

# Consolidated Statement of Cash Flows (Unaudited)

for the six-month period ended 30 June 2012 (Amounts in millions)

	Note	Six-month period ended 30 June	
		2012 RMB	2011 RMB (restated)
<b>Net cash from operating activities</b>	(a)	<b>36,540</b>	41,816
<b>Cash flows from investing activities</b>			
Capital expenditure		(22,984)	(20,433)
Purchase of investments		—	(5)
Lease prepayments		(23)	(10)
Proceeds from disposal of property, plant and equipment		759	1,090
Proceeds from return of investments		—	10
Proceeds from disposal of lease prepayments		18	50
Net cash outflow from disposal of a subsidiary		(116)	—
Purchase of time deposits with original maturity over three months		(5,199)	(3,321)
Maturity of time deposits with original maturity over three months		1,804	1,968
<b>Net cash used in investing activities</b>		<b>(25,741)</b>	(20,651)
<b>Cash flows from financing activities</b>			
Proceeds from bank and other loans		5,760	14,464
Repayments of bank and other loans		(10,796)	(29,309)
Payment of dividends		—	(6,174)
Payment for the acquisition price of the Sixth Acquisition	2	(48)	—
Net cash distributions to non-controlling interests		(3)	(23)
<b>Net cash used in financing activities</b>		<b>(5,087)</b>	(21,042)
<b>Net increase in cash and cash equivalents</b>		<b>5,712</b>	123
<b>Cash and cash equivalents at 1 January</b>		<b>27,372</b>	25,824
<b>Effect of changes in foreign exchange rate</b>		<b>(11)</b>	(34)
<b>Cash and cash equivalents at 30 June</b>		<b>33,073</b>	25,913

The notes on pages 14 to 30 form part of these interim financial statements.



## Consolidated Statement of Cash Flows (Unaudited) (Continued)

for the six-month period ended 30 June 2012 (Amounts in millions)

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

	Six-month period ended 30 June	
	2012 RMB	2011 RMB (restated)
<b>Profit before taxation</b>	<b>11,669</b>	12,973
Adjustments for:		
Depreciation and amortisation	<b>24,540</b>	25,668
Impairment losses for doubtful debts	<b>922</b>	808
Impairment losses for intangible assets	<b>—</b>	8
Write down of inventories	<b>247</b>	56
Investment income	<b>(79)</b>	(4)
Share of profits from associates	<b>(11)</b>	(43)
Interest income	<b>(216)</b>	(179)
Interest expense	<b>1,111</b>	1,469
Unrealised foreign exchange (gain)/loss	<b>(22)</b>	19
Gain on disposal of property, plant and equipment	<b>(570)</b>	(161)
<b>Operating profit before changes in working capital</b>	<b>37,591</b>	40,614
Increase in accounts receivable	<b>(5,364)</b>	(3,894)
Increase in inventories	<b>(3)</b>	(608)
Increase in prepayments and other current assets	<b>(783)</b>	(172)
Decrease in other assets	<b>377</b>	429
Increase in accounts payable	<b>3,134</b>	3,986
Increase in accrued expenses and other payables	<b>5,386</b>	5,879
Decrease in deferred revenues	<b>(739)</b>	(770)
<b>Cash generated from operations</b>	<b>39,599</b>	45,464
Interest received	<b>227</b>	182
Interest paid	<b>(297)</b>	(1,000)
Investment income received	<b>7</b>	11
Income tax paid	<b>(2,996)</b>	(2,841)
<b>Net cash from operating activities</b>	<b>36,540</b>	41,816

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