

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003
(Amounts in millions)

	Note	2003 RMB	2002 RMB
Cash flows from operating activities	(a)	60,630	55,046
Cash flow from investing activities			
Capital expenditure		(44,057)	(42,208)
Capital expenditure of jointly controlled entities		(4,107)	—
Purchase of investments and investments in associates		(1,511)	(2,174)
Proceeds from disposal of investments and investments in associates		123	337
Proceeds from disposal of property, plant and equipment		380	451
Increase in time deposits with financial institutions		(2,871)	(1,342)
Maturity of time deposits with financial institutions		1,700	2,160
Net cash used in investing activities		(50,343)	(42,776)
Cash flow from financing activities			
Proceeds from bank and other loans		230,262	252,356
Proceeds from bank and other loans of jointly controlled entities		1,450	—
Repayments of bank and other loans		(237,361)	(259,274)
Distributions to minority interests		(360)	(455)
Contributions from minority interests		580	230
Dividend paid		(7,803)	(8,670)
Net cash used in financing activities		(13,232)	(15,813)
Net decrease in cash and cash equivalents		(2,945)	(3,543)
Effect of foreign exchange rate		5	7
Cash and cash equivalents at beginning of year		18,161	21,697
Cash and cash equivalents at end of year		15,221	18,161

The notes on pages 133 to 158 form part of these financial statements.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2003

(Amounts in millions)

(a) Reconciliation of profit from ordinary activities before taxation to cash flows from operating activities

	2003 RMB	2002 RMB
Profit from ordinary activities before taxation	34,081	25,085
Adjustments for:		
Depreciation, depletion and amortisation	26,735	25,286
Dry hole costs	2,789	1,771
Share of profits less losses from associates	(406)	(332)
Investment income	(75)	(229)
Interest income	(308)	(345)
Interest expense	3,728	4,176
Gain from issuance of shares by a subsidiary	(136)	—
Unrealised foreign exchange loss	289	303
Loss on disposal of property, plant and equipment, net	2,221	797
Impairment losses on long-lived assets	877	—
Decrease in trade accounts receivable	1,449	449
Increase in bills receivable	(1,019)	(1,224)
Decrease/(increase) in inventories	712	(123)
Decrease in prepaid expenses and other current assets	1,129	4,060
Decrease/(increase) in lease prepayments	19	(11)
Increase in other assets	(823)	(612)
Increase in trade accounts payable	3,329	2,428
(Decrease)/increase in bills payable	(6,251)	4,241
Increase in accrued expenses and other payables	5,965	349
(Decrease)/increase in other liabilities	(13)	622
Cash generated from operations	74,292	66,691
Interest received	303	360
Interest paid	(4,914)	(5,745)
Investment and dividend income received	445	343
Income tax paid	(9,496)	(6,603)
Cash flows from operating activities	60,630	55,046

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