

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2006

	Notes	2006	2005
		RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,795,324	1,030,671
Adjustments for:			
Finance costs	7	61,738	15,532
Foreign exchange differences, net	8	1,500	(189,536)
Share of profits of associates		(1,836)	(1,913)
Interest income		(119,817)	(24,441)
Dividend income from listed and unlisted investments	8	(360)	(223)
Loss on disposal of items of property, plant and equipment	8	2,865	156
Depreciation	8	506,650	264,362
Amortisation of a trademark	8	311	-
Amortisation of patents and licences	8	26	25
Amortisation of other intangible assets	8	114	114
Amortisation of prepaid land lease payments	8	8,041	1,773
Impairment /(write-back of impairment) of items of property, plant and equipment	8	(7,962)	1,605
Changes in fair value of derivative financial instruments	5,8	(24,992)	67,937
Provision /(write-back of provision) for bad and doubtful receivables	8	2,350	(823)
Provision for defined benefit plans	32	2,918	-
Gain on dissolution of a subsidiary	39(d)	(586)	-
Excess over the cost of a business combination	39(e)	(577,619)	-
Write-down/(write-back) of inventories to net realisable value	8	467	(1,426)
		1,649,132	1,163,813
Decrease/(increase) in other long-term assets		881	(376)
Increase in inventories		(79,635)	(21,256)
Decrease/(increase) in trade and bills receivables, prepayments, deposits and other receivables		33,145	(150,761)
Increase/(decrease) in trade payables, other payables and accruals and other long-term liabilities		231,976	(2,847)
Cash generated from operations		1,835,499	988,573
Defined benefits paid	32	(2,918)	-
Taxes paid		(67,805)	(71,426)
Net cash inflow from operating activities		1,764,776	917,147

CONSOLIDATED CASH FLOW STATEMENT (continued)

Year ended 31 December 2006

	Notes	2006	2005
		RMB'000	RMB'000
Net cash inflow from operating activities		1,764,776	917,147
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		30,961	24,441
Dividends received		360	38
Purchases of items of property, plant and equipment		(404,641)	(472,557)
Proceeds from disposal of items of property, plant and equipment		1,180	12
Additions to prepaid land lease payments	17	(61,956)	(2,835)
Additions to intangible assets	18	(15,636)	-
Acquisitions of minority interests		(5,494)	(2,469)
Acquisition of a subsidiary	39(e)	(892,245)	-
Dissolution of a subsidiary	39(d)	(21)	-
Increase in pledged bank deposits	29	(10,904)	-
Decrease in non-pledged time deposits with original maturity of three months or more when acquired	29	83,840	92,000
Net cash outflow from investing activities		(1,274,556)	(361,370)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions		-	150,250
Capital contributions by a minority shareholder		27,160	-
Formation of a subsidiary	39(a)	-	11,938
Issue of H shares	30	2,932,336	-
Interest received from subscription monies of H shares		88,856	-
Transfer of a subsidiary to a CNOOC group company	39(b)	-	(1)
New bank and other borrowings		4,283,397	154,120
Repayment of bank and other borrowings		(4,698,328)	(246,323)
Repayment of amounts due to the Finance Bureau	39(e)	(898,526)	-
Repayment of finance lease obligations		(673)	-
Dividends paid		(1,777,481)	(1,012)
Interest paid		(52,992)	(16,530)
Dividends paid to minority shareholders		(64,262)	(253)
Net cash inflow/(outflow) from financing activities		(160,513)	52,189
NET INCREASE IN CASH AND CASH EQUIVALENTS		329,707	607,966
Cash and cash equivalents at beginning of year		1,719,752	1,111,786
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,049,459	1,719,752
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	1,897,459	1,551,752
Non-pledged time deposits with original maturity of less than three months when acquired	29	152,000	168,000
		2,049,459	1,719,752