

# Consolidated Cash Flow Statement

Year ended 31 March 2006

	Notes	2006 HK\$'000	2005 HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		<b>(46,482)</b>	25,125
Adjustments for:			
Interest income	5	<b>(1,931)</b>	(356)
Finance costs	7	<b>961</b>	150
Depreciation	6	<b>143</b>	4,513
Provision for impairment of items of property, plant and equipment	6	<b>–</b>	3,777
Gain on disposal of subsidiaries	5 & 29	<b>(1,173)</b>	–
Gain on disposal of items of property, plant and equipment	5	<b>(109)</b>	–
Provision/(write-back of provision) for inventories	6	<b>(1,232)</b>	2,707
Fair value losses, net:			
Equity investments at fair value through profit or loss		<b>10,096</b>	–
Conversion option derivative		<b>1,479</b>	–
Unrealised gain on other securities		<b>–</b>	(22,961)
Operating profit/(loss) before working capital changes		<b>(38,248)</b>	12,955
Increase in convertible notes-loan portion/convertible notes		<b>(459)</b>	(3,000)
Decrease/(increase) in equity investments at fair value through profit or loss/other securities		<b>(31,183)</b>	9,516
Decrease in inventories		<b>1,605</b>	1,309
Decrease/(increase) in trade receivables		<b>(10,235)</b>	728
Increase/(decrease) in prepayments, deposits and other receivables		<b>18,135</b>	(21,517)
Increase/(decrease) in trade payables		<b>54</b>	(1,487)
Increase/(decrease) in other payables and accruals		<b>(297)</b>	799
Cash used in operations		<b>(60,628)</b>	(697)
Interest paid		<b>(961)</b>	(150)
Net cash outflow from operating activities		<b>(61,589)</b>	(847)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		<b>(57)</b>	(199)
Purchases of available-for-sale equity investments		<b>(4,794)</b>	–
Interest received		<b>1,931</b>	906
Net cash inflow/(outflow) from investing activities		<b>(2,920)</b>	707

# Consolidated Cash Flow Statement (continued)

Year ended 31 March 2006

	<i>Notes</i>	<b>2006</b> <b>HK\$'000</b>	2005 HK\$'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	26	–	64,000
Share issue expenses	26	–	(1,600)
New other loans		<b>90,000</b>	–
Repayment of other loans		<b>(90,000)</b>	–
Capital element of finance lease rental payments		<b>(61)</b>	–
Net cash inflow/(outflow) from financing activities		<b>(61)</b>	62,400
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(64,570)</b>	62,260
Cash and cash equivalents at beginning of year		<b>90,076</b>	27,816
Effect of foreign exchange rate changes, net		<b>5</b>	–
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		<b>25,511</b>	90,076
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	22	<b>7,643</b>	2,583
Non-pledged time deposits with original maturity of less than three months when acquired	22	<b>11,137</b>	80,922
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	22	<b>6,731</b>	6,572
Bank overdrafts, secured		–	(1)
		<b>25,511</b>	90,076