



中国石油天然气股份有限公司
PetroChina Company Limited

中国石油天然气股份有限公司 PETROCHINA COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Hong Kong Stock Exchange Stock Code: 857; Shanghai Stock Exchange Stock Code: 601857)

ANNOUNCEMENT

First Quarter Report of 2008

Pursuant to the regulations of the China Securities Regulatory Commission, PetroChina Company Limited is required to publish a quarterly report for each of the first and third quarters.

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

§1 Important Notice

1.1 The Board of Directors of PetroChina Company Limited (the "Company"), the Supervisory Committee and the Directors, Supervisors and Senior Management of the Company warrant that there are no material omissions from, or misrepresentation or misleading statements contained in this announcement, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in this announcement.

1.2 This announcement has been approved unanimously at the extraordinary meeting of the Board of Directors of the Company (the "Board"). No Director has any doubt as to, or the inability to warrant, the truthfulness, accuracy and completeness of this announcement.

1.3 The financial statements of the Company and its subsidiaries (the "Group") are prepared in accordance with the Basic Standard and 38 specific standards of Accounting Standards for Business Enterprises issued by the Ministry of Finance for the People's Republic of China (the "PRC") on February 15, 2006, Application Guidance of Accounting Standard For Business Enterprises, Interpretation of Accounting Standards For Business Enterprises and other regulations issued thereafter (collectively, the "CAS") and the International Financial Reporting Standards (the "IFRS"), respectively. The financial statements in this announcement have not been audited.

1.4 Mr. Jiang Jiemin, Chairman of the Board and President of the Company, and Mr. Zhou Mingchun, Chief Financial Officer and Head of the Finance Department of the Company, warrant the truthfulness and completeness of the financial statements in this announcement.

§2 Basic Information of the Company

2.1 Summary of Accounting Data and Financial Indicators

2.1.1 Key Accounting Data and Financial Indicators Prepared under IFRS

Unit: RMB Million

Items	For three months ended March 31,		Changes compared with the same period of 2007 (%)
	2008	2007	
Net profit attributable to equity holders of the Company	28,885	42,140	(31.5)
Basic and diluted earnings per share for profit attributable to equity holders of the Company (RMB)	0.16	0.24	(33.0)
Return on net assets (%)	3.8	6.7	(2.9 percentage points)
Net cash flows from operating activities	31,988	51,399	(37.8)
Net cash flows from operating activities per share (RMB)	0.17	0.29	(41.4)

Items	As at March 31, 2008	As at December 31, 2007	Changes as at March 31, 2008 as compared with December 31, 2007 (%)
	Total assets	1,125,686	
Equity attributable to equity holders of the Company	761,419	733,405	3.8
Net assets per share (RMB)	4.16	4.01	3.7

2.1.2 Key Accounting Data and Financial Indicators Prepared under CAS

Unit: RMB Million

	As at the end of the reporting period	As at the year-end of 2007	Changes compared with the preceding year-end (%)
Total assets	1,061,357	994,092	6.8
Equity attributable to equity holders of the Company	703,148	677,367	3.8
Net assets per share (RMB)	3.84	3.70	3.8
	From the beginning of the year to the end of the reporting period		Changes compared with the same period of the preceding year (%)
Net cash flows from operating activities		32,627	(37.9)
Net cash flows per share from operating activities (RMB)		0.18	(37.9)
	The reporting period	From the beginning of the year to the end of the reporting period	Changes compared with the same period of the preceding year (%)
Net profit attributable to equity holders of the Company	26,519	26,519	(28.6)
Basic earnings per share (RMB)	0.14	0.14	(30.2)
Basic earnings per share after deducting non-recurring profit/loss items (RMB)	0.15	0.15	(29.7)
Diluted earnings per share (RMB)	0.14	0.14	(30.2)
Fully diluted return on net assets (%)	3.8	3.8	(2.6 percentage points)
Fully diluted return on net assets after deducting non-recurring profit/loss items (%)	3.8	3.8	(2.6 percentage points)

Unit: RMB Million

Non-recurring profit/loss items	For three months ended March 31, 2008 (profit)/ loss
Loss on disposal of non-current assets*	49
Other non-operating net income and expenses	207
Government grants	(44)
Tax effect of non-recurring profit/loss items	(82)
Total	130

*Excluding exploratory dry holes

2.1.3 Differences between CAS and IFRS

Unit: RMB Million

	CAS	IFRS
Net profit (including minority interest)	31,059	33,585
Equity (including minority interest)	749,744	813,194
Analysis of differences	See appendix for details	

2.2 Number of Shareholders and Top Ten Shareholders Holding Shares Without Selling Restrictions at the End of the Reporting Period

