

Consolidated Statement of Cash Flows

for the year ended 31 December 2011 (Amounts in millions)

	Note	2011 RMB	2010 RMB (restated)
Net cash from operating activities	(a)	73,006	75,571
Cash flows used in investing activities			
Capital expenditure		(48,495)	(41,597)
Purchase of investments		(6)	(41)
Lease prepayments		(60)	(111)
Proceeds from disposal of property, plant and equipment		3,234	2,738
Proceeds from disposal of lease prepayments		487	176
Proceeds from disposal of investments		1,040	1
Proceeds from return of investments		10	–
Purchase of time deposits with maturity over three months		(1,804)	(1,968)
Maturity of time deposits with maturity over three months		1,968	442
Payment of purchase price for the acquisition of CDMA business		–	(5,374)
Payment for acquisition of a subsidiary		(11)	–
Net cash used in investing activities		(43,637)	(45,734)
Cash flows used in financing activities			
Principal element of finance lease payments		–	(18)
Proceeds from bank and other loans		23,876	53,518
Repayment of bank and other loans		(45,329)	(86,001)
Payment of dividends		(6,174)	(5,608)
Distribution to China Telecommunications Corporation in connection with the Fourth Acquisition	1	–	(535)
Payment for acquisition of non-controlling interests		(1)	(27)
Payment for the acquisition price of the Fifth Acquisition	1	(27)	–
Net cash distributions to non-controlling interests		(65)	(100)
Net cash used in financing activities		(27,720)	(38,771)
Net increase/(decrease) in cash and cash equivalents		1,649	(8,934)
Cash and cash equivalents at 1 January		25,824	34,804
Effect of changes in foreign exchange rate		(101)	(46)
Cash and cash equivalents at 31 December		27,372	25,824

The notes on pages 96 to 146 form part of these financial statements.



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for the year ended 31 December 2011 (Amounts in millions)

(a) Reconciliation of profit before taxation to net cash from operating activities

	2011 RMB	2010 RMB (restated)
Profit before taxation	22,014	20,311
Adjustments for:		
Depreciation and amortisation	51,224	52,215
Impairment losses on property, plant and equipment	–	139
Impairment losses for doubtful debts	1,367	1,593
Write down of inventories	96	87
Investment income	(40)	(328)
Share of profits of associates	(99)	(131)
Interest income	(405)	(287)
Interest expense	2,710	3,795
Unrealised foreign exchange (gain)/loss	(51)	92
Gain on retirement and disposal of property, plant and equipment	(2,436)	(430)
Operating profit before changes in working capital	74,380	77,056
Increase in accounts receivable	(2,546)	(1,475)
Increase in inventories	(1,764)	(629)
Increase in prepayments and other current assets	(3,018)	(1,203)
Decrease in other assets	795	928
Increase in accounts payable	6,324	4,120
Increase in accrued expenses and other payables	6,943	6,003
Decrease in deferred revenues	(1,398)	(2,259)
Cash generated from operations	79,716	82,541
Interest received	396	292
Interest paid	(3,084)	(3,824)
Investment income received	42	10
Income tax paid	(4,064)	(3,448)
Net cash from operating activities	73,006	75,571

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