

**GALFAR ENGINEERING AND CONTRACTING SAOG
AND SUBSIDIARY**

1

**Notes to the financial statements
for the year ended 31 December 2008 (continued)**

**Cash flow statement
for the year ended 31 December 2008**

	Parent Company		Consolidated	
	2008	2007	2008	2007
	RO	RO	RO	RO
Operating activities				
Profit for the year before tax	25,789,574	25,223,607	26,199,424	25,670,110
Adjustments for:				
Depreciation of property, plant and equipment	17,571,398	12,855,612	18,171,281	13,559,563
Gain on disposal of property, plant and equipment	(398,540)	(62,434)	(398,540)	(114,021)
Net transfer to employees' end of service indemnity	1,258,585	810,861	1,276,500	813,077
Provision for impaired debt	-	-	-	(1,855)
Finance costs	3,980,245	3,174,415	4,095,877	3,311,962
Interest income	(118,157)	(356,379)	(118,157)	(356,379)
Operating profit before changes in working capital	48,083,105	41,645,682	49,226,385	42,882,457
Changes in working capital:				
Trade receivables	(52,949,511)	(37,714,020)	(54,100,924)	(37,248,980)
Prepayments, advances and other receivables	(4,219,077)	(2,144,013)	(3,098,590)	(2,549,217)
Inventories	(24,517,958)	(7,700,153)	(24,533,537)	(7,710,618)
Trade and other payables	29,978,789	17,413,861	31,056,873	17,198,680
Net cash generated from operations	(3,624,652)	11,501,357	(1,449,795)	12,572,322
Change in retentions receivable-long term	(4,324,507)	(3,990,748)	(4,324,507)	(3,990,748)
Change in advances on contracts-long term	18,775,424	1,948,369	18,775,424	1,948,369
Changes in creditors for property plant and equipment	(4,584,882)	558,649	(4,584,882)	558,649
Change in margin deposits	94,767	(2,646,507)	99,766	(2,646,507)
Income tax paid	(1,521,437)	(1,485,776)	(1,521,437)	(1,485,776)
Advance tax paid	(1,453,853)	-	(1,459,883)	-
Net cash from operating activities	3,361,230	5,885,344	5,534,688	6,956,309
Investing activities				
Payments for purchase of property, plant and equipment	(47,752,771)	(38,867,701)	(48,863,333)	(40,003,218)
Proceeds from sale of property, plant and equipment	1,267,335	1,055,492	1,636,277	1,110,809
Change in term deposits	1,293,987	(1,729,955)	1,293,987	(1,729,955)
Interest received	118,157	356,379	118,157	356,379
Net cash used in investing activities	(45,073,292)	(39,185,785)	(45,814,912)	(40,265,985)
Financing activities				
Share capital raised	-	24,169,509	-	24,169,509
Change in bank borrowings	24,617,531	5,216,065	24,586,179	5,199,307
Change in term loans	15,654,037	11,137,088	14,369,718	11,299,869
Change in short term loans	13,471,692	2,250,000	13,471,692	2,250,000
Interest paid	(3,980,245)	(3,174,415)	(4,095,877)	(3,311,962)
Dividend paid	(10,000,000)	(6,045,549)	(10,000,000)	(6,045,549)
Net cash used in financing activities	39,763,015	33,552,698	38,331,712	33,561,174
Net change in cash and cash equivalents	(1,949,047)	252,257	(1,948,512)	251,498
Cash and cash equivalents, at the beginning of the year	3,829,507	3,577,250	3,832,945	3,581,447
Cash and cash equivalents, at the end of the year	1,880,460	3,829,507	1,884,433	3,832,945

The accompanying notes form an integral part of these financial statements.