

# CONSOLIDATED CASH FLOW STATEMENT

for the six-month period ended 30 June 2002

	Note	RMB millions
<b>Cash flows from operating activities</b>		
Cash received from sale of goods and rendering of services		166,593
Rentals received		83
Other cash received relating to operating activities		459
<b>Sub-total of cash inflows</b>		<b>167,135</b>
Cash paid for goods and services		(109,896)
Cash paid for operating leases		(1,609)
Cash paid to and on behalf of employees		(5,920)
Value added tax paid		(8,163)
Income tax paid		(1,762)
Taxes paid other than value added tax and income tax		(6,179)
Other cash paid relating to operating activities		(11,947)
<b>Sub-total of cash outflows</b>		<b>(145,476)</b>
<b>Net cash inflow from operating activities</b>	(a)	<b>21,659</b>
<b>Cash flows from investing activities</b>		
Cash received from sales of investments		84
Net cash received from sales of fixed assets and intangible assets		360
Cash received from dividends		33
Maturity of time deposits with financial institutions		893
Other cash received relating to investing activities		218
<b>Sub-total of cash inflows</b>		<b>1,588</b>
Cash paid for acquisition of fixed assets and intangible assets		(15,596)
Cash paid for purchases of investments		(1,085)
Increase in time deposits with financial institutions		(1,134)
<b>Sub-total of cash outflows</b>		<b>(17,815)</b>
<b>Net cash outflow from investing activities</b>		<b>(16,227)</b>
<b>Cash flows from financing activities</b>		
Proceeds from contribution from minority interests		182
Proceeds from borrowings		132,662
<b>Sub-total of cash inflows</b>		<b>132,844</b>
Repayments of borrowings		(136,836)
Cash paid for interest expenses		(3,245)
Dividend paid to minority interests by subsidiaries		(84)
<b>Sub-total of cash outflows</b>		<b>(140,165)</b>
<b>Net cash outflow from financing activities</b>		<b>(7,321)</b>
<b>Effect of foreign exchange rate</b>		<b>4</b>
<b>Net decrease in cash and cash equivalents</b>	(b)	<b>(1,885)</b>

The notes to the financial statements form part of these interim financial statements.

# NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

for the six-month period ended 30 June 2002

	RMB millions
<b>(a) Reconciliation of net profit to cash flows from operating activities</b>	
Net profit	4,504
Add: Provision for bad doubtful debts	392
Reversal of provision for diminution in value of inventories	(38)
Depreciation of fixed assets	12,484
Amortisation of intangible assets	219
Dry hole costs	623
Net loss on disposal of fixed assets and intangible assets	92
Financial expenses	2,452
Investment income	(154)
Deferred tax credits	148
Increase in inventories	(1,469)
Increase in operating receivables	(3,949)
Increase in operating payables	5,916
Minority interests	439
<b>Net cash inflow from operating activities</b>	<b>21,659</b>
<b>(b) Net decrease in cash and cash equivalents</b>	
Cash and cash equivalents at the end of the period	19,138
Less: Cash and cash equivalents at the beginning of the period	21,023
<b>Net decrease in cash and cash equivalents</b>	<b>(1,885)</b>

The notes to the financial statements form part of these interim financial statements.