Number of shareholders at the end of the reporting period	2,138,310 shareholders including 2,132,813 holders of A shares and 5,497 holders of H shares (including holders of the American Depository Shares)	
Top ten shareholders holding shares without selling restrictions		
Name of shareholders	Quantity of tradable shares in possession as at the end of the reporting period (share)	Type of shares
1.HKSCC Nominees Limited	20,924,204,346	H Share
2.China Life Insurance (Group) Company -Traditional-Ordinary Insurance Product	30,000,000	A Share
3.Ping An Life Insurance Company of China, Ltd.- Traditional-Ordinary Insurance Product	27,005,852	A Share
4.China Life Insurance Company Limited-Traditional-Ordinary Insurance Product-005L-CT001 Shanghai	25,069,000	A Share
5.Ping An Life Insurance Company of China, Ltd.-Proprietary Funds	25,000,000	A Share
6.China Life Insurance Company Limited-Dividends-Personal Dividends-005L-FH002 Shanghai	23,519,708	A Share
7.Industrial and Commercial Bank of China-Shanghai 50 Index ETF Securities Investment Fund	21,612,640	A Share
8.China Life Insurance Company Limited-Dividends-Group Dividends-005L-FH001 Shanghai	20,000,000	A Share
9. Bank of China-Shanghai and Shenzhen 300 Index Jiashi Securities Investment Fund	19,156,213	A Share
10. CSIC Finance Co. Ltd.	15,935,600	A Share

2.3 Review of Results of Operations

The PRC economy maintained rapid growth during the first quarter of 2008, with an increase in the GDP of 10.6%. International crude oil prices maintained at a high level and continuously reached unprecedented record level and prices of chemical products continue to soar. Faced with the changes in the operating environment, the Company planned in a scientific manner and responded actively, and realised a continuous development in the principal operations of the Group, stable production and operation, steady increase in the output of major products and further enhancement of the sustainability of the Group. Excluding the impacts resulted from policy factors such as the special levy on domestic crude oil sales and the macro economic controls on the prices of refined products, the efficacy of the Company's operation continues to maintain at a higher level.

In respect of exploration and production, the Group carried out exploration at the key basins and focused on key exploration projects, enhanced the exploration of mature oilfields and ventured into the exploration of new oilfields actively. The Group realised overall discovery and development of new oilfields, fully activated secondary recovery of mature oilfields, and conducted production in the oilfields in a safe, steady and orderly manner. During the first quarter of 2008, the crude oil output of the Group was 216 million barrels and the marketable natural gas output was 484.7 billion cubic feet, representing an increase of 3.3% and 18.0% from the same period in 2007, respectively.

Faced with growing demand in the market, the Group organised refining process meticulously, scientifically modified refining arrangements, and optimised allocation of resources and product mix actively, and thereby realised safe, stable, long-term, full-load and optimised production. Crude oil processing and production of key refined products reached a historically high level. During the first quarter of 2008, the Group's refineries processed 217 million barrels of crude oil, representing an increase of 7.4% from the same period in 2007, produced 18.924 million tonnes of gasoline, diesel and kerosene, representing an increase of 8.8% from the same period in 2007, and produced 709,000 tonnes of ethylene, representing an increase of 9.2% from the same period in 2007.

In respect of sales of the refined products, the Group thrived to overcome the adverse impacts resulted from domestic refined product prices being lower than that in the international market and natural disasters including cold weather, rain and snow storms, frost and etc., performed our social responsibilities conscientiously, modified our sales structure and strengthened our operation and management. During the first quarter of 2008, the Group sold 21.865 million tonnes of gasoline, diesel and kerosene, representing an increase of 18.5% from the same period of in 2007.

A number of key pipeline constructions developed in an orderly manner, and the Second West-East Pipeline project commenced construction. The storage, transportation and sale of oil products and natural gas are conducted in a safe and orderly manner, the Group's ability in ensuring the oil and natural gas supply was further strengthened, and providing a solid foundation for the Company's development.

The Group speeded up the international operations and continued to expand the scale of business. Oil and natural gas output from international operations continued to grow. The Group has further enhanced its international trading business and the trading volume and revenue increased rapidly.

Summary of Key Operating Data for the Three Months Ended March 31, 2008

Operating Data	Unit	Three months ended March 31,		Changes compared with the same period of 2007 (%)
		2008	2007	
Crude oil output	Million barrels	216.0	209.2	3.3
Marketable natural gas output	Billion cubic feet	484.7	410.6	18.0
Oil and natural gas equivalent output	Million barrels	296.8	277.6	6.9
Average realised price for crude oil	USD/barrel	87.93	53.95	63.0
Average realised price for natural gas	USD/ thousand cubic feet	3.15	2.53	24.5
Processed crude oil	Million barrels	217.0	202.0	7.4
Output of refined products	Thousand tonnes	18,924	17,401	8.8
of which: Gasoline	Thousand tonnes	6,311	5,385	17.2
Kerosene	Thousand tonnes	529	441	20.0
Diesel	Thousand tonnes	12,084	11,575	4.4
Total sales volume of refined products	Thousand tonnes	21,865	18,455	18.5
Number of service stations	Unit	18,406	18,385	0.1
Output of key chemical products				
Ethylene	Thousand tonnes	709	649	9.2
Synthetic resin	Thousand tonnes	1,078	1,011	6.6
Synthetic fiber raw materials and polymer	Thousand tonnes	439	332	32.2
Synthetic rubber	Thousand tonnes	82	79	3.8
Urea	Thousand tonnes	1,021	988	3.3

