

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2006

	Note	2006 HK\$ Million	2005 HK\$ Million
<b>Cash used in operations</b>	a	<b>(255.0)</b>	(184.7)
Interest received		130.2	34.5
Interest paid		(91.3)	(42.1)
Dividends received from listed investments		157.7	140.2
Dividends received from associates		181.2	223.5
Hong Kong profits tax paid		(13.5)	(8.4)
Overseas profits tax (paid)/refunded		(19.5)	0.2
<b>Net cash inflow from operating activities</b>		<b>89.8</b>	163.2
<b>Investing activities</b>			
Proceeds from disposal of available-for-sale investments		685.0	322.7
Proceeds from disposal of investment properties		293.2	–
Proceeds from disposal of fixed assets		0.8	0.1
Proceeds from disposal of an associate		–	9.5
Purchase of available-for-sale investments		(915.7)	(189.0)
Purchase of additional interests in subsidiaries		(36.4)	–
Purchase of fixed assets		(94.1)	(406.8)
Acquisition of subsidiaries	b	(349.0)	–
Decrease in deferred debtors		24.3	30.6
Decrease in net investment in associates		682.8	718.7
<b>Net cash generated from investing activities</b>		<b>290.9</b>	485.8
<b>Financing activities</b>			
Drawdown of long-term loans		857.2	2,119.2
Repayment of long-term loans		(72.0)	(898.1)
Net repayment of short-term bank loans		–	(230.0)
Dividends paid to Shareholders		(165.6)	(144.9)
Dividends paid to minority shareholders		(793.9)	(22.3)
Issuance of rights shares to minority shareholders		771.9	–
<b>Net cash generated from financing activities</b>		<b>597.6</b>	823.9
<b>Net increase in cash and cash equivalents</b>		<b>978.3</b>	1,472.9
Cash and cash equivalents at 1 April		3,484.5	1,981.9
Effect of foreign exchange rate changes		35.3	29.7
<b>Cash and cash equivalents at 31 March</b>		<b>4,498.1</b>	3,484.5
<b>Analysis of the balances of cash and cash equivalents at 31 March</b>			
Bank balances and deposits		4,498.1	3,484.5

**Notes to the consolidated cash flow statement**

**(a) Reconciliation of profit before taxation to cash used in operations**

	<b>2006</b>	2005
	<b>HK\$ Million</b>	HK\$ Million (restated)
Profit before taxation	<b>2,719.9</b>	2,203.2
Adjustments for:		
Share of profits less losses of associates	<b>(325.0)</b>	(732.3)
Interest income	<b>(129.9)</b>	(35.9)
Interest expenses	<b>50.7</b>	24.1
Depreciation	<b>15.9</b>	1.2
Dividend income from listed investments	<b>(154.9)</b>	(144.0)
Profit on disposal of available-for-sale investments	<b>(168.3)</b>	(89.3)
Increase in fair value of investment properties	<b>(1,384.4)</b>	(657.3)
Write back of provision for properties	<b>(190.1)</b>	(14.2)
Profit on disposal of investment properties	<b>(98.2)</b>	–
Loss on disposal of fixed assets	<b>9.4</b>	0.3
Profit on sale of an associate	–	(9.5)
Amortisation of negative goodwill	–	(12.9)
Amortisation of intangible assets	<b>0.5</b>	–
Exchange differences	<b>50.5</b>	55.1
<b>Operating profit before working capital changes</b>	<b>396.1</b>	588.5
Decrease in short-term investments	–	79.8
Increase in properties under development for sale	<b>(1,896.3)</b>	(2,160.0)
(Increase)/decrease in properties held for sale	<b>(42.5)</b>	1,225.7
Decrease in trade and other receivables	<b>261.9</b>	72.0
(Decrease)/increase in amounts due to fellow subsidiaries	<b>(8.3)</b>	27.1
Decrease in trade and other payables	<b>(6.7)</b>	(17.8)
Increase in deposits from sale of properties	<b>1,040.8</b>	–
<b>Cash used in operations</b>	<b>(255.0)</b>	(184.7)

**(b) Acquisition of subsidiaries**

On 21 April 2005, the Group acquired 67.6% of the shares in Hamptons Group Limited for HK\$362.9 million in cash. The company is engaged in estate agency services in the residential property market. In the period to 31 March 2006, Hamptons Group Limited contributed HK\$810.5 million to the Group's turnover and HK\$14.5 million to the profit attributable to Shareholders of the Company. The acquisition has been accounted for using the purchase method.

If the acquisition had occurred on 1 April 2005, Hamptons Group Limited's revenue and net profit contributed to the Group would not be significantly different to that reported above.

The cash flow and the net assets of subsidiaries acquired are provided below:

	HK\$ Million
Non-current assets	256.1
Current assets	212.5
Current liabilities	(149.3)
Minority interests	(2.8)
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	316.5
Amount previously accounted for as an associate	(57.0)
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Net assets acquired	259.5
Goodwill arising on acquisition	103.4
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Total purchase price paid, satisfied in cash	362.9
Less: Cash of subsidiaries acquired	(13.9)
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Net cash outflow in respect of the acquisition of subsidiaries	<u>349.0</u>

The goodwill is attributable to the profitability of the acquired business and the synergies expected to arise after the Group's acquisition of Hamptons Group Limited.

There were no acquisitions in the year ended 31 March 2005.