

	2005 HK\$'000	2004 HK\$'000 (restated)
<b>OPERATING ACTIVITIES</b>		
Profit before taxation	<b>105,945</b>	111,955
Adjustments for:		
Finance costs	21	53
Release of prepaid lease payments	970	851
Depreciation of property, plant and equipment	49,105	46,510
Amortisation of goodwill	–	510
Revaluation increase in investment property	(400)	(700)
Interest income	(1,194)	(706)
Loss (gain) on disposal of property, plant and equipment	1,400	(626)
Dividend income from available-for-sale investments	(416)	–
Operating cash flows before movements in working capital	<b>155,431</b>	157,847
Increase in inventories	(42,940)	(36,849)
Increase in debtors, deposits and prepayments	(39,057)	(52,222)
Increase in creditors and accrued charges	40,497	34,349
Cash generated from operations	<b>113,931</b>	103,125
Hong Kong Profits Tax paid	(4,870)	(19,153)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>109,061</b>	83,972
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(92,541)	(61,991)
Additions to prepaid lease payments	–	(7,824)
Purchase of investment securities	–	(13,653)
Decrease in pledged bank deposits	2,187	15,850
Proceeds from disposal of property, plant and equipment	636	5,840
Interest received	1,194	706
Decrease in loan receivable	1,131	–
Dividend received from available-for-sale investments	416	–
Dividend received from pre-acquisition profits of available-for-sale investments	295	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(86,682)</b>	(61,072)

## CONSOLIDATED CASH FLOW STATEMENT

ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2005

ANNUAL REPORT 2005

	2005 HK\$'000	2004 HK\$'000 (restated)
FINANCING ACTIVITIES		
Dividends paid	(68,650)	(90,653)
Interest paid	(21)	(53)
Proceeds from issue of shares	3,977	1,989
NET CASH USED IN FINANCING ACTIVITIES	<b>(64,694)</b>	(88,717)
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(42,315)</b>	(65,817)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<b>108,309</b>	174,128
Effect of foreign exchange rate changes	(988)	(2)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	<b>65,006</b>	108,309