

# Consolidated Cash Flow Statement

in HK\$ million	Half year ended 30 June 2009 (Unaudited)	Half year ended 30 June 2008 (Unaudited)
<b>Cash flows from operating activities</b>		
Operating profit from railway and related businesses before depreciation and amortisation	4,799	4,796
Adjustments for:		
Decrease in provision for obsolete stock	–	(7)
Loss on disposal of fixed assets	9	8
Amortisation of prepaid land lease payments	7	8
Increase in fair value of derivative instruments	(6)	(22)
Unrealised loss on revaluation of investment in securities	–	2
Employee share-based payment expenses	19	12
Exchange loss/(gain)	9	(5)
Operating profit from railway and related businesses before working capital changes	4,837	4,792
Decrease in debtors, deposits and payments in advance	118	140
Increase in stores and spares	(147)	(34)
Decrease in creditors, accrued charges and provisions	(37)	(226)
Cash generated from operations	4,771	4,672
Current tax paid		
Hong Kong Profits Tax paid	(192)	–
Overseas tax paid	(2)	(3)
<b>Net cash generated from operating activities</b>	<b>4,577</b>	<b>4,669</b>
<b>Cash flows from investing activities</b>		
Capital expenditure		
– Purchase of operational railway assets	(1,229)	(638)
– LOHAS Park Station Project	(66)	(107)
– West Island Line Project	(163)	(137)
– South Island Line Project	(64)	(30)
– Kwun Tong Line Extension Project	(44)	(2)
– Shenzhen Metro Line 4 Project	(320)	(405)
– Tseung Kwan O property development projects	(148)	(81)
– East Rail/Light Rail/Kowloon Southern Link property development projects	(24)	(117)
– Property renovation, fitting out works and other development projects	(133)	(303)
– Other capital projects	(19)	(67)
Net receipts/(payments) in respect of Shatin to Central Link and Express Rail Link	17	(43)
Payments in respect of the Rail Merger	(12)	(204)
Receipts in respect of property development	2,523	3,222
Receipt of Government grant for West Island Line Project	–	400
Purchase of investment in securities	(23)	(113)
Proceeds from sale of investment in securities	263	56
Loan repayments from non-controlled subsidiaries and associates	–	109
Investment in associates	(55)	(515)
Dividend received from non-controlled subsidiaries	40	23
Principal repayments under Staff Housing Loan Scheme	1	4
<b>Net cash generated from investing activities</b>	<b>544</b>	<b>1,052</b>
<b>Cash flows from financing activities</b>		
Proceeds from shares issued under share option schemes	3	21
Drawdown of loans	6,652	3,891
Proceeds from issuance of capital market instruments	500	1,250
Repayment of loans	(4,318)	(8,324)
Repayment of capital market instruments	(6,111)	(1,000)
Interest paid	(650)	(630)
Interest received	6	8
Finance charges paid	(13)	(8)
Dividends paid	(962)	(870)
<b>Net cash used in financing activities</b>	<b>(4,893)</b>	<b>(5,662)</b>
Net increase in cash and cash equivalents	228	59
Cash and cash equivalents at 1 January	734	574
Cash and cash equivalents at 30 June	962	633
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and cash equivalents	997	660
Bank overdrafts	(35)	(27)
	<b>962</b>	<b>633</b>

The notes on pages 33 to 48 form part of this interim financial report.