§3 Significant events

3.1 Significant changes of key accounting items and financial indicators under CAS and explanation of such changes

√ Applicable □ Inapplicable

Unit: RMB Million

Items	As at March 31, 2008	As at December 31, 2007	Changes (%)
Cash at bank and on hand	116,465	88,589	31.5
Notes receivable	6,611	4,735	39.6
Accounts receivable	30,407	18,419	65.1
Advances to suppliers	41,793	20,386	105.0
Short-term borrowings	27,766	18,734	48.2
Dividends payable	2,125	89	2,287.6
Other payables	27,782	17,849	55.7
Current portion of non-current liabilities	15,431	11,652	32.4

Items	For three months ended March 31,		Changes (%)
	2008	2007	
Operating income	259,048	182,604	41.9
Cost of sales	168,787	99,971	68.8
Tax and levies on operations	28,878	11,611	148.7
Taxation	7,174	12,897	(44.4)
Net profit attributable to equity holders of the Company	26,519	37,136	(28.6)
Net profit attributable to minority interest	4,540	1,953	132.5
Net cash flows from operating activities	32,627	52,511	(37.9)
Net cash flows used for investing activities	(19,864)	(28,605)	(30.6)
Net cash flows from financing activities	15,633	293	5,235.5

Explanation of significant changes:

The increase in cash at bank and on hand was mainly due to increases in sales income of the Group and the increase in short-term borrowings undertaken for the Group's operations.

The increase in notes receivable was mainly due to an increase in sales income.

The increase in accounts receivable was mainly due to the expansion of the scale of Group's operations and the increase in sales income.

The increase in advances to suppliers was mainly due to increased capital expenditure and also reflects increases in the prices of raw materials and supplies.

The increase in short-term borrowings was mainly due to the additional loans undertaken for the Group's operations.

The increase in dividends payable was mainly due to dividends that have been declared in the first quarter of 2008 but have not been distributed by the subsidiaries of the Group to the minority interest.

The increase in other payables was mainly due to increase in liabilities incurred during the period and increases in safety fund accrual.

The increase in the current portion of non-current liabilities was mainly due to an increase in long-term borrowings becoming due within a year partially offset by repayment of the current portion of non-current liabilities in the three months ended March 31, 2008.

The increase in operating income was mainly due to increases in selling prices and increases of sales volume of major products of the Group.

The increase in cost of sales was mainly due to an increase in the purchase prices of crude oil, feedstock oil and other raw materials from external suppliers as well as an expansion in the production scale of the Group.

The increase in tax and levies on operations was mainly due to increases in the payment of the special levy on the sale of domestic crude oil by the Group.

The decrease in taxation was mainly due to both a lower level of profit in the three months ended March 31, 2008 compared with the same period in 2007 as well as a reduced corporate income tax rate.

The decrease in the net profit attributable to equity holders of the Company reflects the effect of the factors discussed above in relation to the income statement items.

The increase in the net profit attributable to minority interest was mainly due to the expansion and the increase in profit of the subsidiaries of the Group.

The decrease in net cash flows from operating activities was mainly due to the increase in cash received from sales of goods and rendering of services being less than that offset by the cash paid for goods and services purchased.

The decrease in net cash flows used for investing activities was mainly due to a reduction in capital expenditures paid in cash.

The increase in net cash flows from financing activities was mainly due to increases in capital contributions to subsidiaries from minority interest as well as a net increase in short-term borrowings undertaken by the Group for the Group's operations.

3.2 Significant events and their impacts as well as the analysis and explanation for the solutions
 Applicable Inapplicable

1. In February 2008, the Second West-East Gas Pipeline project commenced construction. The Second West-East Gas Pipeline project is the first large scale gas pipeline construction in the PRC which imports natural gas resources from overseas. The Second West-East Gas Pipeline project starts from Horgas Pass of Xinjiang Province and ends at Guangzhou of southern China and Shanghai of eastern China, which the mainline and its eight branches are 9,102 kilometers in length, passing 14 provinces, autonomous regions and cities including Xinjiang, Gansu, Ningxia, Shanxi, Henan, Hubei, Jiangxi, Hunan, Guangdong, Guangxi, Zhejiang, Shanghai, Jiangsu and Anhui. The project is designed to transport 30 billion cubic meters of natural gas per year. The total capital expenditure of the project is RMB142.2 billion. The west section of the project is expected to be completed and commence operation by the end of 2009, and the whole pipeline network is expected to commence operation by the end of 2011.

