

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 March 2004

| | Notes | 2004 HK\$'000 | 2003 HK\$'000 |
|---|-------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit/(loss) before tax | | (8,898) | 4,672 |
| Adjustments for: | | | |
| Finance costs | 8 | 1,069 | 1,311 |
| Share of profit of an associate | | (195) | (3,987) |
| Interest income | 6 | (40) | (52) |
| Gain on disposal of fixed assets | 6 | (880) | (541) |
| Gain on disposal of an investment property | 6 | (450) | — |
| Depreciation | 7 | 11,327 | 11,406 |
| Surplus on revaluation of fixed assets | 7 | (798) | (208) |
| Provision for/(write-back of) inventory obsolescence | 7 | (1,400) | 282 |
| Provision for doubtful debts | 7 | 322 | — |
| | | <hr/> | |
| Operating profit before working capital changes | | 57 | 12,883 |
| Increase in inventories | | (12,008) | (2,556) |
| Decrease/(increase) in trade receivables | | (18,452) | 4,186 |
| Increase in prepayments, deposits and other receivables | | (3,054) | (528) |
| Increase in trade payables | | 21,965 | 18 |
| Increase/(decrease) in other payables and accruals | | 6,778 | (2,504) |
| | | <hr/> | |
| Cash generated from/(used in) operations | | (4,714) | 11,499 |
| Interest received | | 40 | 52 |
| Interest paid | | (1,022) | (1,290) |
| Interest element on finance lease payments | | (47) | (21) |
| Hong Kong profits tax paid | | (4) | — |
| Overseas taxes paid | | (208) | (38) |
| | | <hr/> | |
| Net cash inflow/(outflow) from operating activities | | (5,955) | 10,202 |
| | | <hr/> | |

CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

Year ended 31 March 2004

| | 2004 | 2003 |
|--|---------------------|-----------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Net cash inflow/(outflow) from operating activities | <u>(5,955)</u> | 10,202 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (5,173) | (3,780) |
| Proceeds from disposal of fixed assets | 2,620 | 3,580 |
| Proceeds from disposal of an investment property | 1,740 | — |
| Decrease in due to an associate | (1) | — |
| Increase in mould deposits | (7,259) | (4,274) |
| Repayment of note receivable | 500 | 3,000 |
| Increase in pledged deposits | <u>(2,638)</u> | — |
| Net cash outflow from investing activities | <u>(10,211)</u> | (1,474) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of a bank loan | — | (2,375) |
| Repayment of other loans | (1,450) | (2,250) |
| Capital element of finance lease payments | (385) | (548) |
| Increase in packing loans | 13,597 | — |
| Increase in trust receipt loans | <u>1,326</u> | 2,205 |
| Net cash inflow/(outflow) from financing activities | <u>13,088</u> | (2,968) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (3,078) | 5,760 |
| Cash and cash equivalents at beginning of year | 11,592 | 5,654 |
| Effect of foreign exchange rate changes, net | <u>284</u> | 178 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>8,798</u> | 11,592 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | <u>8,798</u> | 11,592 |