

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 2005

NOTE	2005 HK\$'000	2004 HK\$'000
<b>OPERATING ACTIVITIES</b>		
Loss from operations	<b>(37,953)</b>	(15,285)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	<b>1,084</b>	874
Amortisation of goodwill	<b>454</b>	454
Amortisation of CG animation pictures	<b>13,486</b>	13,486
Amortisation of discount on held-to-maturity debt securities	–	(2,044)
Allowance for amount due from an associate	<b>3,488</b>	–
Interest income	<b>(1,451)</b>	(632)
Loss (gain) on disposal of property, plant and equipment	<b>5,417</b>	(328)
Impairment loss recognised in respect of CG animation pictures in progress	<b>15,250</b>	–
Gain on disposal of investment in securities	<b>(7,818)</b>	–
Gain on redemption of investment in securities	–	(5,612)
Exchange difference arising from operations	<b>570</b>	(905)
Operating cash flow before movements in working capital	<b>(7,473)</b>	(9,992)
Decrease (increase) in inventories	<b>32,543</b>	(23,484)
Decrease (increase) in trade and other receivables	<b>3,532</b>	(3,454)
Decrease (increase) in amount due from an associate	<b>700</b>	(923)
Increase in other payables	<b>18,265</b>	4,463
(Decrease) increase in unearned revenue	<b>(13,260)</b>	13,260
Net cash from (used in) operations	<b>34,307</b>	(20,130)
Hong Kong Profits Tax paid	<b>(131)</b>	(18)
Overseas tax paid	<b>(133)</b>	(668)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>34,043</b>	(20,816)
<b>INVESTING ACTIVITIES</b>		
Cost incurred in CG animation pictures	<b>(60,741)</b>	(9,526)
Purchase of property, plant and equipment	<b>(26,669)</b>	(21,627)
Proceeds from disposal of investment in securities	<b>16,376</b>	–
Interest received	<b>1,438</b>	669
Proceeds from disposal of property, plant and equipment	<b>5</b>	360
Increase in pledged bank deposits	–	(15,600)
Acquisition of investments in securities	–	(7,864)
Proceeds from redemption of held-to-maturity debt securities	–	25,703
Refund of tax from an associate	8	6,812
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(69,591)</b>	(21,073)

**CONSOLIDATED CASH FLOW STATEMENT** (CONTINUED)

	<b>2005</b> <b>HK\$'000</b>	2004 <i>HK\$'000</i>
<b>FINANCING ACTIVITIES</b>		
Net proceeds from issue of shares	<b>111,921</b>	275
New bank loan raised	<b>6,000</b>	–
Repayment of bank loans	<b>(6,000)</b>	(39,000)
Repayment of obligations under finance leases	<b>(866)</b>	(2,644)
Interest paid	<b>(51)</b>	(440)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>111,004</b>	(41,809)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>75,456</b>	(83,698)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>24,591</b>	107,111
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>(551)</b>	1,178
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>99,496</b>	24,591
Representing:		
Bank balances and cash	<b>99,496</b>	25,396
Bank overdraft	<b>–</b>	(805)
	<b>99,496</b>	24,591