2. In April 2008, the Company has been notified by the Ministry of Finance of PRC that in order to ensure supply of crude oil and refined products in the market, the Ministry of Finance will implement financial support measures. Please refer to the announcement published by the Company on April 21, 2008 in the China Securities Journal, Shanghai Securities News and Securities Time and the websites of the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited for further details.

3.3 Status of commitment issue fulfillment by the Company, shareholder and actual controller
 Applicable Inapplicable

During the reporting period covered by this announcement, the performance of specific undertakings made by China National Petroleum Corporation ("CNPC"), the controlling shareholder of the Company, was consistent with the disclosures made in the Performance of Commitments section in the Company's Annual Report of 2007. There have been no events affecting the performance of these undertakings to date.

3.4 Caution and explanation as to the anticipated loss of undistributed profits from the beginning of the year to the end of the next reporting period or significant changes over the same period of last year
 Applicable Inapplicable

3.5 Investments in securities
 Applicable Inapplicable

3.6 This announcement is published in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version will prevail.

By Order of the Board of Directors
PetroChina Company Limited
Jiang Jiemin
Chairman
Beijing, the PRC
April 28, 2008

As at the date of this announcement, the Board comprises Mr. Jiang Jiemin as the Chairman; Mr. Duan Wende as the executive director; Mr. Zheng Hu, Mr. Zhou Jiping, Mr. Wang Yilin, Mr. Zeng Yukang, Mr. Gong Huazhang and Mr. Jiang Fan as non-executive directors; and Mr. Chee-Chen Tung, Mr. Liu Hongru and Mr. Franco Bernabè as independent non-executive directors.

Appendix

A. Financial statements for the first quarter of 2008 prepared in accordance with IFRS

1. Consolidated Profit and Loss Account

	For three months ended March 31,	
	2008	2007
	RMB	RMB
	Million	Million
TURNOVER	259,048	182,604
OPERATING EXPENSES		
Purchases, services and other	(134,864)	(72,980)
Employee compensation costs	(13,791)	(10,535)
Exploration expenses, including exploratory dry holes	(6,631)	(4,776)
Depreciation, depletion and amortisation	(18,903)	(15,444)
Selling, general and administrative expenses	(13,678)	(12,876)
Taxes other than income taxes	(30,326)	(12,492)
Other income, net	224	475
TOTAL OPERATING EXPENSES	(217,969)	(128,628)
PROFIT FROM OPERATIONS	41,079	53,976
FINANCE COSTS		
Exchange gain	856	215
Exchange loss	(1,228)	(328)
Interest income	626	320
Interest expense	(1,041)	(1,054)
TOTAL NET FINANCE COSTS	(787)	(847)
SHARE OF PROFIT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	1,218	1,475
PROFIT BEFORE TAXATION	41,510	54,604
TAXATION	(7,925)	(10,182)
PROFIT FOR THE PERIOD	33,585	44,422
ATTRIBUTABLE TO:		
Equity holders of the Company	28,885	42,140
Minority interest	4,700	2,282
	33,585	44,422
BASIC AND DILUTED EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD (RMB)	0.16	0.24

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

2. Consolidated Balance Sheet

	March 31, 2008	December 31, 2007
	RMB Million	RMB Million
NON CURRENT ASSETS		
Property, plant and equipment	761,611	762,882
Investments in associates and jointly controlled entities	26,553	26,535
Available-for-sale financial assets	2,280	2,581
Advance operating lease payments	23,147	23,417
Intangible and other assets	8,849	8,488
Time deposits with maturities over one year	4,784	5,053
TOTAL NON CURRENT ASSETS	827,224	828,956
CURRENT ASSETS		
Inventories	92,377	88,467
Accounts receivable	30,407	18,419
Prepaid expenses and other current assets	57,386	36,018
Notes receivable	6,611	4,735
Time deposits with maturities over three months but within one year	18,022	18,042
Cash and cash equivalents	93,659	65,494
TOTAL CURRENT ASSETS	298,462	231,175
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	160,870	144,353
Income tax payable	9,109	11,709
Other taxes payable	19,786	11,099
Short-term borrowings	43,724	30,934
TOTAL CURRENT LIABILITIES	233,489	198,095
NET CURRENT ASSETS	64,973	33,080
TOTAL ASSETS LESS CURRENT LIABILITIES	892,197	862,036

