

# CONSOLIDATED CASH FLOW STATEMENT

At 31 March 2006

	Note	2006 HK\$'000	2005 HK\$'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation		<b>(59,607)</b>	13,952
Adjustments for:			
Depreciation	9	<b>3,147</b>	1,098
Impairment of property, plant and equipment	9	<b>169</b>	–
Provision on obsolete inventories	14	<b>6,689</b>	–
Impairment loss on loan receivables		<b>2,000</b>	–
Impairment loss on investment deposits		<b>2,745</b>	–
Impairment of goodwill	11	<b>5,524</b>	–
Amortisation of leasehold land	10	<b>484</b>	119
Impairment loss on available-for-sale financial assets	13	<b>33,245</b>	–
Amortisation of goodwill		<b>–</b>	271
Impairment of provision for trade receivables	15	<b>4,685</b>	–
Dividend income received from available-for-sale financial assets	23	<b>(191)</b>	(159)
(Gain)/loss on disposal of a subsidiary		<b>(1,098)</b>	2,585
Interest income		<b>(240)</b>	(200)
Finance costs		<b>149</b>	192
Operating cash flows before movements in working capital		<b>(2,299)</b>	17,858
Increase in inventories		<b>(4,337)</b>	(10,759)
Increase in trade receivables		<b>(1,108)</b>	(4,867)
Decrease in prepayments, deposits and other receivables		<b>2,029</b>	1,816
(Decrease)/increase in trade and other payables		<b>(3,060)</b>	3,805
Cash (used in)/generated from operations		<b>(8,775)</b>	7,853
Interest received		<b>240</b>	200
Profits tax paid		<b>(727)</b>	(801)
Net cash (used in)/generated from operating activities		<b>(9,262)</b>	7,252
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		<b>(723)</b>	(4,614)
Loan to third party		<b>–</b>	(2,000)
Dividend income received from available-for-sale financial assets		<b>191</b>	159
Payment to acquire available-for-sale financial assets		<b>–</b>	(4,680)
Cash effect on acquisition of a subsidiary		<b>–</b>	(3,480)
Cash effect on disposal of a subsidiary		<b>174</b>	2,792
Net cash used in investing activities		<b>(358)</b>	(11,823)
<b>FINANCING ACTIVITIES</b>			
Repayment of mortgage loan		<b>(250)</b>	(159)
Advance from a director		<b>8,261</b>	–
Finance costs		<b>(149)</b>	(192)
<b>Net cash generated from/(used in) financing activities</b>		<b>7,862</b>	(351)
<b>Net decrease in cash and cash equivalents</b>		<b>(1,758)</b>	(4,922)
<b>Cash and cash equivalents at beginning of the year</b>		<b>4,246</b>	9,168
<b>Cash and cash equivalents at the end of the year</b>		<b>2,488</b>	4,246

The accompanying notes form an integral part of these financial statements.