States and the procurement of power to support their operations. BOC Energy Services, which is an affiliate member of PJM, currently is authorized as an electric supplier in Delaware and Maine and provides electric supply services to its affiliate's facilities in those states. Thus, BOC Energy Services has demonstrable experience in providing electric supply service and, in particular, is knowledgeable about working within the PJM markets. The BOC Group, Inc., is also an end-use sector member of PJM and is actively involved in the governance and operations of PJM. Staff from BOC Energy Services regularly attend PJM workshops and training events and will continue to do so in the future.

AFFIDAVITS

AFFIDAVIT

Commonwealth of Pennsylvania :

: ss.

County of Dauphin :

Larry Stalica, Affiant, being duly sworn according to law, deposes and says that:

He is the Vice President of BOC Energy Services, Inc.,; and

that he is authorized to and does make this affidavit for said Applicant;

That BOC Energy Services, Inc., the Applicant herein, acknowledges that BOC Energy Services, Inc., may have obligations pursuant to this Application consistent with the Public Utility Code of the Commonwealth of Pennsylvania, Title 66 of the Pennsylvania Consolidated Statutes; or with other applicable statutes or regulations including Emergency Orders which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

That BOC Energy Services, Inc., the Applicant herein, asserts that he possesses the requisite technical, managerial, and financial fitness to render electric service within the Commonwealth of Pennsylvania and that the Applicant will abide by all applicable federal and state laws and regulations and by the decisions of the Pennsylvania Public Utility Commission.

That BOC Energy Services, Inc., the Applicant herein, certifies to the Commission that it is subject to, will pay, and in the past has paid, the full amount of taxes imposed by Articles II and XI of the Act of March 4, 1971 (P.L. 6, No. 2), known as the Tax Reform Act of 1971 and any tax imposed by Chapter 28 of Title 66. The Applicant acknowledges that failure to pay such taxes or otherwise comply with the taxation requirements of Chapter 28, shall be cause for the Commission to revoke the license of the Applicant. The Applicant acknowledges that it shall report to the Commission its jurisdictional Gross Receipts and power sales for ultimate consumption, for the previous year or as otherwise required by the Commission. The Applicant also acknowledges that it is subject to 66 Pa. C.S. §506 (relating to the inspection of facilities and records).

As provided by 66 Pa. C.S. §2810 (C)(6)(iv), Applicant, by filing of this application waives confidentiality with respect to its state tax information in the possession of the Department of Revenue, regardless of the source of the information, and shall consent to the Department of Revenue providing that information to the Pennsylvania Public Utility Commission.

That BOC Energy Services, Inc., the Applicant herein, acknowledges that it has a statutory obligation to conform with 66 Pa. C.S. §506, §2807 (C), §2807 (D)(2), §2809 (B) and the standards and billing practices of 52 PA. Code Chapter 56.

That the Applicant agrees to provide all consumer education materials and information in a timely manner as requested by the Bureau of Public Liaison or other Commission bureaus. Materials and information requested may be analyzed by the Commission to meet obligations under applicable sections of the law.

That the facts above set forth are true and correct to the best of his knowledge, information, and belief.

Signature of Affiant

Sworn and subscribed before me this 22nd day of September, 2004.

Mary A. Sipe

Signature of official administering oath

My commission expires March 19, 2005.

NOTARIAL SEAL
MARY A. SIPE, Notary Public
City of Harrisburg, PA Dauphin County
My Commission Expires March 19, 2005

RECEIVED
2004 OCT -6 PM 4:07
SECRETARY'S BUREAU

AFFIDAVIT

Commonwealth of Pennsyltania :

: ss.

County of Dauphin :

Larry Stalica, Affiant, being duly sworn according to law, deposes and says that:

He is the Vice President of BOC Energy Services, Inc.,; and

that he is authorized to and does make this affidavit for said Applicant;

That the Applicant herein BOC Energy Services, Inc. has the burden of producing information and supporting documentation demonstrating its technical and financial fitness to be licensed as an electric generation supplier pursuant to 66 Pa. C.S. § 2809 (B).

