



Income Statement and Profit Appropriation Statement

For the year ended 31 December, 2004
(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Revenue from principal operations	38	16,735	11,918
Less: Transfer to CAAC infrastructure development fund	4	—	168
Net revenue from principal operations		16,735	11,750
Less: Cost of principal operations		13,818	10,243
Business taxes and surcharges	39	456	132
Profit from principal operations		2,461	1,375
Add: Profit from other operations	40	188	253
Less: Selling expenses		1,483	1,111
Administrative expenses		774	547
Financial expenses	41	585	888
Operating loss		(193)	(918)
Add: Investment income	42	224	267
Non-operating income	43	106	18
Less: Non-operating expenses	44	58	24
Profit/(loss) before taxation		79	(657)
Less: Income tax	45	(24)	(672)
Net profit for the year		103	15

Income Statement and Profit Appropriation Statement (Cont'd)

For the year ended 31 December, 2004

(Prepared under PRC Accounting Rules and Regulations)

	Note	2004 RMB million	2003 RMB million
Net profit for the year		103	15
Add: Retained profits at the beginning of the year		787	774
Profits available for distribution		890	789
Less: Transfer to statutory surplus reserve	36	10	1
Transfer to statutory public welfare fund	36	5	1
Profits available for distribution to shareholders		875	787
Less: Transfer to discretionary surplus reserve	36	–	–
Dividends distributed to shareholders		–	–
Retained profits at the end of the year		875	787

The notes on pages 119 to 182 form part of these financial statements.