

Kudelski Group

Consolidated cash flow statements at December 31, 2005 and 2004

	Notes	31.12.2005	31.12.2004
in CHF'000			
Net income for the year attributable to equity holders of the company		78 853	83 785
Adjustments for:			
Current and deferred income tax		5 942	5 974
Interest expense and other finance income/(expense), net		14 299	-9 688
Allocation of the equity conversion component, transaction costs and reconstitution of redemption value of convertible bonds		7 897	8 778
Net loss on tender and cleanup of the 2002 convertible bond		6 512	-
Depreciation, amortization and impairment		39 691	33 729
Change in fair value of financial assets at fair value through profit or loss		162	-1 692
Net income associated companies		-2 663	-1 315
Dividend received from associated companies		502	911
Minority interest in net income		7 919	9 715
Non-cash employee benefits expenses		5 857	2 963
Other non cash income/expenses		395	-7 137
		165 366	126 023
Change in inventories		25 697	-28 529
Change in trade accounts receivable		-1 080	-17 640
Change in trade accounts payable		8 693	7 552
Change in other net current working capital headings		-3 668	-20 131
Interest paid		-4 398	-5 858
Interest received		5 479	4 097
Income tax paid		-6 814	-6 300
Cash flow from operating activities		189 275	59 214

	Notes	31.12.2005	31.12.2004
in CHF'000			
Purchases of intangible fixed assets		-4 822	-5 651
Purchases of tangible fixed assets		-44 169	-60 060
Proceeds from sales of tangible fixed assets		1 227	5 818
Investment in financial fixed assets		-4 383	-21 055
Disposal of subsidiaries, cash inflow/outflow	34	3 275	-160
Cash flow used in investing activities		-48 872	-81 108
Change in bank overdrafts, long term loans and other non-current liabilities		-9 206	-14 492
Proceeds from employee share purchase program		264	288
Tender and cleanup of the 2002 convertible bond		-225 169	-
Proceeds from issuance of convertible bond, net of issuance costs		343 663	-
Dividends paid to minority interests		-5 490	-2 264
Dividends paid to shareholders		-10 321	-
Cash flow used in/from financing activities		93 741	-16 468
Effect of foreign exchange rate changes on cash and cash equivalents		2 823	-707
Net increase (decrease) in cash and cash equivalents		236 967	-39 069
Cash and cash equivalents at the beginning of the year		197 718	236 787
Cash and cash equivalents at the end of the year		434 685	197 718
Net increase (decrease) in cash and cash equivalents		236 967	-39 069

The accompanying notes form an integral part of the consolidated financial statements.