## Consolidated Income Statement

For the year ended 31 December 2005 (Prepared under International Financial Reporting Standards) (Expressed in Renminbi)

Share of associates' results       21       (285)       10         Share of jointly controlled entities' results       22       36       (16)         Loss on sale of property, plant and equipment       (32)       (1)         Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         (Loss)/profit for the year       (1,846)       155         Attributable to       Equity shareholders of the Company       15       (1,848)       (48)         Minority interests       2       203         (Loss)/profit for the year       (1,846)       155		Note	2005 RMB million	2004 RMB million (restated, Note 3)
Traffic revenue         4         37,419         23,344           Other operating revenue         4         874         630           Total operating revenue         38,293         23,974           Operating expenses         5         19,394         10,418           Maintenance         6         4,589         3,459           Aircraft and traffic servicing         7         5,759         3,503           Promotion and sales         8         2,780         1,940           General and administrative         9         2,457         1,223           Depreciation and amortisation         10         4,440         2,413           Others         179         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         5         2           Interest sexpense         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (11)           Exc	Operating revenue			
Other operating revenue         4         874         630           Total operating revenue         38,293         23,974           Operating expenses		4	37,419	23,344
Operating expenses         Flight operations         5         19,394         10,418           Maintenance         6         4,589         3,459           Aircraft and traffic servicing         7         5,759         3,503           Promotion and sales         8         2,780         1,940           General and administrative         9         2,457         1,323           Depreciation and amortisation         10         4,440         2,413           Others         179         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         5         22           Interest income         55         22           Interest expense         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (1)           Exchange gain/(loss), net         1,220         (59)           Others, net         74         46           Total net non-operating expens	Other operating revenue	4		
Flight operations	Total operating revenue		38,293	23,974
Maintenance         6         4,589         3,459           Aircraft and traffic servicing         7         5,759         3,503           Promotion and sales         8         2,780         1,940           General and administrative         9         2,457         1,320           Depreciation and amortisation         10         4,440         2,413           Others         179         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         1         (1,305)         909           Non-operating income/(expenses)         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (1)           Exchange gain/(loss), net         1,220         (59)           Others, net         74         46           Total net non-operating expenses         (548)         (689)           (Loss)/profit before taxation         (1,845)         155           (Loss)/prof	Operating expenses			
Aircraft and traffic servicing       7       5,759       3,503         Promotion and sales       8       2,780       1,940         General and administrative       9       2,457       1,323         Depreciation and amortisation       10       4,440       2,413         Others       179       9         Total operating expenses       39,598       23,065         Operating (loss)/profit       (1,305)       909         Non-operating income/(expenses)       55       22         Interest income       55       22         Interest expense       12       (1,616)       (691)         Share of associates' results       21       (285)       10         Share of jointly controlled entities' results       22       36       (16)         Loss on sale of property, plant and equipment       (32)       (11         Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         Attributable to       2       203     <	Flight operations	5	19,394	10,418
Promotion and sales         8         2,780         1,940           General and administrative         9         2,457         1,323           Depreciation and amortisation         10         4,440         2,413           Others         179         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         5         22           Interest income         55         22           Interest expense         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (1)           Exchange gain/(loss), net         1,220         (59)           Others, net         74         46           Total net non-operating expenses         (548)         (689)           (Loss)/profit before taxation         (1,853)         220           Income tax benefit/(expense)         14         7         (65)           Attributable to         Equity shareholders of the Company		6		
General and administrative         9         2,457         1,323           Depreciation and amortisation         10         4,440         2,413           Others         179         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         2         (1,305)         909           Non-operating income/(expenses)         55         22         2         1         (1,616)         (691)         (691)         (691)         (691)         (591)         (591)         (591)         (591)         (592)         (1)         (1,616)         (691)         (691)         (1,816)         (1,812)         (1)         (1,812)         (1)         (1,812)         (1)         (1,812)         (1)         (1,812)         (1)         (1,812)         (1)         (1,812)         (1)         (1,812) </td <td></td> <td></td> <td></td> <td></td>				
Depreciation and amortisation Others         10         4,440 (179)         2,413 (179)         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         55         22           Interest income         55         22           Interest expense         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (1)           Exchange gain/(loss), net         1,220         (59)           Others, net         74         46           Total net non-operating expenses         (548)         (689)           (Loss)/profit before taxation         (1,853)         220           Income tax benefit/(expense)         14         7         (65)           Attributable to         2         203           Equity shareholders of the Company         15         (1,848)         (48)           Minority interests         2         203           (Loss)/profit for the year         (1,				
Others         179         9           Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         1         (1,616)         (691)           Interest income         55         22         10         (691)         (1,616)         (691)           Share of associates' results         21         (285)         10         (10		_		
