

Consolidated Cash Flow Statement

for the year ended 31 December in HK\$ million	2008	2007
Cash flows from operating activities		
Operating profit from railway and related businesses before depreciation and amortisation	9,325	5,912
Adjustments for:		
Decrease in provision for obsolete stock	(14)	(3)
Loss on disposal of fixed assets	30	36
Amortisation of deferred income from lease transaction	-	(5)
Amortisation of prepaid land lease payments	14	13
Decrease in fair value of derivative instruments	11	1
Unrealised (gain)/loss on revaluation of investment in securities	(2)	4
Employee share-based payment expenses	22	7
Exchange gain	(1)	(1)
Operating profit from railway and related businesses before working capital changes	9,385	5,964
Decrease/(increase) in debtors, deposits and payments in advance	113	(421)
Increase in stores and spares	(34)	(10)
Increase in creditors, accrued charges and provisions	34	442
Cash generated from operations	9,498	5,975
Current tax paid		
Hong Kong Profits Tax paid	(575)	-
Overseas tax paid	(2)	(1)
Net cash generated from operating activities	8,921	5,974
Cash flows from investing activities		
Capital expenditure		
– Purchase of operational railway assets	(1,624)	(944)
– LOHAS Park Station Project	(230)	(203)
– Disneyland Resort Line Project	(16)	(25)
– Tung Chung Cable Car Project	(43)	(82)
– West Island Line Project	(306)	(45)
– Tseung Kwan O property development projects	(204)	(197)
– East Rail/Light Rail/Kowloon Southern Link property development projects	(1,962)	(2)
– Property fitting out works and other development projects	(431)	(641)
– Other capital projects	(991)	(342)
Net payments in respect of Shatin to Central Link and Express Rail Link	(89)	(8)
Fixed annual payment on service concession assets	(750)	-
Payments in respect of the Rail Merger		
– Upfront payment for the service concession	-	(4,250)
– Upfront payment for property package	-	(7,790)
– Cash received for the assumption of assets and liabilities of KCRC	-	786
– Staff voluntary separation payments	(174)	(1)
– Other payments directly attributable to the Rail Merger	(142)	(354)
Receipts in respect of property development	4,448	5,824
Receipts of Government grant for West Island Line Project	400	-
Purchase of investment in securities	(147)	(266)
Proceeds from sale of investment in securities	100	202
Loan repayments from/(drawdown to) non-controlled subsidiaries and associates	109	(62)
Investment in an associate	(515)	(103)
Dividend received from non-controlled subsidiaries	23	-
Principal repayments under Staff Housing Loan Scheme	5	10
Net cash used in investing activities	(2,539)	(8,493)
Cash flows from financing activities		
Proceeds from shares issued under share option schemes	26	23
Drawdown of loans	6,150	11,391
Proceeds from issuance of capital market instruments	1,750	-
Repayment of loans	(10,438)	(5,849)
Repayment of capital market instruments	(1,000)	-
Reduction in capital element of finance lease	-	(141)
Interest paid	(1,442)	(1,500)
Interest received	14	50
Interest element of finance lease rental payments	-	(9)
Finance charges paid	(17)	(9)
Dividends paid	(1,265)	(1,168)
Net cash (used in)/generated from financing activities	(6,222)	2,788
Net increase in cash and cash equivalents	160	269
Cash and cash equivalents at 1 January	574	305
Cash and cash equivalents at 31 December	734	574
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	793	576
Bank overdrafts	(59)	(2)
	734	574

The notes on pages 144 to 230 form part of the accounts