

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2006

	2006 HK\$'000	2005 HK\$'000 (Restated)
Cash flows from operating activities		
Loss before taxation	(264,835)	(44,712)
Adjustments for:		
Gain on disposal of other investments	–	(24)
Gain on disposal of subsidiaries	(476)	(4)
Impairment loss on goodwill	153	3,809
Impairment loss on goodwill recognised upon acquisition of interests in associates	40,261	–
Impairment loss on artiste contract rights	109	–
Impairment loss on film rights	4,409	–
Interest income	(3,988)	(37)
Interest expense	17,098	980
Change in fair value of financial assets at fair value through profit or loss	2,259	–
Depreciation of property, plant, equipment and leasehold land	1,206	826
Share of results of associates	147,995	–
Amortisation of goodwill	–	946
Amortisation of trademark	233	20
Amortisation of artiste contract rights	8	3
Amortisation of film rights	18,796	2,500
Impairment loss on trade and other receivables	15,320	13,036
Loss on disposal of property, plant and equipment	220	321
Impairment loss on inventories	2,316	–
Operating cash flows before working capital changes	(18,916)	(22,336)
Increase in film rights	(43,164)	(5,000)
Increase in film and music production in progress	(16,220)	(14,779)
Decrease in inventories	187	–
(Increase)/decrease in trade and other receivables	(39,019)	9,598
Increase in trade and other payables	19,132	8,493
Cash used in operations	(98,000)	(24,024)
Tax paid	(401)	–
Net cash used in operating activities	(98,401)	(24,024)

Consolidated Cash Flow Statement (Continued)

For the year ended 30 June 2006

	2006 HK\$'000	2005 HK\$'000 (Restated)
Cash flows from investing activities		
Interest income received	3,988	37
Payments for trademark and artiste contract rights	(76)	(1,289)
Purchase of other investments	–	(4,511)
Proceeds from disposal of other investments	–	4,535
Purchase of financial assets at fair value through profit or loss	(3,416)	–
Purchase of property, plant and equipment	(2,215)	(24,618)
Proceeds from disposal of property, plant and equipment	–	14
Purchase of interests in associates	(336,275)	–
Convertible notes subscribed	(20,000)	–
Cash effect on acquisition of subsidiaries	–	(16,127)
Cash effect on establishment of subsidiaries	2,000	–
Cash effect on disposal of subsidiaries (net of cash and cash equivalents disposed of)	(572)	–
Net cash used in investing activities	(356,566)	(41,959)
Cash flows from financing activities		
Proceeds from issue of shares	309,486	90,850
Proceeds from issue of convertible notes	170,000	–
Increase/(decrease) in short-term loan	109,000	(4,717)
Increase in bank overdrafts	10,072	–
Issue costs of shares	(9,350)	–
Net decrease in trust receipts and import loans	–	(1,442)
Interest expense paid	(5,508)	(980)
Net cash generated from financing activities	583,700	83,711
Net increase in cash and cash equivalents	128,733	17,728
Cash and cash equivalents at the beginning of the year	19,670	1,942
Cash and cash equivalents at the end of the year	148,403	19,670
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	147,685	19,670
Pledged bank deposits	718	–
	148,403	19,670

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