

# CONSOLIDATED INCOME STATEMENT AND PROFIT APPROPRIATION STATEMENT

for the year ended 31 December 2004

	Note	2004 RMB millions	2003 RMB millions
Income from principal operations	32	590,632	417,191
Less: Cost of sales		459,207	323,104
Sales taxes and surcharges	33	16,203	13,371
<b>Profit from principal operations</b>		<b>115,222</b>	<b>80,716</b>
Add: Profit from other operations		1,102	856
Less: Selling expenses		19,477	14,582
Administrative expenses		23,167	21,219
Financial expenses	34	4,331	4,129
Exploration expenses, including dry holes	35	6,396	6,133
<b>Operating profit</b>		<b>62,953</b>	<b>35,509</b>
Add: Investment income	36	1,088	548
Non-operating income		665	292
Less: Non-operating expenses	37	11,171	6,334
<b>Profit before taxation</b>		<b>53,535</b>	<b>30,015</b>
Less: Taxation	38	16,060	9,361
Minority interests		5,670	1,886
Add: Unrecognised investment losses		470	243
<b>Net profit</b>		<b>32,275</b>	<b>19,011</b>
Add: Undistributed profits at the beginning of the year		19,975	12,569
<b>Distributable profits</b>		<b>52,250</b>	<b>31,580</b>
Less: Transfer to statutory surplus reserve	31	3,228	1,901
Transfer to statutory public welfare fund	31	3,228	1,901
<b>Distributable profits to shareholders</b>		<b>45,794</b>	<b>27,778</b>
Less: Ordinary shares' final dividend	39	5,202	5,202
Ordinary shares' interim dividend		3,468	2,601
<b>Undistributed profits at the end of the year (Including dividend declared after the balance sheet date in respect of year 2004 of RMB 6,936 million (2003: RMB 5,202 million))</b>	39	<b>37,124</b>	<b>19,975</b>

Approved by the Board of Directors on 25 March 2005.

**Chen Tonghai**  
Chairman  
(Authorised representative)

**Wang Jiming**  
Vice Chairman  
and President

**Zhang Jiaren**  
Director, Senior Vice President  
and Chief Financial Officer

**Liu Yun**  
Head of Accounting  
Division

The notes on pages 94 to 125 form part of these financial statements.