Consolidated Cash Flow Statement

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

	2006	2005
	RMB million	RMB million
Profit/(loss) before taxation	357	(1,853)
Depreciation of property, plant and equipment	4,999	4,420
Other amortisation	33	40
Amortisation of deferred credits	(61)	(78)
Share of associates' results	(5)	285
Share of jointly controlled entities' results	(115)	(36)
(Gain)/loss on sale of property, plant and equipment, net	(335)	32
Interest income	(41)	(55)
Interest expense	2,070	1,616
Loss on derivatives financial instrument, net	19	_
Net realised and unrealised gain on equity securities held for trading	-	(6)
Dividend income from other investments in equity securities	(7)	_
Unrealised exchange gain, net	(1,492)	(1,164)
Decrease in inventories	95	46
Decrease/(increase) in trade receivables	36	(315)
Decrease/(increase) in other receivables	152	(236)
Increase in prepaid expenses and other current assets	(205)	(2)
Increase/(decrease) in net amounts due to related companies	113	(493)
(Decrease)/increase in trade and bills payables	(2,048)	2,239
Increase in sales in advance of carriage	23	539
Increase/(decrease) in accrued expenses	568	(399)
(Decrease)/increase in other liabilities	(247)	822
Increase in provision for major overhauls	504	17
Increase in provision for early retirement benefits	306	_
Cash inflows from operations	4,719	5,419
Interest received	41	55
Interest paid	(2,419)	(1,616)
Income tax paid	(46)	(23)
Net cash inflows from operating activities	2,295	3,835

Consolidated Cash Flow Statement (Cont'd)

