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PETROCHINA CO LTD
Form 6-K
April 30, 2008

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2008

PETROCHINA COMPANY LIMITED

16 ANDELU, DONGCHENG DISTRICT
BEIJING, THE PEOPLE'S REPUBLIC OF CHINA, 100011
(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F
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(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No
--- ---

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-)

PetroChina Company Limited (the "Registrant") is furnishing under the cover of Form 6-K the Registrant's first quarter report of 2008.

This report contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

-- the Registrant's future plans and prospects.

These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in these forward-looking statements as a result of a number of factors, including, without limitation:

- fluctuations in crude oil and natural gas prices;

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- failure to achieve continued exploration success;
- failure or delay in achieving production from development projects;
- failure to complete the proposed acquisition of certain overseas assets as planned;
- change in demand for competing fuels in the target market;
- continued availability of capital and financing;
- general economic, market and business conditions;
- changes in policies, laws or regulations of the PRC and other jurisdictions in which the Registrant and its subsidiaries conduct business; and
- other factors beyond the Registrant's control.

We do not intend to update or otherwise revise the forward-looking statements in this report, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this report might not occur in the way we expect, or at all.

You should not place undue reliance on any of these forward-looking statements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PetroChina Company Limited

Dated: April 30, 2008

By: /s/ Li Huaiqi

Name: Li Huaiqi

Title: Company Secretary

(PETROCHINA COMPANY LIMITED LOGO)

(CHINESE CHARACTERS)

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

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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.

SECTION 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.

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SECTION 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) |

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| | | | |
|--|--------|--------|-------------------------|
| 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 | 1,060,131 | 6.2 |
| 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 |

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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) |

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| | | |
|--|------|--------|
| 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

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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 hold shares and 5,497 holders of H shares (including 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 S |
|--|---|-----------|
| 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 | | |

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| | | |
|--|------------|---------|
| 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 |

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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

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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.

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

| OPERATING DATA | UNIT | THREE MONTHS ENDED MARCH 31, | |
|--|-----------------------------|---------------------------------|--------|
| | | 2008 | 2007 |
| Crude oil output | Million barrels | 216.0 | 209.2 |
| Marketable natural gas output | Billion cubic feet | 484.7 | 410.6 |
| Oil and natural gas equivalent output | Million barrels | 296.8 | 277.6 |
| Average realised price for crude oil | USD/barrel | 87.93 | 53.95 |
| Average realised price for natural gas | USD/ thousand cubic feet | 3.15 | 2.53 |
| Processed crude oil | Million barrels | 217.0 | 202.0 |
| Output of refined products | Thousand tonnes | 18,924 | 17,401 |
| of which: Gasoline | Thousand tonnes | 6,311 | 5,385 |
| Kerosene | Thousand tonnes | 529 | 441 |
| Diesel | Thousand tonnes | 12,084 | 11,575 |
| Total sales volume of refined products | Thousand tonnes | 21,865 | 18,455 |
| Number of service stations | Unit | 18,406 | 18,385 |
| Output of key chemical products | | | |
| Ethylene | Thousand tonnes | 709 | 649 |
| Synthetic resin | Thousand tonnes | 1,078 | 1,011 |
| Synthetic fiber raw materials and polymer | Thousand tonnes | 439 | 332 |
| Synthetic rubber | Thousand tonnes | 82 | 79 |

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| | | | |
|------|-----------------|-------|-----|
| Urea | Thousand tonnes | 1,021 | 988 |
|------|-----------------|-------|-----|

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SECTION 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 |

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| | | | |
|--|----------|----------|---------|
| 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 |

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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

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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.

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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.

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- 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

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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 Bernabe as independent non-executive directors.

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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 Million | RMB 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 |

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| | | |
|---|-----------|-----------|
| 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

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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 |

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| | | |
|---|---------|---------|
| 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 / (LIABILITIES) | 64,973 | 33,080 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 892,197 | 862,036 |

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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 |
| | 761,419 | 733,405 |

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| | | |
|--|---------|---------|
| Minority interest | 51,775 | 42,942 |
| | ----- | ----- |
| TOTAL EQUITY | 813,194 | 776,347 |
| | ----- | ----- |
| 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 | 79,003 | 85,689 |
| | ----- | ----- |
| TOTAL EQUITY AND NON CURRENT LIABILITIES | 892,197 | 862,036 |
| | ===== | ===== |
| | ----- | ----- |

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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3. Consolidated Cash Flow Statement

| | For three months ended March | |
|---|------------------------------|----------|
| | 2008 | 2007 |
| | RMB | Million |
| | Million | Million |
| | ----- | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES (a) | 31,988 | 51,988 |
| | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Capital expenditures | (19,492) | (28,492) |
| Acquisition of investments in associates and jointly controlled entities | (114) | (114) |
| Acquisition of available-for-sale financial assets | (5) | (5) |
| Acquisition of intangible assets | (161) | (161) |
| Acquisition of other non-current assets | (562) | (562) |
| Other purchase of minority interest | (700) | (700) |
| Proceeds from disposal of property, plant and equipment | 25 | 25 |
| Proceeds from disposal of investments in associates and jointly controlled entities | -- | -- |
| Proceeds from disposal of available-for-sale financial assets | -- | -- |
| Dividends received | 749 | 749 |
| Decrease/(Increase) in time deposits with maturities over three months | 93 | 93 |
| | ----- | ----- |
| NET CASH USED FOR INVESTING ACTIVITIES | (20,167) | (28,167) |

