

CONSOLIDATED CASH FLOW STATEMENT

(Amounts in millions)

	Note	Six-month periods ended 30 June	
		2002 RMB	2001 RMB (unaudited)
Cash flows from operating activities	(a)	18,496	6,576
Cash flow from investing activities			
Capital expenditure		(15,432)	(21,602)
Purchase of investments and investments in associates and jointly controlled entities		(1,003)	(1,698)
Proceeds from disposal of investments and investments in associates and jointly controlled entities		84	146
Proceeds from disposal of property, plant and equipment		283	156
Repayments from associates and jointly controlled entities		—	117
Increase in time deposits with financial institutions		(1,134)	(1,581)
Maturity of time deposits with financial institutions		893	12,006
Net cash used in investing activities		(16,309)	(12,456)
Cash flow from financing activities			
Proceeds from bank and other loans		132,662	120,776
Repayments of bank and other loans		(136,836)	(105,231)
Distributions to minority interests		(84)	(234)
Contributions from minority interests		182	—
Net cash (used in)/generated from financing activities		(4,076)	15,311
Net (decrease)/increase in cash and cash equivalents		(1,889)	9,431
Effect of foreign exchange rate		4	(10)
Cash and cash equivalents at beginning of period		21,023	19,621
Cash and cash equivalents at end of period		19,138	29,042

The notes on pages 70 to 91 form part of these interim financial statements.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(Amounts in millions)

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

	Six-month periods ended 30 June	
	2002 RMB	2001 RMB (<i>unaudited</i>)
Profit from ordinary activities before taxation	8,478	14,677
Adjustments for:		
Depreciation, depletion and amortisation	11,346	10,441
Dry hole costs	623	978
Share of profits less losses from associates and jointly controlled entities	(90)	(190)
Investment income	(42)	(82)
Interest income	(130)	(739)
Interest expense	2,263	2,966
Unrealised foreign exchange loss/(gain)	252	(243)
Loss on disposal of property, plant and equipment	92	258
Increase in trade accounts receivables	(2,183)	(4,086)
Increase in bills receivable	(774)	(1,450)
Increase in inventories	(1,497)	(4,491)
Decrease/(increase) in prepaid expenses and other current assets	114	(5,611)
Decrease in lease prepayments	12	25
Increase in other assets	(333)	(413)
Increase/(decrease) in trade accounts payable	862	(6,000)
Increase in bills payable	6,881	6,991
Decrease in accrued expenses and other payables	(2,443)	(290)
(Decrease)/increase in other liabilities	(105)	119
Cash generated from operations	23,326	12,860
Interest received	144	777
Interest paid	(3,245)	(2,684)
Investment income received	33	198
Income tax paid	(1,762)	(4,575)
Cash flows from operating activities	18,496	6,576

The notes on pages 70 to 91 form part of these interim financial statements.