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

Investing activities Proceeds from sale of property, plant and equipment Proceeds from sale of other investments Proceeds from sale of other investments Net cash settlement of derivative financial instruments Proceeds from sale of other investments Proceeds from sale of other investments Proceeds from sale of other investments Proceeds from settlement of derivative financial instruments Proceeds from settlement of derivative from settlements Payment of the acquisition of the airline operations and certain related assets of China Northern Airlines and Xinjiang Airlines Proceeds from settlement of deposits Proceeds and equipment deposits Proceeds and equipment deposits Proceeds from settlement in an associate Proceeds from settlement in an associate Proceeds in investment in an associate Proceeds from bank and other loans Repayment of bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Proceeds from bank and other loans Proceeds from bank and other loan		2006	2005
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Proceeds from sale of property, plant and equipment Proceeds from sale of other investments Proceeds in deferred credits Proceeds in deferred credits Providends received from associates Proceeds from associates Proceeds in other non-current investments Proceeds in other non-current investments Proceeds in other non-current assets Proceeds in other non-current assets Of China Northern Airlines and Xinjiang Airlines Payment of the acquisition of the airline operations and certain related assets Of China Northern Airlines and Xinjiang Airlines Payment of lease and equipment deposits Payment for the investment in an associate Proceeds in investing acquisition of CSAHC Hainan (Note 43(b)) Proceeds in investing activities Proceeds from bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Polividends paid to minority shareholders Peccease in cash and cash equivalents (637) Recrease in cash and cash equivalents	Investing activities		
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Dividends received from other non-current investments Decrease in other non-current assets Payment for the acquisition of the airline operations and certain related assets of China Northern Airlines and Xinjiang Airlines Payment of acquisition of equity interest held by minority shareholders Payment of lease and equipment deposits Refund of lease and equipment deposits Capital expenditures Payment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Pecrease in cash and cash equivalents (637) (182) Decrease in cash and cash equivalents	Dividends received from associates	33	2
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of China Northern Airlines and Xinjiang Airlines Payment of acquisition of equity interest held by minority shareholders (12) (118 Payment of lease and equipment deposits (5,464) (6,645 Refund of lease and equipment deposits (2,031 4,615 Capital expenditures (2,644) (4,935 Payment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities (5,482) (8,005 Net cash outflows before financing activities (3,187) (4,174 Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations (3,313) (2,050 Capital contribution received from minority shareholders Dividends paid to minority shareholders (7) (20 Net cash inflows from financing activities (637) (182	Decrease in other non-current assets	16	4
Payment of acquisition of equity interest held by minority shareholders Refund of lease and equipment deposits Refund of lease and equipment deposits Capital expenditures (2,644) (4,935) Rayment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities (5,482) (8,005) Net cash outflows before financing activities (3,187) (4,174) Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders (3,187) (4,174) (4,174) (5,482) (8,005) (8,005) (8,005) (8,005) (8,005) (9,113) (12,195) (19,113) (12,195) (19,113) (2,056) (2,056) (3,313) (2,056) (3,313) (2,056) (3,313) (2,056) (3,187) (182)	Payment for the acquisition of the airline operations and certain related assets		
Payment of lease and equipment deposits Refund of lease and equipment deposits Capital expenditures (2,644) Payment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities Net cash outflows before financing activities (3,187) Net cash outflows before financing activities Proceeds from bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Decrease in cash and cash equivalents (5,484) (4,935) (3,11) (4,174) (5,482) (8,005) (8,005) (19,113) (12,195) (19,113) (12,195) (2,050) (2,050) (3,313) (2,050) (3,313) (2,050) (3,313) (2,050) (3,313) (3,050) (3,313) (3,050)	of China Northern Airlines and Xinjiang Airlines	_	(1,959)
Refund of lease and equipment deposits Capital expenditures (2,644) (4,935 Payment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities (5,482) (8,005 Net cash outflows before financing activities (3,187) (4,174 Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Decrease in cash and cash equivalents (637) (182	Payment of acquisition of equity interest held by minority shareholders	(12)	(118)
Capital expenditures(2,644)(4,935)Payment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b))(31)-Net cash used in investing activities(5,482)(8,005)Net cash outflows before financing activities(3,187)(4,174)Financing activities24,98318,238Proceeds from bank and other loans(19,113)(12,193)Repayment of bank and other loans(19,113)(12,193)Repayment of principal under finance lease obligations(3,313)(2,050)Capital contribution received from minority shareholders-17Dividends paid to minority shareholders-17Net cash inflows from financing activities2,5503,992Decrease in cash and cash equivalents(637)(182)	Payment of lease and equipment deposits	(5,464)	(6,649)
Payment for the investment in an associate Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities (5,482) Net cash outflows before financing activities (3,187) Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Decrease in cash and cash equivalents (331) (4,174) (4,174) (4,174) (4,174) (4,174) (5,482) (8,009) (19,113) (12,193) (12,193) (19,113) (10,050) (1	Refund of lease and equipment deposits	2,031	4,619
Through acquisition of CSAHC Hainan (Note 43(b)) Net cash used in investing activities (5,482) Net cash outflows before financing activities (3,187) Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Decrease in cash and cash equivalents (8,009 (4,174) (4,174) (19,113) (12,193) (19,113) (12,193) (2,050) (3,313) (2,050) (3,313) (2,050) (3,313) (2,050) (3,313) (1,050) (Capital expenditures	(2,644)	(4,935)
Net cash used in investing activities (5,482) (8,009) Net cash outflows before financing activities (3,187) (4,174) Financing activities Proceeds from bank and other loans 24,983 18,238 Repayment of bank and other loans (19,113) (12,193) Repayment of principal under finance lease obligations (3,313) (2,050) Capital contribution received from minority shareholders - 17 Dividends paid to minority shareholders (7) (20) Net cash inflows from financing activities 2,550 3,992 Decrease in cash and cash equivalents (637) (182)	Payment for the investment in an associate	(31)	-
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Net cash outflows before financing activities Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Capital contractivities Net cash inflows from financing activities Capital contractivities Repayment of principal under finance lease obligations (3,313) (2,050) (2,050) (2,050) (3,213) (2,050) (2,050) (3,213) (2,050) (3,213) (2,050) (2,050) (3,213) (3,213) (2,050) (3,213) (2,050) (3,213) (2,050) (2,050) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (2,050) (3,213) (2,050) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (3,213) (2,050) (3,213) (3	Not each used in investing activities	/E 492\	(0,000)
Net cash outflows before financing activities Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Capital contribution received from minority shareholders Net cash inflows from financing activities Capital contribution received from minority shareholders (7) (20) (182)		(5,462)	(6,009)
Financing activities Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Capital contribution received from minority shareholders Total Capital contribution received from minority shareholders Total Capital Capital Contribution received from minority shareholders Total Capital		(2 107)	(4 174)
Proceeds from bank and other loans Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Decrease in cash and cash equivalents 18,238 (19,113) (12,193 (3,313) (2,050 (7) (20 (7) (20 (637) (182			
Repayment of bank and other loans Repayment of principal under finance lease obligations Capital contribution received from minority shareholders Dividends paid to minority shareholders Net cash inflows from financing activities Decrease in cash and cash equivalents (19,113) (12,193) (2,050) (7) (20) (182)	Financing activities		
Repayment of principal under finance lease obligations Capital contribution received from minority shareholders — 17 Dividends paid to minority shareholders (7) Net cash inflows from financing activities 2,550 Decrease in cash and cash equivalents (637) (182)	Proceeds from bank and other loans	24,983	18,238
Capital contribution received from minority shareholders — 17 Dividends paid to minority shareholders (7) Net cash inflows from financing activities 2,550 2,550 3,992 Decrease in cash and cash equivalents (637)	Repayment of bank and other loans	(19,113)	(12,193)
Dividends paid to minority shareholders(7)(20)Net cash inflows from financing activities2,5503,992Decrease in cash and cash equivalents(637)(182)	Repayment of principal under finance lease obligations	(3,313)	(2,050)
Net cash inflows from financing activities 2,550 3,992 Decrease in cash and cash equivalents (637) (182)	Capital contribution received from minority shareholders	_	17
Decrease in cash and cash equivalents (637) (182	Dividends paid to minority shareholders	(7)	(20)
Decrease in cash and cash equivalents (637) (182			
	Net cash inflows from financing activities	2,550	3,992
		(55-)	(4.55)
Cash and cash equivalents at 1 January 2,901 3,083	Decrease in cash and cash equivalents	(637)	(182)
	Cash and cash equivalents at 1 January	2,901	3,083
Cash and cash equivalents at 31 December 2,264 2,901	Cash and cash equivalents at 31 December	2.264	2,901