

# Consolidated cash flow statement

for the year ended 31 December in HK\$ million	Note	2006	2005
<b>Cash flows from operating activities</b>			
Operating profit from railway and related businesses before depreciation		5,201	5,101
Adjustments for:			
Decrease in provision for obsolete stock		(2)	–
Loss on disposal of fixed assets		37	40
Deferred project study costs written off		26	–
Amortisation of deferred income from lease transaction		(6)	(6)
Amortisation of prepaid land lease payments		14	13
(Increase)/decrease in fair value of derivative instruments		(7)	9
Unrealised gain on revaluation of investment in securities		(2)	–
Employee share-based payment expenses		9	5
Exchange gain		(1)	(7)
Operating profit from railway and related businesses before working capital changes		5,269	5,155
Increase in debtors, deposits and payments in advance		(53)	(82)
Increase in stores and spares		(17)	–
Increase in creditors, accrued charges and provisions		204	118
Cash generated from operations		5,403	5,191
Overseas tax paid		(3)	(2)
<b>Net cash generated from operating activities</b>		<b>5,400</b>	<b>5,189</b>
<b>Cash flows from investing activities</b>			
Capital expenditure			
– Tseung Kwan O Extension Project		(6)	(114)
– Disneyland Resort Line Project		(45)	(272)
– Tung Chung Cable Car Project		(165)	(413)
– Tseung Kwan O property development projects		(134)	(1,207)
– Property fitting out works and other development projects		(815)	(227)
– Purchase of assets and other capital projects		(1,738)	(1,221)
Merger studies		(88)	(17)
Receipts in respect of property development		4,400	2,610
Loan to a property developer		(4,000)	–
Purchase of investment in securities		(194)	(114)
Proceeds from sale of investment in securities		106	133
Loans to associates		–	(15)
Investment in an associate		(100)	–
Principal repayments under Staff Housing Loan Scheme		9	13
<b>Net cash used in investing activities</b>		<b>(2,770)</b>	<b>(844)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued		36	46
Drawdown of loans		6,929	3,800
Proceeds from issuance of capital market instruments		1,499	1,491
Repayment of loans		(5,749)	(2,721)
Repayment of capital market instruments		(2,450)	(4,168)
Reduction in capital element of finance lease		(131)	(121)
Release of refundable deposits and asset replacement reserve funds		(13)	(1)
Interest paid		(1,611)	(1,416)
Interest received		10	16
Interest element of finance lease rental payments		(19)	(29)
Finance charges paid		(16)	(17)
Dividends paid		(1,155)	(1,138)
<b>Net cash used in financing activities</b>		<b>(2,670)</b>	<b>(4,258)</b>
Net (decrease)/increase in cash and cash equivalents		(40)	87
Cash and cash equivalents at 1 January		345	258
Cash and cash equivalents at 31 December	32	305	345

The notes on pages 92 to 163 form part of these accounts.