

INCOME STATEMENT AND PROFIT APPROPRIATION STATEMENT

for the year ended 31 December 2003

	Note	2003 RMB millions	2002 RMB millions
Income from principal operations	32	275,426	215,862
Less: Cost of sales		228,387	177,346
Sales taxes and surcharges	33	8,413	7,381
Profit from principal operations		38,626	31,135
Add: Profit from other operations		146	120
Less: Selling expenses		9,591	8,940
Administrative expenses		14,038	10,540
Financial expenses	34	2,337	2,793
Exploration expenses, including dry holes	35	4,483	2,965
Operating profit		8,323	6,017
Add: Investment income	36	22,844	15,580
Non-operating income		104	169
Less: Non-operating expenses	37	3,599	1,142
Profit before taxation		27,672	20,624
Less: Taxation	38	8,904	6,503
Net profit		18,768	14,121
Add: Undistributed profits at the beginning of the year		12,569	16,942
Distributable profits		31,337	31,063
Less: Transfer to statutory surplus reserve	31	1,901	1,412
Transfer to statutory public welfare fund	31	1,901	1,412
Transfer to discretionary surplus reserve	31	—	7,000
Distributable profits to shareholders		27,535	21,239
Less: Ordinary shares' final dividend	2&39	5,202	6,936
Ordinary shares' interim dividend	2&39	2,601	1,734
Undistributed profits at the end of the year (Including dividend declared after the balance sheet date in respect of the year 2003 of RMB 5,202 million (2002: RMB 5,202 million))	2&39	19,732	12,569

Financial Statements (PRC)

The notes on pages 96 to 125 form part of these financial statements.