

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2004  
(Amounts in millions)

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

	2004	2003
	RMB	RMB
Profit from ordinary activities before taxation	59,606	35,041
Adjustments for:		
Depreciation, depletion and amortisation	32,342	27,951
Dry hole costs	2,976	2,789
Share of profits less losses from associates	(797)	(396)
Investment income	(111)	(89)
Interest income	(374)	(322)
Interest expense	4,583	4,365
Gain from issuance of shares by a subsidiary	—	(136)
Unrealised foreign exchange losses	150	289
Loss on disposal of property, plant and equipment, net	1,686	2,238
Impairment losses on long-lived assets	3,919	877
(Increase)/decrease in trade accounts receivable	(494)	1,487
Increase in bills receivable	(1,529)	(1,031)
(Increase)/decrease in inventories	(16,526)	449
Decrease in prepaid expenses and other current assets	3,022	981
Decrease in lease prepayments	60	19
Increase in long-term prepayments and other assets	(4,199)	(781)
Increase in trade accounts payable	599	3,283
Increase/(decrease) in bills payable	6,530	(6,544)
(Decrease)/increase in accrued expenses and other payables	(391)	5,715
(Decrease)/increase in other liabilities	(334)	38
<b>Cash generated from operations</b>	<b>90,718</b>	<b>76,223</b>
Interest received	374	313
Interest paid	(5,450)	(5,392)
Investment and dividend income received	322	449
Income tax paid	(16,883)	(9,496)
<b>Cash flows from operating activities</b>	<b>69,081</b>	<b>62,097</b>

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