

Consolidated Statement of Cash Flows

for the year ended 31 December 2012 (Amounts in millions)

	Note	2012 RMB	2011 RMB (restated)
Net cash from operating activities	(a)	70,667	73,009
Cash flows used in investing activities			
Capital expenditure		(50,028)	(48,495)
Purchase of investments		–	(6)
Lease prepayments		(133)	(60)
Proceeds from disposal of property, plant and equipment		2,696	3,234
Proceeds from disposal of lease prepayments		255	487
Proceeds from disposal of investments		–	1,040
Net cash outflow from disposal of a subsidiary		(116)	–
Proceeds from return of investments		–	10
Purchase of time deposits with maturity over three months		(2,730)	(1,804)
Maturity of time deposits with maturity over three months		1,804	1,968
Payment for acquisition of a subsidiary		–	(11)
Net cash used in investing activities		(48,252)	(43,637)
Cash flows used in financing activities			
Proceeds from bank and other loans		9,702	23,876
Repayment of bank and other loans		(24,133)	(45,329)
Payment of dividends		(5,625)	(6,174)
Payment for acquisition of non-controlling interests		–	(1)
Payment for the acquisition price of the Fifth Acquisition	1	(29)	(27)
Payment for the acquisition price of the Sixth Acquisition	1	(48)	–
Distribution to China Telecom Group		–	(3)
Net cash contributions/(distributions) to non-controlling interests		331	(65)
Net cash used in financing activities		(19,802)	(27,723)
Net increase in cash and cash equivalents		2,613	1,649
Cash and cash equivalents at 1 January		27,372	25,824
Effect of changes in foreign exchange rate		(3)	(101)
Cash and cash equivalents at 31 December		29,982	27,372

The notes on pages 118 to 174 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2012 (Amounts in millions)

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

	2012	2011
	RMB	RMB
		(restated)
Profit before taxation	19,793	22,012
Adjustments for:		
Depreciation and amortisation	49,655	51,233
Impairment losses for doubtful debts	1,612	1,367
Write down of inventories	235	96
Investment income	(93)	(40)
Share of profits of associates	(78)	(99)
Interest income	(591)	(405)
Interest expense	2,154	2,710
Unrealised foreign exchange loss/(gain)	1	(51)
Gain on retirement and disposal of property, plant and equipment	(2,429)	(2,436)
Operating profit before changes in working capital	70,259	74,387
Increase in accounts receivable	(2,125)	(2,546)
Increase in inventories	(1,185)	(1,763)
Increase in prepayments and other current assets	(1,025)	(3,019)
Decrease in other assets	484	796
Increase in accounts payable	4,987	6,323
Increase in accrued expenses and other payables	6,233	6,939
Decrease in deferred revenues	(1,360)	(1,398)
Cash generated from operations	76,268	79,719
Interest received	587	396
Interest paid	(2,200)	(3,084)
Investment income received	23	42
Income tax paid	(4,011)	(4,064)
Net cash from operating activities	70,667	73,009

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