That the Applicant herein BOC Energy Services, Inc., *has answered the questions on the application* correctly, truthfully, and completely and provided supporting documentation as required.

That the Applicant herein BOC Energy Services, Inc., acknowledges that it is under a duty to update information provided in answer to questions on this application and contained in supporting documents.

That the Applicant herein BOC Energy Services, Inc., acknowledges that it is under a duty to supplement information provided in answer to questions on this application and contained in supporting documents as requested by the Commission.

That the facts above set forth are true and correct to the best of his knowledge, information, and belief, and that he expects said Applicant to be able to prove the same at hearing.

Larry Stalica

Signature of Affiant

Sworn and subscribed before me this 22nd day of September, 2004.

Mary A. Sipe

Signature of official administering oath

My commission expires March 19, 2005.

NOTARIAL SEAL
MARY A. SIPE, Notary Public
City of Harrisburg, PA Dauphin County
My Commission Expires March 19, 2005

RECEIVED
2004 OCT -6 PM 4:07
SECRETARY'S BUREAU

Barclays Bank PLC
200 Park Avenue
New York NY 10166

Tel+1 (212) 412-4000

PROCESSING and PRESENTMENT ADDRESS: 222 BROADWAY, 7TH FLOOR
NEW YORK, NY 10038
Telephone: (212) 412-5142, 2210, 2484
Fax: (212) 412-5111

DOCKETED
DEC 0 8 2004

A-110162

DATE: OCTOBER 8, 2004

BARCLAYS

IRREVOCABLE STANDBY LETTER OF CREDIT NO. NYSB-1984

BENFICIARY:
PENNSYLVANIA PUBLIC UTILITY COMMISSION,
COMMONWEALTH OF PENNSYLVANIA
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, 2ND FLOOR NORTH
P.O. BOX 3265
HARRISBURG, PA 17105-3265
TELEPHONE: (717) 772-7777
FAX: (717) 787-0974

RECEIVED
OCT 12 2004
PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

WE DO HEREBY ISSUE AN IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT BY ORDER OF AND FOR THE ACCOUNT OF BOC LIMITED ON BEHALF OF BOC ENERGY SERVICES, INC. ('ACCOUNT PARTY') IN FAVOR OF THE PENNSYLVANIA PUBLIC UTILITY COMMISSION ('PA PUC') IN AN AMOUNT NOT EXCEEDING US$250,000.00 (UNITED STATES DOLLARS TWO-HUNDRED AND FIFTY THOUSAND AND 00/100) AGAINST PRESENTATION TO US OF A WRITTEN DRAWING CERTIFICATE THAT INCLUDES NOTARIZED SIGNATURES OF A PURPORTED OFFICER OR AUTHORIZED AGENT OF PA PUC DATED THE DATE OF PRESENTATION AND CONTAINS THE FOLLOWING STATEMENT:
'THE UNDERSIGNED HEREBY CERTIFIES TO BARCLAYS BANK PLC ('BANK'), WITH REFERENCE TO IRREVOCABLE NON-TRANSFERABLE STANDBY LETTER OF CREDIT NO. NYSB-1984 ISSUED BY BARCLAYS BANK PLC IN FAVOR OF THE PENNSLYVANIA PUBLIC UTILITY COMMISSION ('PA PUC') THAT BOC ENERGY SERVICES, INC. HAS EITHER FAILED TO -
(1) COMPLY WITH APPLICABLE PROVISIONS OF THE PUBLIC UTILITY CODE, 66 PA. C.S. .. 101, ET SEQ., AND THE RULES AND REGULATION OF THE PA PUC:
(2) PAY THE GROSS RECEIPTS TAX AS REQUIRED BY SECTION 2810 OF THE PUBLIC UTILITY CODE, 66 PA. C.S. . 2810: OR
(3) ENSURE THE SUPPLY OF ELECTRICITY AT RETAIL IN ACCORDANCE WITH CONTRACTS; AGREEMENTS OR ARRANGEMENTS, AND THUS THE PA PUC IS DRAWING UPON THE LETTER OF CREDIT IN AN AMOUNT EQUAL TO US$------------.'

