

Galfar Engineering and Contracting SAOG and its Subsidiary

STATEMENTS OF CONSOLIDATED CASH FLOWS

Year ended 31 December 2010

	<i>Parent company</i>		<i>Consolidated</i>	
	<i>2010</i>	<i>2009</i>	<i>2010</i>	<i>2009</i>
	<i>RO</i>	<i>RO</i>	<i>RO</i>	<i>RO</i>
OPERATING ACTIVITIES				
Profit before tax	5,163,285	4,741,040	7,347,287	4,563,562
Adjustments for:				
Depreciation of property, plant and equipment	23,280,610	22,136,893	24,192,426	22,837,017
Gain on disposal of property, plant and equipment	(89,254)	(62,997)	(167,688)	(124,638)
Net transfer to employees' end of service indemnity	1,157,720	966,489	1,160,690	965,568
Goodwill impairment	-	-	-	164,778
Finance costs	4,964,179	4,719,288	5,265,681	4,888,948
Interest income	(49,244)	(585,396)	(59,123)	(585,396)
Operating profit before changes in working Capital	34,427,296	31,915,317	37,739,273	32,709,839
Changes in working capital:				
Trade receivables and work in progress	(58,993,203)	(17,531,917)	(61,893,440)	(17,106,495)
Prepayments, advances and other Receivables	(3,429,922)	1,896,108	(2,591,066)	1,468,394
Inventories	(909,640)	23,030,636	(945,335)	23,041,553
Trade and other payables	22,781,107	24,914,040	25,336,608	23,132,021
Net cash (used in) from operations	(6,124,362)	64,224,184	(2,353,960)	63,245,312
Change in retentions receivable-long term	8,894,769	(9,307,179)	8,894,547	(9,307,179)
Change in advances on contract's long term	4,209,639	(14,399,347)	4,209,640	(14,399,347)
Changes in creditors for property, plant and equipment	(2,176,442)	(1,925,253)	(2,235,446)	(1,842,236)
Income tax paid	-	(878,143)	-	(878,143)
Net cash from operating activities	4,803,604	37,594,607	8,514,781	36,698,752
INVESTING ACTIVITIES				
Payments for purchase of property, plant and equipment	(10,103,449)	(27,791,851)	(12,593,736)	(28,775,188)
Proceeds from sale of property, plant and equipment	889,247	1,647,982	971,260	1,722,497
Change in term deposits	511,420	9,658,177	366,083	9,658,177
Interest received	49,244	585,396	59,123	585,396
Investment in associates	(7,284,075)	(1,215,073)	(7,276,033)	(1,066,573)
Net cash used in investing activities	(15,937,613)	(17,115,369)	(18,473,303)	(17,875,691)
FINANCING ACTIVITIES				
Change in bank borrowings	24,598,561	(15,942,531)	24,687,094	(15,912,057)
Change in term loans and lease finance liability	(1,255,735)	118,366	(2,051,602)	2,062,744
Change in short term loans	(4,499,920)	4,828,228	(4,499,920)	4,828,228
Interest paid	(4,964,179)	(4,719,288)	(5,265,681)	(4,888,948)
Dividend paid	(3,000,000)	(5,000,000)	(3,000,000)	(5,000,000)
Net cash from (used) in financing activities	10,878,727	(20,715,225)	9,869,891	(18,910,033)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(255,282)	(235,987)	(88,631)	(86,972)
Cash and cash equivalents, at the beginning of the year	1,644,473	1,880,460	1,797,461	1,884,433
CASH AND CASH EQUIVALENTS, AT THE END OF THE YEAR	1,389,191	1,644,473	1,708,830	1,797,461

The attached notes 1 to 38 form part of these consolidated financial statements.