

Consolidated Cash Flow Statement

for the year ended 31st March, 2006

	2006 HK\$	2005 HK\$
OPERATING ACTIVITIES		
Loss before taxation	(11,722,132)	(7,206,151)
Adjustments for:		
Amortisation of development costs	1,104,486	2,175,841
Impairment loss on development costs	2,146,035	–
Depreciation of property, plant and equipment	2,362,092	4,293,970
Provision for bad and doubtful debts	511,051	406,333
Provision for slow-moving and obsolete inventories	11,408	2,998,226
Revaluation (surplus)/deficit of property, plant and equipment	(85,384)	200,000
Gain on disposal of properties held for sale	(21,000)	–
Write off/loss on disposal of property, plant and equipment	1,903,863	64,622
Share-based payment expenses	726,274	–
Impairment loss on other investment	–	366,407
Provision for properties held for sale	–	107,413
Interest income	(114,045)	(114,029)
Interest expenses	143,486	171,476
Operating (loss)/profit before working capital changes	(3,033,866)	3,464,108
Decrease in inventories	1,065,498	2,475,927
Decrease in properties held for sale	–	1,250,000
(Increase)/decrease in trade and other receivables	(12,185)	63,855
Decrease in trade and other payables	(5,522,443)	(4,643,260)
CASH (USED IN)/GENERATED FROM OPERATIONS	(7,502,996)	2,610,630
Interest paid	(143,486)	(171,476)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(7,646,482)	2,439,154
INVESTING ACTIVITIES		
Increase in development costs	–	(1,924,917)
Purchase of property, plant and equipment	(49,616)	(48,417)
Interest received	114,045	114,029
Proceeds on disposal of property, plant and equipment	81,329	45,664
Decrease in pledged bank deposits	1,600,000	–
Proceeds on disposal of properties held for sale	371,000	–
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	2,116,758	(1,813,641)

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FINANCING ACTIVITIES		
Advance from a former intermediate holding company	–	5,080,000
Repayment of bank loans	(54,833)	(2,803,738)
Repayment of trust receipt loans	(1,905,615)	(1,288,395)
New bank loans	1,350,000	–
Net proceed from issue of shares	9,984,576	–
NET CASH GENERATED FROM FINANCING ACTIVITIES	9,374,128	987,867
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,844,404	1,613,380
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	7,483,380	5,870,000
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(99,424)	–
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11,228,360	7,483,380
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	11,228,360	8,902,932
Bank overdrafts	–	(1,419,552)
	11,228,360	7,483,380