Total operating expenses         39,598         23,065           Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         1         (1,616)         (691)           Interest income         55         22           Interest expense         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (1)           Exchange gain/(loss), net         1,220         (59)           Others, net         74         46           Total net non-operating expenses         (548)         (689)           (Loss)/profit before taxation         (1,853)         220           (Loss)/profit for the year         (1,846)         155           Attributable to         Equity shareholders of the Company         15         (1,848)         (48)           Minority interests         2         203           (Loss)/profit for the year         (1,846)         155		10		
Operating (loss)/profit         (1,305)         909           Non-operating income/(expenses)         55         22           Interest income         55         22           Interest expense         12         (1,616)         (691)           Share of associates' results         21         (285)         10           Share of jointly controlled entities' results         22         36         (16)           Loss on sale of property, plant and equipment         (32)         (1)           Exchange gain/(loss), net         1,220         (59)           Others, net         74         46           Total net non-operating expenses         (548)         (689)           (Loss)/profit before taxation         (1,853)         220           Income tax benefit/(expense)         14         7         (65)           Attributable to         Equity shareholders of the Company         15         (1,848)         (48)           Minority interests         2         203           (Loss)/profit for the year         (1,846)         155	Others		1/9	9
Non-operating income/(expenses)   Interest income   55   22     Interest income   12   (1,616)   (691)     Share of associates' results   21   (285)   10     Share of jointly controlled entities' results   22   36   (16)     Loss on sale of property, plant and equipment   (32)   (1)     Exchange gain/(loss), net   1,220   (59)     Others, net   74   46     Total net non-operating expenses   (548)   (689)     (Loss)/profit before taxation   (1,853)   220     Income tax benefit/(expense)   14   7   (65)     (Loss)/profit for the year   (1,846)   155     Attributable to   Equity shareholders of the Company   15   (1,848)   (48)     Minority interests   2   203     (Loss)/profit for the year   (1,846)   155     (Loss)/prof	Total operating expenses		39,598	23,065
Interest income	Operating (loss)/profit		(1,305)	909
Interest expense       12       (1,616)       (691)         Share of associates' results       21       (285)       10         Share of jointly controlled entities' results       22       36       (16)         Loss on sale of property, plant and equipment       (32)       (1)         Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         Attributable to       (1,846)       155         Equity shareholders of the Company       15       (1,848)       (48)         Minority interests       2       203         (Loss)/profit for the year       (1,846)       155	Non-operating income/(expenses)			
Share of associates' results       21       (285)       10         Share of jointly controlled entities' results       22       36       (16)         Loss on sale of property, plant and equipment       (32)       (1)         Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         Attributable to       (1,846)       155         Equity shareholders of the Company       15       (1,848)       (48)         Minority interests       2       203         (Loss)/profit for the year       (1,846)       155	Interest income		55	22
Share of jointly controlled entities' results       22       36       (16)         Loss on sale of property, plant and equipment       (32)       (1)         Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         (Loss)/profit for the year       (1,846)       155         Attributable to       Equity shareholders of the Company       15       (1,848)       (48)         Minority interests       2       203         (Loss)/profit for the year       (1,846)       155	·	12	(1,616)	(691)
Loss on sale of property, plant and equipment       (32)       (1)         Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         (Loss)/profit for the year       (1,846)       155         Attributable to       Equity shareholders of the Company       15       (1,848)       (48)         Minority interests       2       203         (Loss)/profit for the year       (1,846)       155				10
Exchange gain/(loss), net       1,220       (59)         Others, net       74       46         Total net non-operating expenses       (548)       (689)         (Loss)/profit before taxation       (1,853)       220         Income tax benefit/(expense)       14       7       (65)         (Loss)/profit for the year       (1,846)       155         Attributable to       Equity shareholders of the Company       15       (1,848)       (48)         Minority interests       2       203         (Loss)/profit for the year       (1,846)       155		22		(16)
Others, net7446Total net non-operating expenses(548)(689)(Loss)/profit before taxation(1,853)220Income tax benefit/(expense)147(65)(Loss)/profit for the year(1,846)155Attributable to Equity shareholders of the Company Minority interests15(1,848)(48)(Loss)/profit for the year(1,846)155				(1)
Total net non-operating expenses (548) (689)  (Loss)/profit before taxation (1,853) 220 Income tax benefit/(expense) 14 7 (65)  (Loss)/profit for the year (1,846) 155  Attributable to Equity shareholders of the Company 15 (1,848) (48) Minority interests 2 203  (Loss)/profit for the year (1,846) 155				
(Loss)/profit before taxation (1,853) 220 Income tax benefit/(expense) 14 7 (65)  (Loss)/profit for the year (1,846) 155  Attributable to Equity shareholders of the Company 15 (1,848) (48) Minority interests 2 203  (Loss)/profit for the year (1,846) 155	Others, net		74	46
Income tax benefit/(expense)  (Loss)/profit for the year  (1,846)  Attributable to Equity shareholders of the Company Minority interests  (1,848)  (48)  (Loss)/profit for the year  (1,846)  (1,846)	Total net non-operating expenses		(548)	(689)
(Loss)/profit for the year (1,846) 155  Attributable to Equity shareholders of the Company 15 (1,848) (48) Minority interests 2 203  (Loss)/profit for the year (1,846) 155	(Loss)/profit before taxation		(1,853)	220
Attributable to Equity shareholders of the Company 15 (1,848) (48) Minority interests 2 203  (Loss)/profit for the year (1,846) 155	Income tax benefit/(expense)	14	7	(65)
Equity shareholders of the Company 15 (1,848) (48) Minority interests 2 203 (Loss)/profit for the year (1,846) 155	(Loss)/profit for the year		(1,846)	155
Equity shareholders of the Company 15 (1,848) (48) Minority interests 2 203 (Loss)/profit for the year (1,846) 155	Attributable to			
Minority interests 2 203 (Loss)/profit for the year (1,846) 155		15	(1,848)	(48)
	(Loss)/profit for the year		(1,846)	155
Basic loss per share 17 RMB(0.42) RMB(0.01)	Basic loss per share	17	RMB(0.42)	RMB(0.01)

The notes on pages 47 to 101 form part of these financial statements.