

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003

	Note	2003 RMB millions	2002 RMB millions
Cash flows from operating activities			
Cash received from sale of goods and rendering of services		505,489	392,486
Rentals received		370	344
Other cash received relating to operating activities		2,925	2,481
Sub-total of cash inflows		508,784	395,311
Cash paid for goods and services		(371,086)	(276,520)
Cash paid for operating leases		(4,224)	(3,441)
Cash paid to and on behalf of employees		(15,964)	(13,020)
Value added tax paid		(19,429)	(15,159)
Income tax paid		(9,486)	(6,599)
Taxes paid other than value added tax and income tax		(12,904)	(12,062)
Other cash paid relating to operating activities		(11,243)	(8,441)
Sub-total of cash outflows		(444,336)	(335,242)
Net cash inflow from operating activities	(a)	64,448	60,069
Cash flows from investing activities			
Cash received from sales of investments		107	150
Dividend received		442	278
Net cash received from sales of fixed assets and intangible assets		380	579
Maturity of time deposits with financial institutions		1,700	2,160
Other cash received relating to investing activities		300	353
Sub-total of cash inflows		2,929	3,520
Cash paid for acquisition of fixed assets and intangible assets		(43,966)	(43,066)
Cash paid for acquisition of fixed assets and intangible assets of jointly controlled entities		(4,107)	—
Cash paid for purchases of investments		(1,545)	(2,357)
Increase in time deposits with financial institutions		(2,871)	(1,342)
Sub-total of cash outflows		(52,489)	(46,765)
Net cash outflow from investing activities		(49,560)	(43,245)
Cash flows from financing activities			
Proceeds from contribution from minority interests		580	230
Proceeds from borrowings		228,654	252,675
Proceeds from borrowings of jointly controlled entities		1,450	—
Sub-total of cash inflows		230,684	252,905
Repayments of borrowings		(235,175)	(258,343)
Cash paid for dividends, distribution of profit or interest		(12,520)	(14,262)
Dividends paid to minority shareholders by subsidiaries		(360)	(455)
Sub-total of cash outflows		(248,055)	(273,060)
Net cash outflow from financing activities		(17,371)	(20,155)
Effects of foreign exchange rate		5	7
Net decrease in cash and cash equivalents	(c)	(2,478)	(3,324)

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

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003

	2003 RMB millions	2002 RMB millions
(a) Reconciliation of net profit to cash flows from operating activities		
Net profit	19,011	14,121
Add: Allowance for doubtful accounts	1,902	825
Provision for/(written back of) diminution in value of inventories	114	(42)
Depreciation of fixed assets	27,151	26,327
Amortisation of intangible assets	520	286
Impairment loss on fixed assets	940	—
Impairment loss on long term investments	115	3
Net loss on disposal of fixed assets and intangible assets	3,291	663
Financial expenses	4,129	4,306
Dry hole costs	2,789	1,771
Investment income	(515)	(318)
Deferred tax	(1,580)	198
Decrease in inventories	676	524
(Increase)/decrease in operating receivables	(866)	1,705
Increase in operating payables	4,885	8,618
Minority interests	1,886	1,082
Net cash inflow from operating activities	64,448	60,069
(b) Financing activities not requiring the use of cash or cash equivalents		
Current portion of convertible bond	1,500	—
(c) Net decrease in cash and cash equivalents		
Cash and cash equivalents at the end of the year	15,221	17,699
Less: Cash and cash equivalents at the beginning of the year	17,699	21,023
Net decrease in cash and cash equivalents	(2,478)	(3,324)

Financial Statements (PRC)

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