

Consolidated Cash Flow Statement

for the year ended 31 December in HK\$ million	Note	2010	2009
Cash flows from operating activities			
Operating profit from railway and related businesses before depreciation, amortisation and variable annual payment arising from the Rail Merger		10,917	9,515
Adjustments for:			
Increase in provision for obsolete stock		2	–
Loss on disposal of fixed assets		50	6
Amortisation of deferred income from transfers of assets from customers		(6)	(2)
Increase in fair value of derivative instruments		(1)	(3)
Unrealised loss on revaluation of investment in securities		2	1
Employee share-based payment expenses		61	40
Exchange loss		14	4
Operating profit from railway and related businesses before working capital changes		11,039	9,561
Increase in debtors, deposits and payments in advance		(246)	(490)
Increase in stores and spares		(5)	(350)
Increase in creditors and accrued charges		1,130	758
Cash generated from operations		11,918	9,479
Current tax paid			
Hong Kong Profits Tax paid		(1,007)	(1,369)
Overseas tax paid		(4)	(3)
Net cash generated from operating activities		10,907	8,107
Cash flows from investing activities			
Capital expenditure			
– Purchase of Hong Kong operational railway assets		(1,953)	(2,250)
– West Island Line Project		(3,218)	(851)
– South Island Line Project		(347)	(214)
– Kwun Tong Line Extension Project		(190)	(78)
– Shenzhen Metro Line 4 Project		(1,846)	(1,203)
– Property development projects		(4,279)	(231)
– Property renovation, fitting out works and other development projects		(338)	(300)
– Other capital projects		(165)	(214)
Net receipts/(payments) in respect of entrustment works of Shatin to Central Link and Express Rail Link		84	(50)
Fixed annual payment arising from the Rail Merger		(750)	(750)
Receipts in respect of property development		5,249	11,784
Loan repayment from a property developer		–	2,000
Receipt of Government funding support for West Island Line Project		12,252	–
Increase in bank deposits with more than three months to maturity when placed		(9,610)	–
Purchase of investments in securities		(3,844)	(47)
Proceeds from sale of investments in securities		159	283
Proceeds from disposal of fixed assets		7	43
Investment in and loan to associates		–	(123)
Dividend received from non-controlled subsidiaries		75	40
Receipts from holders of non-controlling interests for investment in a subsidiary		–	185
Principal repayments under Staff Housing Loan Scheme		2	3
Net cash (used in) / generated from investing activities		(8,712)	8,027
Cash flows from financing activities			
Proceeds from shares issued under share option schemes		63	16
Drawdown of loans		8,153	7,954
Proceeds from issuance of capital market instruments		–	500
Repayment of loans		(5,390)	(8,637)
Repayment of capital market instruments		(5,778)	(7,111)
Interest paid		(861)	(1,127)
Interest received		123	14
Finance charges paid		(19)	(21)
Dividends paid to equity shareholders of the Company		(1,814)	(1,362)
Dividends paid to holders of non-controlling interests		(58)	–
Net cash used in financing activities		(5,581)	(9,774)
Net (decrease)/increase in cash and cash equivalents		(3,386)	6,360
Cash and cash equivalents at 1 January		7,094	734
Cash and cash equivalents at 31 December	41	3,708	7,094

The notes on pages 145 to 234 form part of the accounts.