

Consolidated cash flow statement

for the year ended 31 December in HK\$ million	Note	2004	2003
Cash flows from operating activities			
Operating profit from railway and related operations before depreciation		4,546	3,747
Adjustments for:			
(Decrease)/Increase in provision for obsolete stock		(3)	7
Loss on disposal of fixed assets		19	16
(Write-back)/Write-off of revaluation deficit of self-occupied office land and buildings		(69)	69
Deferred project study costs written off		64	21
Amortisation of deferred income from lease transaction		(5)	(4)
Exchange loss		3	1
Operating profit from railway and related operations before working capital changes		4,555	3,857
Increase in debtors, deposits and payments in advance		(198)	(217)
Decrease in stores and spares		3	4
Increase in creditors, accrued charges and provisions		129	196
Cash generated from operations		4,489	3,840
Overseas tax paid		(3)	(3)
Net cash generated from operating activities		4,486	3,837
Cash flows from investing activities			
Capital expenditure			
– Tseung Kwan O Extension Project		(94)	(679)
– Disneyland Resort Line Project		(622)	(457)
– Tung Chung Cable Car Project		(345)	(57)
– Property development projects		(183)	(88)
– Purchase of assets and other capital projects		(1,645)	(1,389)
Merger studies		(53)	–
Receipts from property developers		1,683	675
Proceeds from properties sold		893	180
Receipts on disposal of fixed assets		–	3
Purchase of held-to-maturity debt securities		(202)	–
Principal repayments under Staff Housing Loan Scheme		21	17
Net cash used in investing activities		(547)	(1,795)
Cash flows from financing activities			
Shares issued		68	88
Drawdown of loans		7,194	7,441
Repayment of loans		(8,787)	(8,803)
Reduction in capital element of finance lease		(112)	(103)
Receipts of deferred income from lease transaction		–	141
Collection/(Release) of refundable deposits and asset replacement reserve funds		19	(3)
Interest paid		(1,301)	(1,643)
Interest received		7	14
Interest element of finance lease rental payments		(38)	(47)
Finance charges paid		(16)	(32)
Dividends paid		(1,079)	(415)
Net cash used in financing activities		(4,045)	(3,362)
Net decrease in cash and cash equivalents		(106)	(1,320)
Cash and cash equivalents at 1 January		364	1,684
Cash and cash equivalents at 31 December	26	258	364

The notes on pages 80 to 135 form part of these accounts.