

Consolidated cash flow statement

<i>in HK\$ million</i>	Half-year ended 30 June 2007 (Unaudited)	Half-year ended 30 June 2006 (Unaudited)
Cash flows from operating activities		
Operating profit from railway and related businesses before depreciation	2,797	2,639
Adjustments for:		
Decrease in provision for obsolete stock	(2)	(5)
Loss on disposal of fixed assets	14	15
Amortisation of deferred income from lease transaction	(2)	(3)
Amortisation of prepaid land lease payments	7	7
Decrease/(Increase) in fair value of derivative instruments	1	(8)
Unrealised loss on revaluation of investment in securities	1	–
Employee share-based payment expenses	2	5
Exchange loss	–	6
Operating profit from railway and related businesses before working capital changes	2,818	2,656
Decrease in debtors, deposits and payments in advance	70	17
Increase in stores and spares	(3)	(8)
Increase in creditors, accrued charges and provisions	97	65
Cash generated from operations	2,982	2,730
Overseas tax paid	(1)	(2)
Net cash generated from operating activities	2,981	2,728
Cash flows from investing activities		
Capital expenditure		
– Tseung Kwan O South Station Project	(104)	(27)
– Disneyland Resort Line Project	(9)	(28)
– Tung Chung Cable Car Project	(10)	(157)
– Tseung Kwan O property development projects	(67)	(69)
– Property fitting out works and other development projects	(209)	(273)
– Purchase of assets and other capital projects	(663)	(785)
Merger studies	(50)	(25)
Receipts in respect of property development	3,136	584
Loan to a property developer	–	(4,000)
Purchase of investment in securities	(151)	(104)
Proceeds from sale of investment in securities	82	81
Investment in an associate	(103)	(100)
Principal repayments under Staff Housing Loan Scheme	7	5
Net cash generated from/(used in) investing activities	1,859	(4,898)
Cash flows from financing activities		
Proceeds from shares issued	6	31
Drawdown of loans	924	6,228
Proceeds from issuance of capital market instruments	–	499
Repayment of loans	(4,031)	(903)
Repayment of capital market instruments	–	(2,000)
Reduction in capital element of finance lease	(69)	(64)
Interest paid	(791)	(830)
Interest received	15	6
Interest element of finance lease rental payments	(6)	(11)
Finance charges paid	(4)	(7)
Dividend paid	(777)	(767)
Net cash (used in)/generated from financing activities	(4,733)	2,182
Net increase in cash and cash equivalents	107	12
Cash and cash equivalents at 1 January	305	345
Cash and cash equivalents at 30 June	412	357
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	413	369
Bank overdrafts	(1)	(12)
	412	357

The notes on pages 24 to 35 form part of this interim financial report.