

for the year ended 31 December in HK\$ million	2009	2008
Cash flows from operating activities		
Operating profit from railway and related businesses before depreciation and amortisation	9,502	9,325
Adjustments for:		
Decrease in provision for obsolete stock	–	(14)
Loss on disposal of fixed assets	6	30
Amortisation of prepaid land lease payments and deferred income from transfers of assets from customers	11	14
(Increase)/decrease in fair value of derivative instruments	(3)	11
Unrealised loss/(gain) on revaluation of investment in securities	1	(2)
Employee share-based payment expenses	40	22
Exchange loss/(gain)	4	(1)
Operating profit from railway and related businesses before working capital changes	9,561	9,385
(Increase)/decrease in debtors, deposits and payments in advance	(490)	113
Increase in stores and spares	(350)	(34)
Increase in creditors and accrued charges	758	34
Cash generated from operations	9,479	9,498
Current tax paid		
Hong Kong Profits Tax paid	(1,369)	(575)
Overseas tax paid	(3)	(2)
Net cash generated from operating activities	8,107	8,921
Cash flows from investing activities		
Capital expenditure		
– Purchase of Hong Kong operational railway assets	(2,250)	(1,512)
– LOHAS Park Station Project	(76)	(230)
– West Island Line Project	(851)	(306)
– South Island Line Project	(214)	(96)
– Kwun Tong Line Extension Project	(78)	(42)
– Shenzhen Metro Line 4 Project	(1,203)	(827)
– Tseung Kwan O property development projects	(188)	(204)
– East Rail/Light Rail/Kowloon Southern Link property development projects	(43)	(1,962)
– Property renovation, fitting out works and other development projects	(300)	(591)
– Other capital projects	(138)	(72)
Net payments in respect of Shatin to Central Link and Express Rail Link	(50)	(89)
Fixed annual payment on service concession assets	(750)	(750)
Payments in respect of the Rail Merger	–	(316)
Receipts in respect of property development	11,784	4,448
Loan repayment from a property developer	2,000	–
Receipt of Government funding support for West Island Line Project	–	400
Purchase of investment in securities	(47)	(147)
Proceeds from sale of investment in securities	283	100
Proceeds from disposal of fixed assets	43	48
Loan (drawdown to)/repayments from non-controlled subsidiaries and associates	(51)	109
Investment in associates	(72)	(528)
Dividend received from non-controlled subsidiaries	40	23
Receipts from minority shareholders on shares issued by and loan to a subsidiary	185	–
Principal repayments under Staff Housing Loan Scheme	3	5
Net cash generated from/(used in) investing activities	8,027	(2,539)
Cash flows from financing activities		
Proceeds from shares issued under share option schemes	16	26
Drawdown of loans	7,954	6,150
Proceeds from issuance of capital market instruments	500	1,750
Repayment of loans	(8,637)	(10,438)
Repayment of capital market instruments	(7,111)	(1,000)
Interest paid	(1,127)	(1,442)
Interest received	14	14
Finance charges paid	(21)	(17)
Dividends paid	(1,362)	(1,265)
Net cash used in financing activities	(9,774)	(6,222)
Net increase in cash and cash equivalents	6,360	160
Cash and cash equivalents at 1 January	734	574
Cash and cash equivalents at 31 December	7,094	734
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	7,115	793
Bank overdrafts	(21)	(59)
	7,094	734

The notes on pages 141 to 231 form part of the accounts