

CONSOLIDATED INCOME STATEMENT AND PROFIT APPROPRIATION STATEMENT

for the year ended 31 December 2005

	Note	2005 RMB millions	2004 RMB millions
Income from principal operations	32	799,115	590,632
Less: Cost of sales		668,249	459,207
Sales taxes and surcharges	33	17,152	16,203
Profit from principal operations		113,714	115,222
Add: Profit from other operations		839	1,102
Less: Selling expenses		22,690	19,477
Administrative expenses		23,330	23,167
Financial expenses	34	5,266	4,331
Exploration expenses, including dry holes	35	6,411	6,396
Operating profit		56,856	62,953
Add: Investment income	36	813	1,088
Subsidy income	37	9,415	—
Non-operating income		367	665
Less: Non-operating expenses	38	5,969	11,171
Profit before taxation		61,482	53,535
Less: Income tax	39	18,903	16,060
Minority interests		2,902	5,670
Add: (Reversal of) unrecognised investment losses		(119)	470
Net profit		39,558	32,275
Add: Retained profits at the beginning of the year		37,124	19,975
Distributable profits		76,682	52,250
Less: Transfer to statutory surplus reserve	31	3,956	3,228
Transfer to statutory public welfare fund	31	3,956	3,228
Distributable profits to shareholders		68,770	45,794
Less: Distribution of ordinary shares' final dividend	40	6,936	5,202
Distribution of ordinary shares' interim dividend	40	3,468	3,468
Retained profits at the end of the year (Including dividend proposed after the balance sheet date in respect of year 2005 of RMB 7,803 million (2004: RMB 6,936 million))	40	58,366	37,124

These financial statements have been approved by the Board of Directors on 31 March 2006.

Chen Tonghai
Chairman
(Authorised representative)

Wang Tianpu
President

Zhang Jiaren
Director and
Chief Financial Officer

Liu Yun
Head of Accounting
Division

The notes on pages 92 to 122 form part of these financial statements.