

# Consolidated Cash Flow Statement

For the year ended 31 December 2006

32

K.P.I. Company Limited • ANNUAL REPORT 2006

Note	2006 HK\$'000	2005 HK\$'000 (restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(76)	(23,400)
Adjustments for:		
Depreciation of property, plant and equipment	10,541	10,262
Impairment of goodwill	–	1,846
(Profit)/loss on disposal of property, plant and equipment	(37)	18
Property, plant and equipment written off	1,711	6,123
Interest income	(10,502)	(4,002)
Interest expenses	5,457	1,829
Bad debts written off/(recovered)	1,815	(41)
Share-based payment expenses	–	4,459
Dividend income from unlisted investment	(847)	(334)
Unrealised loss on changes in fair values of financial assets	93	539
Reversal of impairment loss on receivables	(2,519)	–
Write-back of other payables	(6,897)	–
Gain on disposal of a subsidiary	(7)	–
Gain on disposal of share options	(476)	(968)
Amortisation of intangible assets	784	–
Amortisation of land lease premium	44	43
Changes in fair value of investment property	(700)	(1,000)
Negative goodwill on acquisition	(10,121)	–
Loss on disposal of jointly controlled entities	10,121	1,776
<b>Operating loss before working capital changes</b>	<b>(1,616)</b>	<b>(2,850)</b>
(Increase)/decrease in inventories	(8,168)	139
Decrease in amounts due from related companies	–	159
Decrease in trade and bills receivables	–	34,622
Increase in loan and interest receivables	(55,956)	–
Increase in other receivables, deposits and prepayments	(5,517)	(7,172)
Decrease/(increase) in amount due from a joint venture partner	769	(2,047)
Decrease in trade and bills payables	(11,720)	(24,377)
Increase/(decrease) in other payables and accruals	15,201	(1,045)
Decrease in amounts due to related companies	–	(300)
<b>Cash used in operations</b>	<b>(67,007)</b>	<b>(2,871)</b>
Interest received	4,799	4,002
Interest paid	(2,961)	(1,829)
Dividend received from unlisted investment	847	334
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<b>(64,322)</b>	<b>(364)</b>

# Consolidated Cash Flow Statement

For the year ended 31 December 2006

	Note	2006 HK\$'000	2005 HK\$'000 (restated)
<b>INVESTING ACTIVITIES</b>			
Purchases of property, plant and equipment		<b>(4,875)</b>	(11,061)
Purchases of construction in progress		–	(41)
Acquisition of subsidiaries, net of cash required	36	<b>58,291</b>	–
Net proceeds from sale/(purchase) of trading securities		<b>2,984</b>	(13,781)
Proceeds on disposal of a subsidiary		<b>7</b>	–
Proceeds on disposal of property, plant and equipment		<b>37</b>	150
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>		<b>56,444</b>	(24,733)
<b>FINANCING ACTIVITIES</b>			
Decrease/(increase) in pledged time deposits		<b>14,500</b>	(1,132)
Proceeds from new bank loans		<b>94,720</b>	38,250
Repayment of bank loans		<b>(74,600)</b>	(43,154)
<b>NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES</b>		<b>34,620</b>	(6,036)
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>26,742</b>	(31,133)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(4,057)</b>	(888)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>111,792</b>	143,813
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	28	<b>134,477</b>	111,792

The notes on pages 34 to 81 form an integral part of these financial statements.