

# CONSOLIDATED CASH FLOW STATEMENT

The Sincere Company, Limited • Annual Report 2005-06

Year ended 28 February 2006

	2006 HK\$'000	2005 HK\$'000 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before tax	<b>1,300</b>	(124,991)
Adjustments for:		
Interest expense	<b>14,148</b>	10,390
Share of profits less losses of associates	<b>(5,746)</b>	19,305
Interest income	<b>(6,408)</b>	(3,721)
Depreciation	<b>12,135</b>	14,792
Amortisation of prepaid land premium	<b>22</b>	22
Goodwill impairment and amortisation	<b>6,067</b>	6,710
Impairment on items of property, plant and equipment in Mainland China	<b>3,205</b>	331
Impairment on items of property, plant and equipment in Hong Kong ("HK")	<b>–</b>	13,575
Fair value loss on investment properties in Mainland China	<b>1,420</b>	6,700
Impairment on properties under development in Mainland China	<b>2,700</b>	12,400
Impairment on properties under development for sale in the United Kingdom ("UK")	<b>–</b>	14,127
Loss on disposal of property, plant and equipment	<b>485</b>	1,758
Write-back of provision for impairment of long term investment	<b>–</b>	(2,323)
Operating profit/(loss) before working capital changes	<b>29,328</b>	(30,925)
Decrease in long term receivables	<b>–</b>	3,591
Decrease in properties under development for sale	<b>–</b>	142,650
Decrease/(increase) in properties held for sale	<b>89,153</b>	(61,474)
Decrease in inventories	<b>3,662</b>	4,161
Decrease in debtors	<b>223</b>	1,528
Decrease/(increase) in prepayments, deposits and other receivables	<b>(101,728)</b>	1,042
Decrease/(increase) in investments at fair value through profit or loss/marketable securities	<b>(12,146)</b>	61,436
Increase in creditors	<b>44,823</b>	4,214
Decrease in deposits, accrued expenses and other payables	<b>(5,620)</b>	(17,320)
Increase in pension scheme assets	<b>(117)</b>	(148)
Cash generated from operations	<b>47,578</b>	108,755
Interest received	<b>6,408</b>	3,721
Interest paid	<b>(14,148)</b>	(17,728)
Net cash inflow from operating activities	<b>39,838</b>	94,748

# CONSOLIDATED CASH FLOW STATEMENT (Continued)

The Sincere Company, Limited • Annual Report 2005-06

Year ended 28 February 2006

	Notes	2006 HK\$'000	2005 HK\$'000 (restated)
Net cash inflow from operating activities		<b>39,838</b>	94,748
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to items of property, plant and equipment		<b>(14,707)</b>	(7,938)
Advances from associates		<b>1,957</b>	1,138
Repayment from long term investments		<b>–</b>	7,672
Payment of rental deposits		<b>(1,314)</b>	(847)
Decrease/(increase) in pledged bank balances		<b>(4,187)</b>	20,211
Increase in pledged deposits with banks		<b>(13,240)</b>	(42,459)
Proceeds on disposal of items of property, plant and equipment		<b>60</b>	28,067
Net cash inflow/(outflow) from investing activities		<b>(31,431)</b>	5,844
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		<b>(380,227)</b>	(208,220)
New bank loans and other borrowings		<b>416,683</b>	27,396
Minority interests		<b>(3,698)</b>	61,179
Net cash inflow/(outflow) from financing activities		<b>32,758</b>	(119,645)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>41,165</b>	(19,053)
Cash and cash equivalents at beginning of year		<b>359</b>	18,584
Effect of foreign exchange rate changes, net		<b>(270)</b>	828
CASH AND CASH EQUIVALENTS AT END OF YEAR		<b>41,254</b>	359
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	24	<b>57,135</b>	35,444
Bank overdrafts	25	<b>(15,881)</b>	(35,085)
		<b>41,254</b>	359