2. Consolidated Balance Sheet (continued)

	March 31, 2008	December 31, 2007
	RMB Million	RMB Million
EQUITY		
Equity attributable to equity holders of the Company:		
Share capital	183,021	183,021
Retained earnings	361,317	332,432
Reserves	217,081	217,952
	<u>761,419</u>	<u>733,405</u>
Minority interest	51,775	42,942
TOTAL EQUITY	<u>813,194</u>	<u>776,347</u>
NON CURRENT LIABILITIES		
Long-term borrowings	34,751	39,688
Asset retirement obligations	25,158	24,761
Deferred taxation	18,078	20,205
Other long-term obligations	1,016	1,035
TOTAL NON CURRENT LIABILITIES	<u>79,003</u>	<u>85,689</u>
TOTAL EQUITY AND NON CURRENT LIABILITIES	<u>892,197</u>	<u>862,036</u>

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

3. Consolidated Cash Flow Statement

	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
CASH FLOWS FROM OPERATING ACTIVITIES (a)	<u>31,988</u>	<u>51,399</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(19,492)	(28,187)
Acquisition of investments in associates and jointly controlled entities	(114)	(264)
Acquisition of available-for-sale financial assets	(5)	(288)
Acquisition of intangible assets	(161)	(129)
Acquisition of other non-current assets	(562)	(81)
Other purchase of minority interest	(700)	(2)
Proceeds from disposal of property, plant and equipment	25	236
Proceeds from disposal of investments in associates and jointly controlled entities	-	4
Proceeds from disposal of available-for-sale financial assets	-	144
Dividends received	749	90
Decrease/(Increase) in time deposits with maturities over three months	93	(25)
NET CASH USED FOR INVESTING ACTIVITIES	<u>(20,167)</u>	<u>(28,502)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(18,523)	(12,698)
Repayments of long-term borrowings	(1,331)	(10,499)
Dividends paid to minority interest	(210)	(37)
Increase in short-term borrowings	27,765	13,562
Increase in long-term borrowings	696	11,098
Capital contribution from minority interest	8,197	14
Change in other long-term obligations	(19)	(138)
NET CASH FROM FINANCING ACTIVITIES	<u>16,575</u>	<u>1,302</u>
TRANSLATION OF FOREIGN CURRENCY	<u>(231)</u>	<u>(9)</u>
Increase in cash and cash equivalents	28,165	24,190
Cash and cash equivalents at beginning of the period	65,494	48,559
Cash and cash equivalents at end of the period	<u>93,659</u>	<u>72,749</u>

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

3. Consolidated Cash Flow Statement (continued)

(a) Cash flows from operating activities

	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
Profit for the period	33,585	44,422
Adjustments for:		
Taxation	7,925	10,182
Depreciation, depletion and amortisation	18,903	15,444
Capitalised exploratory costs charged to expense	2,571	1,755
Share of profit of associates and jointly controlled entities	(1,218)	(1,475)
Reversal of provision for impairment of receivables, net	(31)	(41)
Write down in inventories, net	-	(35)
Impairment of investments in associates and jointly controlled entities	20	-
Loss on disposal of property, plant and equipment	90	61
Profit on disposal of available-for-sale financial assets	-	(107)
Dividend income	(8)	(8)
Interest income	(626)	(320)
Interest expense	1,041	1,054
Advance payments on long-term operating leases	(150)	(459)
Changes in working capital:		
Accounts receivable and prepaid expenses and other current assets	(35,067)	(16,323)
Inventories	(3,910)	(5,629)
Accounts payable and accrued liabilities	21,858	13,998
CASH GENERATED FROM OPERATIONS	44,983	62,519
Interest received	453	356
Interest paid	(964)	(999)
Income taxes paid	(12,484)	(10,477)
NET CASH PROVIDED BY OPERATING ACTIVITIES	31,988	51,399

B. Financial statements for the first quarter of 2008 prepared in accordance with CAS

1. Consolidated Balance Sheet

	March 31, 2008	December 31, 2007
	RMB Million	RMB Million
ASSETS		
Current assets		
Cash at bank and on hand	116,465	88,589
Notes receivable	6,611	4,735
Accounts receivable	30,407	18,419
Advances to suppliers	41,793	20,386
Interest receivable	282	109
Dividends receivable	19	18
Other receivables	15,236	15,444
Inventories	92,377	88,467
Current portion of non-current assets	39	59
Other current assets	17	2
Total current assets	<u>303,246</u>	<u>236,228</u>
Non-current assets		
Available-for-sale financial assets	2,234	2,530
Long-term equity investments	22,827	22,686
Fixed assets	243,367	247,803
Oil and gas properties	318,559	326,328
Construction in progress	114,660	105,634
Construction materials	7,447	6,927
Fixed assets pending disposal	448	287
Intangible assets	20,065	20,022
Goodwill	148	-
Long-term prepaid expenses	11,928	12,028
Deferred tax assets	15,754	12,871
Other non-current assets	674	748
Total non-current assets	<u>758,111</u>	<u>757,864</u>
TOTAL ASSETS	<u>1,061,357</u>	<u>994,092</u>