DOCUMENT
FOLDER

130

CONTINUATION OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. NYSB-1984

IF PRESENTATION OF ANY DRAWING CERTIFICATE IS MADE ON A BUSINESS DAY AND SUCH PRESENTATION IS MADE AT OUR COUNTERS ON OR BEFORE 10:00 A.M. EASTERN STANDARD TIME, WE SHALL SATISFY SUCH DRAWING REQUEST ON THE SAME BUSINESS DAY. IF THE DRAWING CERTIFICATE IS RECEIVED AT OUR COUNTERS AFTER 10:00 A.M. EASTERN STANDARD TIME, WE WILL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY, FOR THE PURPOSES OF THIS SECTION, A BUSINESS DAY MEANS A DAY, OTHER THAN A SATURDAY OR SUNDAY, ON WHICH COMMERCIAL BANKS ARE NOT AUTHORIZED OR REQUIRED TO BE CLOSED IN NEW YORK, NEW YORK.
DISBURSEMENTS SHALL BE IN ACCORDANCE WITH THE INSTRUCTIONS OF THE PA PUC.
THE FOLLOWING TERMS AND CONDITIONS APPLY:
THIS LETTER OF CREDIT SHALL EXPIRE AT THE CLOSE OF BUSINESS 31ST DECEMBER 2005.
THE AMOUNT WHICH MAY BE DRAWN BY YOU UNDER THIS LETTER OF CREDIT SHALL BE AUTOMATICALLY REDUCED BY THE AMOUNT OF ANY REIMBURSED DRAWINGS HEREUNDER AT OUR COUNTERS. ANY NUMBER OF PARTIAL DRAWINGS IS PERMITTED FROM TIME TO TIME HEREUNDER.

ALL COMMISSIONS AND CHARGES WILL BE BORNE BY THE ACCOUNT PARTY.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE OR ASSIGNABLE.

THIS LETTER OF CREDIT DOES NOT INCORPORATE AND SHALL NOT BE DEEMED MODIFIED, AMENDED OR AMPLIFIED BY REFERENCE TO ANY DOCUMENT, INSTRUMENT OR AGREEMENT (A) THAT IS REFERRED TO HEREIN (EXCEPT FOR THE UCP, AS DEFINED BELOW) OR (B) IN WHICH THIS LETTER OF CREDIT IS REFERRED TO OR TO WHICH THIS LETTER OF CREDIT RELATES.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500 (THE 'UCP'), EXCEPT TO THE EXTENT THAT TERMS HEREOF ARE INCONSISTENT WITH THE PROVISIONS OF THE UCP, INCLUDING BUT NOT LIMITED TO ARTICLES 13(B) AND 17 OF THE UCP, IN WHICH CASE THE TERMS OF THE LETTER OF CREDIT SHALL GOVERN.

THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE PA PUC AND US.

WE HEREBY ENGAGE WITH YOU THAT DOCUMENTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED UPON PRESENTATION AS SPECIFIED.

BARCLAYS

CONTINUATION OF IRREVOCABLE STANDBY LETTER OF CREDIT NO. NYSB-1984

PRESENTATION OF ANY DRAWING CERTIFICATE UNDER THIS STANDBY LETTER OF CREDIT MAY BE SENT TO US BY COURIER, CERTIFIED MAIL, REGISTERED MAIL TO THE ADDRESS SET FORTH BELOW, OR SUCH OTHER ADDRESS AS MAY HEREAFTER BE FURNISHED BY US.

