

Consolidated Income Statement

For the year ended 31 December 2006
(Prepared in accordance with International Financial Reporting Standards)
(Expressed in Renminbi)

	Note	2006 RMB million	2005 RMB million
Operating revenue			
Traffic revenue	3	45,087	37,419
Other operating revenue	3	1,132	874
Total operating revenue		46,219	38,293
Operating expenses			
Flight operations	4	24,667	19,394
Maintenance	5	3,999	4,589
Aircraft and traffic servicing	6	6,219	5,759
Promotion and sales	7	2,811	2,780
General and administrative	8	3,140	2,457
Depreciation and amortisation	9	4,971	4,440
Others		100	179
Total operating expenses		45,907	39,598
Operating profit/(loss)		312	(1,305)
Non-operating income/(expenses)			
Interest income		41	55
Interest expense	11	(2,070)	(1,616)
Share of associates' results	21	5	(285)
Share of jointly controlled entities' results	22	115	36
Loss on derivative financial instruments, net		(19)	–
Gain/(loss) on sale of property, plant and equipment, net	12	335	(32)
Exchange gain, net		1,492	1,220
Others, net		146	74
Total net non-operating income/(expenses)		45	(548)
Profit/(loss) before taxation		357	(1,853)
Income tax (expense)/benefit	14	(153)	7
Profit/(loss) for the year		204	(1,846)
Attributable to			
Equity shareholders of the Company	15	188	(1,848)
Minority interests		16	2
Profit/(loss) for the year		204	(1,846)
Earnings/(loss) per share	17		
Basic		RMB0.04	RMB(0.42)
Diluted		RMB0.04	RMB(0.42)

The notes on pages 50 to 109 form part of these financial statements.