

# CASH FLOW STATEMENT

for the year ended 31 December 2002

	Note	RMB millions
<b>Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services		259,558
Rentals received		180
Other cash received relating to operating activities		1,915
<b>Sub-total of cash inflows</b>		<b>261,653</b>
Cash paid for goods and services		(187,446)
Cash paid for operating leases		(1,918)
Cash paid to and on behalf of employees		(5,933)
Value added tax paid		(8,648)
Income tax paid		(1,736)
Taxes paid other than value added tax and income tax		(7,501)
Other cash paid relating to operating activities		(15,667)
<b>Sub-total of cash outflows</b>		<b>(228,849)</b>
<b>Net cash inflow from operating activities</b>	(a)	<b>32,804</b>
<b>Cash flows from investing activities</b>		
Net cash received from sales of fixed assets and intangible assets		417
Dividend received		5,317
Maturity of time deposits with financial institutions		207
Other cash received relating to investing activities		235
<b>Sub-total of cash inflows</b>		<b>6,176</b>
Cash paid for acquisition of fixed assets and intangible assets		(22,100)
Cash paid for purchases of investments		(1,737)
Increase in time deposits with financial institutions		(198)
<b>Sub-total of cash outflows</b>		<b>(24,035)</b>
<b>Net cash outflow from investing activities</b>		<b>(17,859)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings		108,662
<b>Sub-total of cash inflows</b>		<b>108,662</b>
Repayments of borrowings		(114,670)
Cash paid for dividends, distribution of profit or interest		(12,325)
<b>Sub-total of cash outflows</b>		<b>(126,995)</b>
<b>Net cash outflow from financing activities</b>		<b>(18,333)</b>
<b>Net decrease in cash and cash equivalents</b>	(b)	<b>(3,388)</b>

The notes on pages 89 to 112 form part of these financial statements.

## NOTES TO THE CASH FLOW STATEMENT

for the year ended 31 December 2002

	RMB millions
<b>(a) Reconciliation of net profit to cash flows from operating activities</b>	
Net profit	14,121
Add: Depreciation of fixed assets	11,012
Amortisation of intangible assets	378
Net loss on disposal of fixed assets and intangible assets	412
Financial expenses	2,736
Dry hole costs	951
Investment income	(11,317)
Deferred tax credits	253
Decrease in inventories	2,283
Decrease in operating receivables	619
Increase in operating payables	11,356
<b>Net cash inflow from operating activities</b>	<b>32,804</b>
<b>(b) Net decrease in cash and cash equivalents</b>	
Cash and cash equivalents at the end of the year	8,207
Less: Cash and cash equivalents at the beginning of the year	11,595
<b>Net decrease in cash and cash equivalents</b>	<b>(3,388)</b>

The notes on pages 89 to 112 form part of these financial statements.