

Consolidated Cash Flow Statement

For the year ended 31 July 2006

	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Cash flows from operating activities		
Profit/(loss) before taxation	29,620	(27,750)
Adjustments for:		
Depreciation and amortisation	756	19,421
Gain on disposal of property, plant and equipment	–	(160)
Gain on disposal of subsidiaries	(38,130)	–
Impairment loss on bad and doubtful debts	125	1,196
Impairment loss on property, plant and equipment	631	932
Interest expenses	2,584	8,999
Interest income	(18)	–
Negative goodwill written off	(684)	–
Reversal of provision for annual leave	(60)	(95)
Reversal of provision for accrued interest	–	(452)
Reversal of impairment loss on doubtful debts	(278)	–
Share of losses of associates	65	–
Operating (loss)/profit before working capital changes	(5,389)	2,091
Increase in inventories	(34,908)	–
(Increase)/decrease in trade and other receivables	(5,207)	5,986
Increase in amounts due from related companies	(2,317)	(3,392)
(Decrease)/increase in trade and other payables	(2,068)	2,790
Decrease in amounts due to related companies	(3,379)	(12,696)
Increase in amounts due to directors	311	649
Cash used in operations	(52,957)	(4,572)
Tax paid	(45)	–
Interest paid	(2)	(405)
Net cash used in operating activities	(53,004)	(4,977)

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	Note	2006 HK\$'000	2005 HK\$'000
Cash flows from investing activities			
Interest received		18	–
Acquisition of subsidiaries	29(a)	(20,985)	–
Acquisition of associates		(151)	–
Disposal of subsidiaries	29(b)	436	–
Purchase of property, plant and equipment		(5,480)	(1,982)
Proceeds from sale of property, plant and equipment		–	650
Net cash used in investing activities		(26,162)	(1,332)
Cash flows from financing activities			
Advances from ultimate holding company		15,610	–
Proceeds from issuance of share capital		71,794	1,316
Repayment of other loans		(8,079)	(4,660)
Proceeds from other loans		630	12,983
Net cash generated from financing activities		79,955	9,639
Net increase in cash and cash equivalents		789	3,330
Cash and cash equivalents at 1 August		238	183
Effect of foreign exchange rate change, net		11	(3,275)
Cash and cash equivalents at 31 July		1,038	238
Analysis of balances of cash and cash equivalents			
Cash and bank balances		1,038	812
Bank overdrafts		–	(574)
		1,038	238

The notes on pages 30 to 87 form an integral part of these financial statements.