1. Consolidated Balance Sheet (continued)

	March 31, 2008	December 31, 2007
LIABILITIES AND SHAREHOLDERS' EQUITY	RMB Million	RMB Million
Current liabilities		
Short-term borrowings	27,766	18,734
Notes payable	564	1,143
Accounts payable	109,466	104,460
Advances from customers	14,670	12,433
Employee compensation payable	11,029	11,585
Taxes payable	28,895	22,808
Interest payable	234	173
Dividends payable	2,125	89
Other payables	27,782	17,849
Provisions	670	715
Current portion of non-current liabilities	15,431	11,652
Other current liabilities	12	13
Total current liabilities	<u>238,644</u>	<u>201,654</u>
Non-current liabilities		
Deferred income	75	76
Long-term borrowings	30,403	35,305
Debentures payable	4,348	4,383
Long-term payables	57	57
Grants payable	755	774
Provisions	25,158	24,761
Deferred tax liabilities	12,044	11,883
Other non-current liabilities	129	128
Total non-current liabilities	<u>72,969</u>	<u>77,367</u>
TOTAL LIABILITIES	<u>311,613</u>	<u>279,021</u>

1. Consolidated Balance Sheet (continued)

	March 31, 2008	December 31, 2007
	RMB Million	RMB Million
Shareholders' equity		
Share capital	183,021	183,021
Capital surplus	122,079	122,192
Surplus reserves	102,696	102,696
Undistributed profits	297,063	270,544
Currency translation differences	(1,711)	(1,086)
Equity attributable to equity holders of the Company	<u>703,148</u>	<u>677,367</u>
Minority interest	<u>46,596</u>	<u>37,704</u>
Total shareholders' equity	<u>749,744</u>	<u>715,071</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u><u>1,061,357</u></u>	 <u><u>994,092</u></u>

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

2. Company Balance Sheet

	March 31, 2008	December 31, 2007
	RMB	RMB
ASSETS	Million	Million
Current assets		
Cash at bank and on hand	101,105	78,332
Notes receivable	6,078	3,988
Accounts receivable	3,523	2,131
Advances to suppliers	28,396	16,086
Interest receivable	282	109
Dividends receivable	60	85
Other receivables	21,122	24,173
Inventories	81,435	70,284
Current portion of non-current assets	37	59
Other current assets	15	2
Total current assets	<u>242,053</u>	<u>195,249</u>
Non-current assets		
Available-for-sale financial assets	1,167	1,456
Long-term equity investments	120,276	104,691
Fixed assets	195,665	199,411
Oil and gas properties	227,227	231,921
Construction in progress	93,067	85,597
Construction materials	5,741	5,455
Fixed assets pending disposal	443	282
Intangible assets	16,292	16,356
Long-term prepaid expenses	9,827	9,924
Deferred tax assets	9,773	9,048
Total non-current assets	<u>679,478</u>	<u>664,141</u>
TOTAL ASSETS	<u><u>921,531</u></u>	<u><u>859,390</u></u>

2. Company Balance Sheet (continued)

	March 31, 2008	December 31, 2007
	RMB	RMB
LIABILITIES AND SHAREHOLDERS' EQUITY	Million	Million
Current liabilities		
Short-term borrowings	31,198	17,898
Accounts payable	64,950	66,877
Advances from customers	10,755	10,443
Employee compensation payable	10,114	10,751
Taxes payable	19,464	13,793
Interest payable	147	61
Other payables	67,291	46,582
Provisions	70	75
Current portion of non-current liabilities	13,046	9,029
Total current liabilities	<u>217,035</u>	<u>175,509</u>
Non-current liabilities		
Deferred income	61	62
Long-term borrowings	23,642	29,044
Debentures payable	3,500	3,500
Long-term payables	56	56
Grants payable	678	710
Provisions	15,590	15,307
Deferred tax liabilities	7,021	6,598
Other non-current liabilities	124	123
Total non-current liabilities	<u>50,672</u>	<u>55,400</u>
TOTAL LIABILITIES	<u>267,707</u>	<u>230,909</u>

2. Company Balance Sheet (continued)

	March 31, 2008	December 31, 2007
	RMB Million	RMB Million
Shareholders' equity		
Share capital	183,021	183,021
Capital surplus	125,721	125,848
Surplus reserves	91,596	91,596
Undistributed profits	253,486	228,016
Total shareholders' equity	<u>653,824</u>	<u>628,481</u>
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 <u>921,531</u>	 <u>859,390</u>

