

CASH FLOW STATEMENT

for the six-month period ended 30 June 2002

	Note	RMB millions
Cash flows from operating activities		
Cash received from sale of goods and rendering of services		114,778
Rentals received		27
Other cash received relating to operating activities		414
Sub-total of cash inflows		115,219
Cash paid for goods and services		(82,048)
Cash paid for operating leases		(1,171)
Cash paid to and on behalf of employees		(2,847)
Value added tax paid		(3,923)
Income tax paid		(339)
Taxes paid other than value added tax and income tax		(3,839)
Other cash paid relating to operating activities		(6,760)
Sub-total of cash outflows		(100,927)
Net cash inflow from operating activities	(a)	14,292
Cash flows from investing activities		
Net cash received from sales of fixed assets and intangible assets		264
Dividend received		2,289
Maturity of time deposits with financial institutions		115
Other cash received relating to investing activities		71
Sub-total of cash inflows		2,739
Cash paid for acquisition of fixed assets and intangible assets		(9,992)
Cash paid for purchases of investments		(824)
Increase in time deposits with financial institutions		(138)
Sub-total of cash outflows		(10,954)
Net cash outflow from investing activities		(8,215)
Cash flows from financing activities		
Proceeds from borrowings		20,140
Sub-total of cash inflows		20,140
Repayments of borrowings		(26,780)
Cash paid for interest expenses		(2,047)
Sub-total of cash outflows		(28,827)
Net cash outflow from financing activities		(8,687)
Net decrease in cash and cash equivalents	(b)	(2,610)

The notes to the financial statements form part of these interim financial statements.

NOTES TO THE CASH FLOW STATEMENT

for the six-month period ended 30 June 2002

	RMB millions
(a) Reconciliation of net profit to cash flows from operating activities	
Net profit	4,504
Add: Provision for bad doubtful debts	65
Provision for diminution in value of inventories	13
Depreciation of fixed assets	5,616
Amortisation of intangible assets	186
Dry hole costs	304
Net loss on disposal of fixed assets and intangible assets	64
Financial expenses	1,597
Investment income	(4,026)
Deferred tax credits	130
Decrease in inventories	814
Increase in operating receivables	(422)
Increase in operating payables	5,447
Net cash inflow from operating activities	14,292
(b) Net decrease in cash and cash equivalents	
Cash and cash equivalents at the end of the period	8,985
Less: Cash and cash equivalents at the beginning of the period	11,595
Net decrease in cash and cash equivalents	(2,610)

The notes to the financial statements form part of these interim financial statements.