

CONSOLIDATED CASH FLOW STATEMENT

ANNUAL REPORT 2006

ARTS OPTICAL INTERNATIONAL HOLDINGS LIMITED

For the year ended 31st December, 2006

	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	181,045	105,945
Adjustments for:		
Finance costs	49	21
Release of prepaid lease payments	900	970
Depreciation of property, plant and equipment	56,531	49,105
Impairment loss in respect of goodwill	1,274	–
Increase in fair value of investment property	(1,200)	(400)
Interest income	(1,012)	(1,194)
Impairment loss in respect of available-for-sale investments	7,500	–
Dividend income from available-for-sale investments	(940)	(416)
Net (gain) loss on disposal of prepaid lease payments and property, plant and equipment	(18,045)	1,400
Operating cash flows before movements in working capital	226,102	155,431
Increase in inventories	(20,656)	(42,940)
Increase in debtors, deposits and prepayments	(99,153)	(39,057)
Increase in creditors and accrued charges	64,236	40,497
Cash generated from operations	170,529	113,931
Hong Kong Profits Tax paid	(7,977)	(4,870)
NET CASH FROM OPERATING ACTIVITIES	162,552	109,061
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(146,708)	(92,541)
Additions to prepaid lease payments	(962)	–
Purchase of intangible assets	(4,680)	–
Decrease in pledged bank deposits	–	2,187
Proceeds from disposal of property, plant and equipment	2,898	636
Proceeds from disposal of prepaid lease payments	38,460	–
Interest received	1,012	1,194
Decrease in loan receivable	2,375	1,131
Dividend received from available-for-sale investments	940	416
Dividend received from pre-acquisition profits of available-for-sale investments	–	295
NET CASH USED IN INVESTING ACTIVITIES	(106,665)	(86,682)

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FINANCING ACTIVITIES		
Dividends paid	(53,711)	(68,650)
Interest paid	(15)	(21)
Proceeds from issue of shares	–	3,977
Advance from a minority shareholder of a subsidiary	1,225	–
NET CASH USED IN FINANCING ACTIVITIES	(52,501)	(64,694)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,386	(42,315)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	65,006	108,309
Effect of foreign exchange rate changes	742	(988)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	69,134	65,006