

Consolidated Cash Flow Statement

Year ended 31 March 2005

| | Notes | 2005 HK\$'000 | 2004 HK\$'000 |
|---|-------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 25,125 | 1,204 |
| Adjustments for: | | | |
| Interest income | 5 | (356) | (921) |
| Finance costs | 7 | 150 | 274 |
| Depreciation | 6 | 4,513 | 4,631 |
| Provision for impairment of fixed assets | 6 | 3,777 | – |
| Loss on disposal of fixed assets | 6 | – | 15 |
| Impairment of goodwill | 6 | – | 4,413 |
| Provision against inventories | 6 | 2,707 | – |
| Unrealised gain on other securities | | (22,961) | (29,597) |
| Operating profit/(loss) before working capital changes | | 12,955 | (19,981) |
| Increase in convertible notes | | (3,000) | – |
| Decrease/(increase) in trade receivables | | 728 | (147) |
| Decrease in other securities | | 9,516 | 14,905 |
| Decrease/(increase) in inventories | | 1,309 | (801) |
| Increase in prepayments, deposits and other receivables | | (21,517) | (2,012) |
| Decrease in trade payables | | (1,487) | (1,067) |
| Increase in other payables and accruals | | 799 | 405 |
| Cash used in operations | | (697) | (8,698) |
| Interest paid | | (150) | (274) |
| Net cash outflow from operating activities | | (847) | (8,972) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchases of fixed assets | 13 | (199) | (208) |
| Proceeds from disposal of fixed assets | | – | 2 |
| Interest received | | 906 | 1,799 |
| Net cash inflow from investing activities | | 707 | 1,593 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from issue of shares | 24 | 64,000 | 15,331 |
| Share issue expenses | 24 | (1,600) | – |
| Net cash inflow from financing activities | | 62,400 | 15,331 |

Consolidated Cash Flow Statement (continued)

Year ended 31 March 2005

| | <i>Notes</i> | 2005 HK\$'000 | 2004 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | |
| | | 62,260 | 7,952 |
| Cash and cash equivalents at beginning of year | | 27,816 | 19,864 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | | | |
| | | 90,076 | 27,816 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 21 | 2,583 | 20,214 |
| Non-pledged time deposits with original maturity of less than three months when acquired | 21 | 80,922 | 5,436 |
| Time deposits with original maturity of less than three months when acquired, pledged as security for banking facilities | 21 | 6,572 | 6,534 |
| Bank overdrafts, secured | | (1) | (4,368) |
| | | 90,076 | 27,816 |