

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2005

ANNUAL REPORT 2005

	Attributable to equity holders of the parent						Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000			
At 1st January, 2004 as originally stated	37,687	108,662	(3,269)	(1,000)	508	435,430	578,018	3,137	581,155
Effect of changes in accounting policies (see note 2A)	-	-	-	-	-	507	507	-	507
At 1st January, 2004 as restated	37,687	108,662	(3,269)	(1,000)	508	435,937	578,525	3,137	581,662
Exchange differences arising on translation of foreign operation and net loss recognised directly in equity	-	-	-	-	(2)	-	(2)	-	(2)
Profit for the year	-	-	-	-	-	102,408	102,408	352	102,760
Total recognised income and expense for the year	-	-	-	-	(2)	102,408	102,406	352	102,758
Dividends paid	-	-	-	-	-	(90,653)	(90,653)	-	(90,653)
Issue of shares upon exercise of share options	226	1,763	-	-	-	-	1,989	-	1,989
At 1st January, 2005	37,913	110,425	(3,269)	(1,000)	506	447,692	592,267	3,489	595,756
Effect of changes in accounting policies (see note 2A)	-	-	-	1,000	-	(1,000)	-	-	-
At 1st January, 2005 as restated	37,913	110,425	(3,269)	-	506	446,692	592,267	3,489	595,756
Exchange differences arising on translation of foreign operation and net loss recognised directly in equity	-	-	-	-	(346)	-	(346)	-	(346)
Profit for the year	-	-	-	-	-	95,961	95,961	(233)	95,728
Total recognised income and expense for the year	-	-	-	-	(346)	95,961	95,615	(233)	95,382
Dividends paid	-	-	-	-	-	(68,650)	(68,650)	-	(68,650)
Issue of shares upon exercise of share option	452	3,525	-	-	-	-	3,977	-	3,977
At 31st December, 2005	38,365	113,950	(3,269)	-	160	474,003	623,209	3,256	626,465

Special reserve represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and the surplus account of Allied Power Inc., the subsidiary which was acquired by the Company pursuant to the group reorganisation in 1996.

At 31st December, 2004, the goodwill reserve comprises HK\$1,173,000 and HK\$173,000 in respect of goodwill and negative goodwill respectively.