

# Consolidated Cash Flow Statement

For the year ended 31 March 2006

	2006 HK\$'000	2005 HK\$'000
<b>LOSS BEFORE TAXATION</b>	<b>(13,577)</b>	<b>(7,997)</b>
Adjustments for:		
Interest expenses	406	476
Interest income	(128)	(56)
Depreciation	1,699	1,702
Amortization of prepaid lease payments	81	—
(Gain)/Loss on disposal of property, plant and equipment	(20)	12
Unrealized loss on financial assets at fair value through profit or loss	9	—
	<b>2,047</b>	<b>2,134</b>
<b>OPERATING CASH OUTFLOW BEFORE CHANGES IN WORKING CAPITAL</b>	<b>(11,530)</b>	<b>(5,863)</b>
Decrease in trade and other receivables	1,446	302
Decrease in trade and other payables	(979)	(675)
	<b>467</b>	<b>(373)</b>
<b>NET CASH USED IN OPERATIONS</b>	<b>(11,063)</b>	<b>(6,236)</b>
Interest paid	(406)	(476)
Interest received	128	56
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(11,341)</b>	<b>(6,656)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	518	3
Purchase of property, plant and equipment	(4,765)	(1,240)
Lease payments for land use rights	(3,716)	—
Purchase of financial assets at fair value through profit or loss	(1,692)	—
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>	<b>(9,655)</b>	<b>(1,237)</b>
<b>NET CASH OUTFLOW BEFORE FINANCING</b>	<b>(20,996)</b>	<b>(7,893)</b>
<b>FINANCING</b>		
Repayment of bank loan	(955)	(672)
Issue of new ordinary shares	45,319	9,578
<b>NET CASH INFLOW FROM FINANCING</b>	<b>44,364</b>	<b>8,906</b>

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For the year ended 31 March 2006

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>23,368</b>	1,013
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>1,607</b>	(282)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>6,820</b>	6,089
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>31,795</b>	6,820
<b>ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	16,966	6,820
Short-term bank deposits	15,000	—
Bank overdrafts	(171)	—
	<b>31,795</b>	6,820

The notes on pages 25 to 59 form an integral part of these financial statements.