

## CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 March 2005

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) from ordinary activities		
before taxation	4,633	(4,345)
Adjustments for:		
Depreciation	1,066	4,544
Interest income	(81)	(784)
Interest expenses	1,242	4,878
Gain on disposal of subsidiaries attributable to discontinued operations	(21,574)	–
Gain on disposal of a subsidiary	–	(488)
Loss on disposal of property, plant and equipment	174	1,201
Amortisation of goodwill arising on acquisition of subsidiaries	1,843	941
Amortisation of goodwill arising on acquisition of associates	192	2,323
Impairment losses recognised in relation to goodwill arising on acquisition of associates	1,231	12,413
Write down of inventories to net realisable value	9,186	4,601
Provision for loan receivables	21	14
Provision for bad and doubtful debts, net	215	9,708
Provision for long service payments	44	959
Waiver of amounts due to other/trade creditors	–	(673)
Write back of amounts due to other creditors	(2,721)	(616)
Unrealised loss on other investments, net	30	–
Reserve realised upon expiry of warrants	–	(33,392)
Interest in an associate written off	–	22
Share of results of associates	(14)	(135)
Operating (loss)/profit before working capital changes	(4,513)	1,171
Increase in inventories	(1,943)	(8,023)
Decrease/(Increase) in trade and other debtors, deposits and prepayments	4,852	(8,470)
Increase in other investments	(1,164)	–
Decrease in trade and other creditors	(3,369)	(195)
Decrease in provision for long service payments	(44)	–
Cash used in operations	(6,181)	(15,517)
Interest paid	(975)	(1,303)
Hong Kong Profits Tax paid	–	(53)
Net cash used in operating activities	(7,156)	(16,873)

## CONSOLIDATED CASH FLOW STATEMENT For the year ended 31 March 2005

	<i>Notes</i>	<b>2005 HK\$'000</b>	2004 HK\$'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		81	784
Purchase of property, plant and equipment		(1,288)	(1,859)
Acquisition of subsidiaries		–	(4,471)
Proceeds from disposal of a subsidiary		–	480
Proceeds from disposal of subsidiaries attributable to discontinued operations	32(b)	34,302	–
Cash consideration received in respect of disposal of partial interest in a subsidiary		–	12,000
Acquisition of associates		–	(16,010)
Decrease in loan receivables		16	444
Net cash from/(used in) investing activities		<u>33,111</u>	<u>(8,632)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from rights issue, net of expenses		–	44,575
Proceeds from top-up placement, net of expenses		–	14,707
Proceeds from placing of new shares, net of expenses	29	6,767	–
New short term loans		7,700	47,017
Repayment of short term loans		(36,783)	(64,619)
Repayment to a former director		–	(418)
Net cash (used in)/from financing activities		<u>(22,316)</u>	<u>41,262</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>3,639</b>	15,757
<b>CASH AND CASH EQUIVALENTS AS AT 1 APRIL</b>		<b>18,338</b>	2,590
Effect on foreign exchange rate changes		–	(9)
<b>CASH AND CASH EQUIVALENTS AS AT 31 MARCH</b>		<u><b>21,977</b></u>	<u>18,338</u>
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank and cash balances		19,252	18,338
Bank deposits with original maturity of less than three months when acquired, pledged as security for banking facilities		2,725	–
		<u><b>21,977</b></u>	<u>18,338</u>

The Notes on pages 29 to 78 form an integral part of these financial statements.