

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2005

CHINA WATER AFFAIRS GROUP LIMITED

	Note	2005 HK\$'000	2004 HK\$'000
Turnover	4	48,467	33,187
Cost of sales		(44,732)	(53,402)
Gross profit/(loss)		3,735	(20,215)
Other revenue	4	2,375	291
Selling and distribution costs		(273)	(575)
Administrative expenses		(12,668)	(13,402)
Other operating expenses		(4,821)	(627)
Loss from operations	5	(11,652)	(34,528)
Finance costs	6	(2,998)	(2,424)
Share of losses of associates		(3,292)	(9,654)
Loss on deconsolidation of subsidiaries		–	(14,020)
Impairment losses on interests in associates	19	(5,650)	–
Impairment losses on investments – long term		–	(3,000)
– short term	18	(3,517)	(19,631)
Loss on deemed partial disposal of interests in associates	19	(2,693)	–
Impairment of goodwill		–	(16,081)
Loss from operations before taxation		(29,802)	(99,338)
Taxation	7(a)	(1,185)	–
Loss from operations after taxation		(30,987)	(99,338)
Minority interests		1,718	1,720
Loss attributable to shareholders	8	(29,269)	(97,618)
Loss per share	9	HK cents	HK cents
Basic		(7)	(47)
Diluted		N/A	N/A

The notes on pages 27 to 62 form an integral part of these financial statements.