

## INCOME STATEMENT AND PROFIT APPROPRIATION STATEMENT

for the year ended 31 December 2002

	Note	2002 RMB millions	2001 RMB millions
Income from principal operations	31	215,862	218,675
Less: Cost of sales		177,346	186,674
Sales taxes and surcharges	32	7,381	7,488
<b>Profit from principal operations</b>		<b>31,135</b>	<b>24,513</b>
Add: Profit from other operations		120	951
Less: Selling expenses		8,940	8,635
Administrative expenses		10,540	8,933
Financial expenses	33	2,793	1,859
Exploration expenses, including dry holes	34	2,965	2,375
<b>Operating profit</b>		<b>6,017</b>	<b>3,662</b>
Add: Investment income	35	15,580	19,329
Non-operating income		169	265
Less: Non-operating expenses	36	1,142	2,353
<b>Profit before taxation</b>		<b>20,624</b>	<b>20,903</b>
Less: Taxation	37	6,503	6,885
<b>Net profit</b>		<b>14,121</b>	<b>14,018</b>
Add: Undistributed profits at the beginning of the year		10,006	5,728
<b>Distributable profits</b>		<b>24,127</b>	<b>19,746</b>
Less: Transfer to statutory surplus reserve	30	1,412	1,402
Transfer to statutory public welfare fund	30	1,412	1,402
Transfer to discretionary surplus reserve	30	7,000	—
<b>Distributable profits to shareholders</b>		<b>14,303</b>	<b>16,942</b>
Less: Interim dividend	38	1,734	—
Final dividend	38	5,202	6,936
<b>Undistributed profits</b>		<b>7,367</b>	<b>10,006</b>

The notes on pages 89 to 112 form part of these financial statements.