OTHER NOTICES CONCERNING THIS STANDBY LETTER OF CREDIT MAY BE SENT BY FACSIMILE OR SIMILAR COMMUNICATIONS FACILITY TO THE RESPECTIVE ADDRESSES SET FORTH BELOW. ALL SUCH NOTICES AND COMMUNICATIONS SHALL BE EFFECTIVE WHEN ACTUALLY RECEIVED BY THE INTENDED RECIPIENT PARTY.

IF TO THE BENEFICIARY OF THIS LETTER OF CREDIT:
PENNSYLVANIA PUBLIC UTILITY COMMISSION,
COMMONWEALTH OF PENNSYLVANIA
COMMONWEALTH KEYSTONE BUILDING
400 NORTH STREET, 2ND FLOOR NORTH
P.O. BOX 3265
HARRISBURG, PA 17105-3265
TELEPHONE: (717) 772-7777
FAX: (717) 787-0974

IF TO THE ACCOUNT PARTY:
LARRY STALICA
BOC ENERGY SERVICES, INC.
575 MOUNTAIN AVENUE
MURRAY HILL, NJ 07974
TELEPHONE: (908) 771-1112
FAX: (908) 771-1194

IF TO US:
BARCLAYS BANK PLC
PROCESSING AND PRESENTMENT OFFICE
222 BROADWAY, 7TH FLOOR
NEW YORK, NY 10038
ATTN: DAWN TOWNSEND
TELEPHONE: (212) 412-5142
Fax: (212) 412-5111

BARCLAYS BANK PLC, NEW YORK BRANCH

Dawn Townsend
Authorized Signature

BARCLAYS

COMMONWEALTH OF PENNSYLVANIA

DOCKETED
OCT 15 2004

DOCUMENT
FOLDER

DATE: October 15, 2004

SUBJECT: A-110162

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary

Application of BOC Energy Services, Inc.

Attached is a copy of the Application of BOC Energy Services, Inc., for approval to offer, render, furnish or supply electricity or electric generation services as a Broker/Marketer to the public in the Commonwealth of Pa.

This matter is assigned to your Bureau for appropriate action.

Attachment

cc: Law Bureau

jih

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-787-8009
A-110162

October 15, 2004

DOCKETED
OCT 15 2004

MCNEES WALLACE & NURICK LLC
SUSAN E. BRUCE
PO BOX 1166
100 PINE STREET
HARRISBURG PA 17108-1166

Dear Ms. Bruce:

The Application and $350.00 filing fee for BOC Energy Services, Inc., received in this Office on October 6, 2004, for approval to supply electric generation services as a Broker/Marketer, is hereby acknowledged.

Pursuant to the Commission's Final Order, entered February 13, 1997, at M-00960890F0004, Notice of filing of this Application must be published in newspapers of general circulation covering each county in which you intend to provide service.

You have requested to do business in all of Pennsylvania. Attached is a list of newspapers in which you need to publish in order to meet the publication requirements.

This Application will not be considered complete until a notarized Certification of Publication, along with a photostatic copy of the notice, is filed with this Office.

Sincerely,

James J. McNulty

DOCUMENT
FOLDER

James J. McNulty
Secretary

JJM:jih

PENNSYLVANIA PUBLIC UTILITY COMMISSION
RECEIPT

The addressee named here has paid the PA P.U.C. for the following bill:

DATE 10/15/2004
RECEIPT # 250178

SUSAN E. BRUCE
MCNEES WALLACE & NURICK LLC
P.O. BOX 1166
HARRISBURG PA 17108-1166

In re: Electrical Generation fees for BOC ENERGY SERVICES, INC.

Docket Number A-110162.................................... $350.00

REVENUE ACCOUNT: 001780-017601-107

CHECK NUMBER: 133273
CHECK AMOUNT: $350.00

Stephen Reed
(for Department of Revenue)

DOCKETED
NOV 10 2004

DOCUMENT
FOLDER