

# CONSOLIDATED INCOME STATEMENT AND PROFIT APPROPRIATION STATEMENT

for the year ended 31 December 2003

	Note	2003 RMB millions	2002 RMB millions
Income from principal operations	32	417,191	324,184
Less: Cost of sales		323,104	251,182
Sales taxes and surcharges	33	13,371	11,852
<b>Profit from principal operations</b>		<b>80,716</b>	<b>61,150</b>
Add: Profit from other operations		856	889
Less: Selling expenses		14,582	13,279
Administrative expenses		21,219	17,253
Financial expenses	34	4,129	4,327
Exploration expenses, including dry holes	35	6,133	4,363
<b>Operating profit</b>		<b>35,509</b>	<b>22,817</b>
Add: Investment income	36	548	505
Non-operating income		292	333
Less: Non-operating expenses	37	6,334	1,643
<b>Profit before taxation</b>		<b>30,015</b>	<b>22,012</b>
Less: Taxation	38	9,361	6,809
Minority interests		1,886	1,082
Add: Unrecognised investment losses		243	—
<b>Net profit</b>		<b>19,011</b>	<b>14,121</b>
Add: Undistributed profits at the beginning of the year		12,569	16,942
<b>Distributable profits</b>		<b>31,580</b>	<b>31,063</b>
Less: Transfer to statutory surplus reserve	31	1,901	1,412
Transfer to statutory public welfare fund	31	1,901	1,412
Transfer to discretionary surplus reserve	31	—	7,000
<b>Distributable profits to shareholders</b>		<b>27,778</b>	<b>21,239</b>
Less: Ordinary shares' final dividend	2&39	5,202	6,936
Ordinary shares' interim dividend	2&39	2,601	1,734
<b>Undistributed profits at the end of the year (Including dividend declared after the balance sheet date in respect of the year 2003 of RMB 5,202 million (2002: RMB 5,202 million))</b>	2&39	<b>19,975</b>	<b>12,569</b>

The notes on pages 96 to 125 form part of these financial statements.