

Consolidated cash flow statement

for the half-year ended 30 June in HK\$ million	2006 (Unaudited)	2005 (Unaudited)
Cash flows from operating activities		
Operating profit from railway and related businesses before depreciation	2,639	2,541
Adjustments for:		
Decrease in provision for obsolete stock	(5)	(4)
Loss on disposal of fixed assets	15	7
Amortisation of deferred income from lease transaction	(3)	(3)
Amortisation of prepaid land lease payments	7	7
(Increase)/Reduction in fair value of derivative instruments	(8)	8
Employee share-based payment expenses	3	3
Exchange loss/(gain)	6	(3)
Operating profit from railway and related businesses before working capital changes	2,654	2,556
Decrease in debtors, deposits and payments in advance	17	5
(Increase)/Decrease in stores and spares	(8)	6
Increase/(Decrease) in creditors, accrued charges and provisions	76	(2)
Cash generated from operations	2,739	2,565
Overseas tax paid	(2)	(3)
Net cash generated from operating activities	2,737	2,562
Cash flows from investing activities		
Capital expenditure		
– Tseung Kwan O Extension Project	(28)	(94)
– Disneyland Resort Line Project	(28)	(164)
– Tung Chung Cable Car Project	(157)	(252)
– Tseung Kwan O property development projects	(69)	(1,183)
– Other property development projects	(273)	(46)
– Purchase of assets and other capital projects	(784)	(577)
Merger studies	(25)	(13)
Receipts from property developers	502	1,501
Loan to property developer	(4,000)	–
Proceeds from properties sold	82	831
Payment for purchase of investment in securities	(208)	(53)
Proceeds from sale of investment in securities	185	43
Loan to associates	–	(10)
Capital contribution to an associate	(100)	–
Principal repayments under Staff Housing Loan Scheme	5	8
Net cash used in investing activities	(4,898)	(9)
Cash flows from financing activities		
Proceeds from shares issued	31	35
Drawdown of loans	6,228	652
Proceeds from issuance of capital market instruments	499	993
Repayment of loans	(903)	(1,317)
Repayment of capital market instruments	(2,000)	(1,450)
Reduction in capital element of finance lease	(64)	(59)
(Release)/Collection of refundable deposits and asset replacement reserve funds	(9)	4
Interest paid	(830)	(721)
Interest received	6	9
Interest element of finance lease rental payments	(11)	(16)
Finance charges paid	(7)	(6)
Dividend paid	(767)	(755)
Net cash generated from/(used in) financing activities	2,173	(2,631)
Net increase/(decrease) in cash and cash equivalents	12	(78)
Cash and cash equivalents at 1 January	345	258
Cash and cash equivalents at 30 June	357	180
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	369	197
Bank overdrafts	(12)	(17)
	357	180

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