

Consolidated Cash Flow Statement

for the year ended 31 December 2005

(Expressed in Renminbi)

	Note	2005 RMB million	2004 RMB million
Net cash from operating activities	(a)	24,088	18,934
Investing activities			
Capital expenditure		(16,809)	(16,666)
Lease prepayments		(198)	(96)
Purchase of investments		(750)	(1,596)
Proceeds from disposal of investments		58	14
Proceeds from disposal of property, plant and equipment		132	149
Increase in time deposits with maturity over three months		(61)	(130)
Maturity of time deposits with maturity over three months		50	330
Net cash used in investing activities		(17,578)	(17,995)
Financing activities			
Proceeds from bank and other loans		36,882	22,675
Repayments of bank and other loans		(46,701)	(20,803)
Dividend paid to minority interests		(1,188)	(307)
Contributions from minority interests		830	472
Dividend paid to Shenhua		(7,549)	-
Net proceeds from issuance of new shares upon listing		23,903	-
Net cash from financing activities		6,177	2,037
Net increase in cash and cash equivalents		12,687	2,976
Cash and cash equivalents, at the beginning of the year		7,138	4,162
Cash and cash equivalents, at the end of the year		19,825	7,138

The notes on pages 91 to 156 form part of these financial statements.

Financial Statements

(a) Reconciliation of profit before income tax to net cash from operating activities

	2005 <i>RMB million</i>	2004 <i>RMB million</i> <i>(restated –</i> <i>Note 3)</i>
Profit before income tax	22,095	13,339
Adjustments for:		
Depreciation and amortisation	5,374	4,949
Impairment losses on property, plant and equipment	41	–
Investment income	(10)	–
Interest income	(266)	(72)
Share of profits of associates	(461)	(198)
Net interest expense	2,577	2,437
Loss/(gain) on remeasurement of derivative financial instruments to fair value	368	(145)
Unrealised foreign exchange (gain)/loss	(994)	218
Loss on disposal of property, plant and equipment and intangible assets	187	81
Decrease/(increase) in accounts and bills receivable	231	(183)
Increase in inventories	(881)	(29)
Decrease/(increase) in prepaid expenses and other current assets	1,090	(299)
Increase in accounts and bills payable	825	1,624
Increase in accrued expenses and other payables	869	818
Cash generated from operations	31,045	22,540
Interest received	266	72
Interest paid	(3,028)	(2,711)
Dividend received from investments	143	32
Income tax paid	(4,338)	(999)
Net cash from operating activities	24,088	18,934

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