HARDWARE & LUMBER LTD.

Group Statement of Cash Flows

Year ended 31 December 2004

	2004 $'000	2003 $'000
Cash generated from operating and investing activities:		
Net profit	169,004	44,583
Items not affecting cash:		
Depreciation of property, plant and equipment	45,465	28,302
Interest income	(9,575)	(1,059)
Redundancies	10,323	72,791
Warranties	9,276	
Interest expense	74,556	2,887
Amortisation of goodwill	2,151	537
Gain on disposal of subsidiary	–	(2,525)
Taxation expense	97,065	20,403
(Profit)/loss on disposal of property, plant and equipment	(2,233)	511
	396,032	166,430
Changes in non-cash working capital components:		
Change in retirement benefit assets/obligations	(4,700)	(2,426)
Inventories	(587,233)	(116,203)
Receivables	(134,671)	(36,847)
Group companies	169	(58,442)
Payables	457,194	88,209
Provisions (redundancies paid)	(68,566)	(14,548)
Provisions (warranties settled)	(10,576)	–
	(348,383)	(140,257)
Tax paid	(33,529)	(13,444)
Net cash from operating activities	14,120	12,729

Cash Flows from Investing Activities

Disposal of subsidiary, net cash disposed	–	486
Proceeds from sale of property, plant and equipment	10,437	–
Purchase of property, plant and equipment	(124,503)	(40,032)
Acquisition of subsidiaries, net of cash acquired	–	(38,777)
Interest received	9,575	1,131
Net cash used in investing activities	(104,491)	(77,192)
Cash used in operating and investing activities	(90,371)	(64,463)
Cash Flows from Financing Activities		
Short term loans received	304,481	61,831
Interest paid	(70,043)	(5,267)
Short term loans repaid	(187,474)	(67,393)
Long term loans received	17,759	48,207
Long term loans repaid	(33,362)	(19,722)
Dividends paid	(21,558)	(7,520)
Finance leases repaid	(7,068)	(3,190)
Net cash used in financing activities	2,735	6,946
Effects of exchange rate changes on cash and cash equivalents	128	1,277
Net decrease in cash and cash equivalents	(87,508)	(56,240)
Cash and cash equivalents at beginning of year	(63,557)	(7,317)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	(151,065)	(63,557)
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