

Consolidated cash flow statement

for the half-year ended 30 June in HK\$ million	2005 (Unaudited)	2004 (Unaudited and restated)
Cash flows from operating activities		
Operating profit from railway and related operations before depreciation	2,541	2,209
Adjustments for:		
Decrease in provision for obsolete stock	(4)	(10)
Loss on disposal of fixed assets	7	4
Project study expenses	–	29
Amortisation of deferred income from lease transaction	(3)	(3)
Amortisation of prepaid premium for land leases	7	7
Reduction in fair value of derivative instruments	8	–
Increase in provision for employee share-based payments	3	2
(Decrease)/Increase in provision for exchange translation	(3)	5
Operating profit from railway and related operations before working capital changes	2,556	2,243
Decrease/(Increase) in debtors, deposits and payments in advance	5	(55)
Decrease/(Increase) in stores and spares	6	(7)
(Decrease)/Increase in creditors, accrued charges and provisions	(2)	121
Cash generated from operations	2,565	2,302
Overseas tax paid	(3)	(1)
Net cash generated from operating activities	2,562	2,301
Cash flows from investing activities		
Capital expenditure		
– Tseung Kwan O Extension Project	(94)	(64)
– Disneyland Resort Line	(164)	(383)
– Tung Chung Cable Car Project	(252)	(182)
– Tseung Kwan O property development project	(1,183)	(34)
– Purchase of assets and other capital projects	(623)	(1,023)
Merger studies	(13)	(16)
Receipts from property developers	1,501	266
Proceeds from properties sold	831	757
Held-to-maturity debt securities		
– Payment for purchase	(53)	–
– Proceeds from redemption	43	–
Loan to associate	(10)	–
Principal repayments under Staff Housing Loan Scheme	8	8
Net cash used in investing activities	(9)	(671)
Cash flows from financing activities		
Shares issued	35	52
Drawdown of loans	652	1,769
Proceeds from issuance of capital market instruments	993	4,610
Repayment of loans	(1,317)	(3,302)
Redemption of capital market instruments	(1,450)	(3,365)
Reduction in capital element of finance lease	(59)	(55)
Collection of refundable deposits and asset replacement reserve funds	4	6
Interest paid	(721)	(619)
Interest received	9	5
Interest element of finance lease rental payments	(16)	(20)
Finance charges paid	(6)	(10)
Dividend paid	(755)	(704)
Net cash used in financing activities	(2,631)	(1,633)
Net decrease in cash and cash equivalents	(78)	(3)
Cash and cash equivalents at 1 January	258	364
Cash and cash equivalents at 30 June	180	361
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents	197	367
Bank overdrafts	(17)	(6)
	180	361

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