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

3. Consolidated Income Statements

Items	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
1、 Operating income	259,048	182,604
Less: Cost of sales	(168,787)	(99,971)
Tax and levies on operations	(28,878)	(11,611)
Selling expenses	(10,497)	(9,069)
General and administrative expenses	(13,157)	(10,571)
Finance expenses	(872)	(828)
Asset impairment losses	11	76
Add: Investment income	1,270	1,151
2、 Operating profit	38,138	51,781
Add: Non-operating income	537	505
Less: Non-operating expenses	(442)	(300)
3、 Profit before taxation	38,233	51,986
Less: Taxation	(7,174)	(12,897)
4、 Net profit	31,059	39,089
Net profit attributable to equity holders of the Company	26,519	37,136
Minority interest	4,540	1,953
5、 Earnings per share (based on Group's net profit attributable to equity holders of the Company)		
Basic earnings per share (RMB)	0.14	0.21
Diluted earnings per share (RMB)	0.14	0.21

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

4. Company Income Statement

Items	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
1、 Operating income	184,541	123,586
Less: Cost of sales	(140,267)	(75,850)
Tax and levies on operations	(17,407)	(7,102)
Selling expenses	(8,375)	(7,159)
General and administrative expenses	(10,347)	(7,921)
Finance expenses	(266)	(556)
Asset impairment losses	11	71
Add: Investment income	18,170	15,191
2、 Operating profit	26,060	40,260
Add: Non-operating income	438	493
Less: Non-operating expenses	(390)	(247)
3、 Profit before taxation	26,108	40,506
Less: Taxation	(638)	(4,398)
4、 Net profit	25,470	36,108
5、 Earnings per share		
Basic earnings per share (RMB)	0.14	0.20
Diluted earnings per share (RMB)	0.14	0.20

Chairman and President
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Zhou Jiping

Chief Financial Officer
Zhou Mingchun

5. Consolidated Cash Flow Statement

Items	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	290,804	203,203
Refund of taxes and levies	351	257
Cash received relating to other operating activities	1,640	237
Sub-total of cash inflows	292,795	203,697
Cash paid for goods and services	(187,888)	(97,262)
Cash paid to and on behalf of employees	(14,347)	(10,764)
Payments of taxes and levies	(45,310)	(30,471)
Cash paid relating to other operating activities	(12,623)	(12,689)
Sub-total of cash outflows	(260,168)	(151,186)
Net cash flows from operating activities	32,627	52,511
2. Cash flows from investing activities		
Cash received from disposal of investments	-	148
Cash received from returns on investments	1,202	446
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	25	236
Sub-total of cash inflows	1,227	830
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long term assets	(20,365)	(28,856)
Cash paid to acquire investments	(726)	(579)
Sub-total of cash outflows	(21,091)	(29,435)
Net cash flows used for investing activities	(19,864)	(28,605)

5. Consolidated Cash Flow Statement (continued)

Items	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
3. Cash flows from financing activities		
Cash received from capital contributions	8,197	14
Including: Cash received from minority shareholders' capital contributions to subsidiaries	8,197	14
Cash received from borrowings	28,461	24,660
Cash received relating to other financing activities	19	-
Sub-total of cash inflows	36,677	24,674
Cash repayments of borrowings	(19,833)	(23,191)
Cash payments for interest expenses and distribution of dividends or profits	(1,174)	(1,036)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(210)	(37)
Cash payments relating to other financing activities	(37)	(154)
Sub-total of cash outflows	(21,044)	(24,381)
Net cash flows from financing activities	15,633	293
4. Effect of foreign exchange rate changes on cash and cash equivalents	(231)	(9)
5. Net increase in cash and cash equivalents	28,165	24,190
Add: Cash and cash equivalents at beginning of the period	65,494	48,559
6. Cash and cash equivalents at end of the period	93,659	72,749

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Chief Financial Officer
Zhou Mingchun

6. Company Cash Flow Statement

Items	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	212,172	140,987
Refund of taxes and levies	307	246
Cash received relating to other operating activities	9,941	1,797
Sub-total of cash inflows	222,420	143,030
Cash paid for goods and services	(166,230)	(77,843)
Cash paid to and on behalf of employees	(10,502)	(7,895)
Payments of taxes and levies	(18,611)	(13,595)
Cash paid relating to other operating activities	(3,101)	(9,652)
Sub-total of cash outflows	(198,444)	(108,985)
Net cash flows from operating activities	23,976	34,045
2. Cash flows from investing activities		
Cash received from disposal of investments	-	135
Cash received from returns on investments	18,263	14,988
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	22	8
Sub-total of cash inflows	18,285	15,131
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets	(15,735)	(25,944)
Cash paid to acquire investments	(15,464)	(404)
Sub-total of cash outflows	(31,199)	(26,348)
Net cash flows used for investing activities	(12,914)	(11,217)