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| | | |
|--|----------|-------|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of short-term borrowings | (18,523) | (12,) |
| Repayments of long-term borrowings | (1,331) | (10,) |
| Dividends paid to minority interest | (210) | |
| Increase in short-term borrowings | 27,765 | 13, |
| Increase in long-term borrowings | 696 | 11, |
| Capital contribution from minority interest | 8,197 | |
| Change in other long-term obligations | (19) | (|
| NET CASH FROM FINANCING ACTIVITIES | 16,575 | 1, |
| TRANSLATION OF FOREIGN CURRENCY | (231) | |
| Increase in cash and cash equivalents | 28,165 | 24, |
| Cash and cash equivalents at beginning of the period | 65,494 | 48, |
| Cash and cash equivalents at end of the period | 93,659 | 72, |

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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3. Consolidated Cash Flow Statement (continued)

(a) Cash flows from operating activities

| | For three months ended March 31, | |
|---|----------------------------------|---------|
| | 2008 | 2007 |
| | RMB | RMB |
| | Million | 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 |

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| | | |
|---|----------|----------|
| 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 |
| | ===== | ===== |

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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 | 303,246 | 236,228 |
| | ----- | ----- |
| 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 |

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| | | |
|--------------------------|-----------|---------|
| Deferred tax assets | 15,754 | 12,871 |
| Other non-current assets | 674 | 748 |
| | ----- | ----- |
| Total non-current assets | 758,111 | 757,864 |
| | ----- | ----- |
| TOTAL ASSETS | 1,061,357 | 994,092 |
| | ===== | ===== |

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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 | 238,644 | 201,654 |
| | ----- | ----- |
| 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 | 72,969 | 77,367 |
| | ----- | ----- |
| TOTAL LIABILITIES | 311,613 | 279,021 |
| | ----- | ----- |

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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 | 703,148 | 677,367 |
| Minority interest | 46,596 | 37,704 |
| Total shareholders' equity | 749,744 | 715,071 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 1,061,357 ===== | 994,092 ===== |

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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2. Company Balance Sheet

| | March 31, 2008 | December 31, 2007 |
|--------------------------|-------------------|----------------------|
| | RMB Million | RMB Million |
| ASSETS | | |
| Current assets | | |
| Cash at bank and on hand | 101,105 | 78,332 |
| Notes receivable | 6,078 | 3,988 |

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| | | |
|---------------------------------------|---------|---------|
| 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 | 242,053 | 195,249 |
| | ----- | ----- |
| 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 | 679,478 | 664,141 |
| | ----- | ----- |
| TOTAL ASSETS | 921,531 | 859,390 |
| | ===== | ===== |

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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 | 217,035 | 175,509 |
| | ----- | ----- |

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| | | |
|-------------------------------|---------|---------|
| 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 | 50,672 | 55,400 |
| | ----- | ----- |
| TOTAL LIABILITIES | 267,707 | 230,909 |
| | ----- | ----- |

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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 | 653,824 | 628,481 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 921,531 | 859,390 |
| | ===== | ===== |

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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3. Consolidated Income Statements

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| 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

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| 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
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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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 | | |

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| | | |
|---|-----------|-----------|
| 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) |
| | ===== | ===== |

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5. Consolidated Cash Flow Statement (continued)

| ITEMS | For three months ended March 31, | |
|--|----------------------------------|---------|
| | 2008 | 2007 |
| | RMB | RMB |
| | Million | 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 | -- |
| | ----- | ----- |

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| | | |
|--|----------|----------|
| 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 |
| | ===== | ===== |

Chairman and President
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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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 |

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| | | |
|---|-----------|-----------|
| 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) |

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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 | | |

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| | | |
|---|----------|----------|
| 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
Jiang Jiemin

Director
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

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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:

| | | For three months ended March 2008 | |
|--|-------|--------------------------------------|-------------|
| | Notes | RMB million | RMB million |
| Consolidated profit for the period under IFRS | | 33,585 | |
| Adjustments: | | | |
| Depletion of oil and gas properties | (1) | (1,597) | |
| Amortisation of revaluation for assets other than fixed assets and oil and gas properties in 1999 | (2) | (37) | |
| Depreciation and depletion of revaluation for fixed assets and oil and gas properties in 2003 | (3) | (59) | |
| Difference on disposal of non-current assets related to the reversal of reversed impairment for non-current assets | (4) | 5 | |

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| | | |
|--|-----|---------|
| Reversal of safety fund accrued under CAS which does not meet the definition of a liability under IFRS | (5) | (1,596) |
| Other | | 6 |
| Deferred taxation | (6) | 752 |
| Consolidated profit for the period under CAS | | 31,059 |

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| | Notes | March 31, 2008 RMB million | December RMB m |
|---|-------|----------------------------------|-------------------|
| Consolidated shareholders' equity under IFRS | | 813,194 | 7 |
| Adjustments: | | | |
| Depletion of oil and gas properties | (1) | (81,259) | (|
| Revaluation, amortisation of and disposal of assets other than fixed assets and oil and gas properties revalued in 1999 | (2) | 372 | |
| Revaluation, and depreciation and depletion of fixed assets and oil and gas properties revalued in 2003 | (3) | 278 | |
| Reversal of reversed impairment for non-current assets and related difference on disposal of such non-current assets | (4) | (87) | |
| Reversal of safety fund accrued under CAS which does not meet the definition of a liability under IFRS | (5) | (5,155) | |
| Currency translation differences | | (38) | |
| Other | | 531 | |
| Deferred taxation | (6) | 21,908 | |
| Consolidated shareholder's equity under CAS | | 749,744 | 7 |

(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.

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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.

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(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.

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