

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2006

	2006 HK\$'000	2005 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(23,026)	(56,509)
Adjustments for:		
Depreciation	2,219	2,383
Impairment loss on property, plant and equipment	—	3,000
Impairment loss on available-for-sale investments	—	876
Gain on disposals of property, plant and equipment	(91)	(92)
Allowance for loss on obsolete inventories	1,361	25,863
Allowance for doubtful debts	536	—
Bad debt written off	2,755	—
Share-based payment expenses	427	—
Loss on investment previously overcharged written back	—	(175)
Interest income	(77)	(357)
Interest expenses	447	270
Operating loss before working capital changes	(15,449)	(24,741)
Decrease/(increase) in inventories	11,032	(8,958)
(Increase)/decrease in properties under development	(8,463)	14,452
Increase in trade and other receivables	(2,313)	(18,019)
(Increase)/decrease in pledged and restricted bank deposits	(56)	14,017
Increase in amount due to a director	4,408	—
Increase/(decrease) in trade and other payables	3,165	(5,928)
Cash used in operations	(7,676)	(29,177)
Income taxes paid	(179)	(1,441)
Interest received	77	357
Interest paid	(3)	(2)
NET CASH USED IN OPERATING ACTIVITIES	(7,781)	(30,263)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(413)	(100)
Proceeds from sale of property, plant and equipment	132	262
Increase in interest in a jointly controlled entity	—	23,469
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(281)	23,631

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FINANCING ACTIVITY		
Repayment of bank loans	—	(9,400)
NET CASH USED IN FINANCING ACTIVITY	—	(9,400)
DECREASE IN CASH AND CASH EQUIVALENTS	(8,062)	(16,032)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	12,547	28,633
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(171)	(54)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4,314	12,547
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	10,530	18,707
Bank deposit restricted (note 5)	(6,216)	(6,160)
	4,314	12,547

The notes on pages 24 to 57 form an integral part of these financial statements.