6. Company Cash Flow Statement (continued)

Items	For three months ended March 31,	
	2008	2007
	RMB Million	RMB Million
3. Cash flows from financing activities		
Cash received from capital contributions	-	-
Cash received from borrowings	24,898	20,541
Cash received relating to other financing activities	3	-
Sub-total of cash inflows	24,901	20,541
Cash repayments of borrowings	(12,565)	(20,125)
Cash payments for interest expenses and distribution of dividends or profits	(591)	(834)
Cash payments relating to other financing activities	(34)	(64)
Sub-total of cash outflows	(13,190)	(21,023)
Net cash flows from/(used for) financing activities	11,711	(482)
4. Effect of foreign exchange rate changes on cash and cash equivalents	-	-
5. Net increase in cash and cash equivalents	22,773	22,346
Add: Cash and cash equivalents at beginning of the period	60,332	45,029
6. Cash and cash equivalents at end of the period	83,105	67,375

Chairman and President
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Zhou Jiping

Chief Financial Officer
Zhou Mingchun

C. Significant differences between CAS and IFRS

The financial statements of the Group prepared in accordance with CAS differ in certain material aspects from those in accordance with IFRS. A statement of reconciliation of such differences is set out below:

	Notes	For three months ended March 31,	
		2008	2007
		RMB million	RMB million
Consolidated profit for the period under IFRS		33,585	44,422
Adjustments:			
Depletion of oil and gas properties	(1)	(1,597)	(2,477)
Amortisation of revaluation for assets other than fixed assets and oil and gas properties in 1999	(2)	(37)	(19)
Depreciation and depletion of revaluation for fixed assets and oil and gas properties in 2003	(3)	(59)	(29)
Difference on disposal of non-current assets related to the reversal of reversed impairment for non-current assets	(4)	5	-
Reversal of safety fund accrued under CAS which does not meet the definition of a liability under IFRS	(5)	(1,596)	-
Other		6	(93)
Deferred taxation	(6)	752	(2,715)
Consolidated profit for the period under CAS		31,059	39,089

		March 31, 2008	December 31, 2007
	Notes	RMB million	RMB million
Consolidated shareholders' equity under IFRS		813,194	776,347
Adjustments:			
Depletion of oil and gas properties	(1)	(81,259)	(79,662)
Revaluation, amortisation of and disposal of assets other than fixed assets and oil and gas properties revalued in 1999	(2)	372	409
Revaluation, and depreciation and depletion of fixed assets and oil and gas properties revalued in 2003	(3)	278	337
Reversal of reversed impairment for non-current assets and related difference on disposal of such non-current assets	(4)	(87)	(92)
Reversal of safety fund accrued under CAS which does not meet the definition of a liability under IFRS	(5)	(5,155)	(3,559)
Currency translation differences		(38)	(390)
Other		531	525
Deferred taxation	(6)	<u>21,908</u>	<u>21,156</u>
Consolidated shareholder's equity under CAS		<u><u>749,744</u></u>	<u><u>715,071</u></u>

(1) Depletion of oil and gas properties is provided using the unit of production method under IFRS, while the straight-line method is used under CAS.

(2) During the restructuring of CNPC and establishment of the Company in 1999, a valuation was carried out on June 30, 1999 for the assets and liabilities CNPC invested in the Company. The valuation results from China Enterprise Appraisals are all recognised in the financial statements under CAS. However, in the financial statements under IFRS, revaluation model is used in subsequent measurement by the Group only for fixed assets and oil and gas properties. Consequently, valuation results other than for fixed assets and oil and gas properties are not recognised in the financial statements under IFRS.

(3) As the revaluation model is used in subsequent measurement for fixed assets and oil and gas properties by the Group under IFRS, revaluations were carried out by independent appraisers with sufficient regularity. In order to meet the requirements of IFRS, on September 30, 2003, a revaluation of the Group's refining and chemical production equipment was undertaken by a firm of independent valuers, China United Assets Appraiser Co., Ltd., in the PRC on a depreciated replacement cost basis. The results of the revaluation were recognised in the financial statements under IFRS. However, fixed assets and oil and gas properties are recognised using the historical cost model under CAS. Consequently, these revaluation results were not recognised in the financial statements under CAS.

(4) Under CAS, once recognised, any impairment losses for long-term assets, such as fixed assets, oil and gas properties, intangible assets and long-term equity investments, cannot be reversed in subsequent accounting periods. However, under IFRS, if there are changes to the factors which resulted in the original impairment of the long-term asset which result in the recoverable amount being higher than the carrying amount the impairment loss previously recognised shall be reversed.

(5) In accordance with the “Temporary regulation for safety expense financial management of high risk industry” issued by the Ministry of Finance and State Administration of Work Safety of PRC, a safety fund has been accrued for the Group’s oil and gas exploration, refinery and chemical production activities within the PRC from January 1, 2007. This safety fund has been recognised into the Group’s income statement. The accrued safety fund will be used for improving the safety conditions of production. As the Group did not have a specific utilisation plan for this accrued safety fund as at March 31, 2008, it was reversed under IFRS.

(6) The consequences of (1)-(5) and other differences between IFRS and CAS on deferred taxation.