

Edgar Filing: PETROCHINA CO LTD - Form 6-K

PETROCHINA CO LTD
Form 6-K
October 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 October 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
--- ---

(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 announcement with respect to the third quarterly report of 2008.

SIGNATURE

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

Edgar Filing: PETROCHINA CO LTD - Form 6-K

PetroChina Company Limited

Dated: October 30, 2008

By: /s/ Li Huaiqi

Name: Li Huaiqi

Title: Company Secretary

(PETROCHINA LETTERHEAD)

(CHINESE CHARACTERS)

PETROCHINA COMPANY LIMITED

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

ANNOUNCEMENT

THIRD QUARTERLY REPORT OF 2008

(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 the third quarterly results set out in this announcement.

1.3 The financial statements of the Company and its subsidiaries (the "Group") are prepared in accordance with China Accounting Standards ("CAS") and International Financial Reporting Standards ("IFRS"), respectively. The financial statements set out in this announcement have not been audited.

1.4 Mr. Jiang Jiemin, Chairman of the Board, Mr. Zhou Jiping, Vice-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 set out in this announcement.

1

(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

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Unit: RMB Million

ITEMS	AS AT THE END	AS AT THE	CHANGES FROM THE END
	OF THE	END OF THE	
	REPORTING	PRECEDING	PRECEDING YEAR-
	PERIOD	YEAR	
Total assets	1,187,802	1,060,131	
Equity attributable to equity holders of the Company	797,108	733,405	
Net assets per share attributable to equity holders of the Company (RMB)	4.36	4.01	

ITEMS	FROM THE BEGINNING OF THE	CHANGES OVER
	YEAR TO THE END OF THE	PERIOD OF THE PRECED
	REPORTING PERIOD	
Net cash flows from operating activities		145,843
Net cash flows from operating activities per share (RMB)		0.80

ITEMS	FOR THREE MONTHS			FOR NINE MONTHS	
	2008	2007	CHANGES	2008	2007
			(%)		
Net profit attributable to equity holders of the Company	39,885	30,703	29.9	93,500	112,533
Basic earnings per share (RMB)	0.22	0.17	29.4	0.51	0.63
Diluted earnings per share (RMB)	0.22	0.17	29.4	0.51	0.63
Return on net assets (%)	5.0	4.8	0.2	11.7	17.7
			percentage points		

2

2.1.2 Key Accounting Data and Financial Indicators Prepared under CAS

Unit: RMB Million

Edgar Filing: PETROCHINA CO LTD - Form 6-K

ITEMS	AS AT THE END	AS AT THE END	CHANGES FROM THE PRECEDING PERIOD
	OF THE REPORTING PERIOD	OF THE PRECEDING YEAR	
Total assets	1,122,651	994,092	
Equity attributable to equity holders of the Company	734,380	677,367	
Net assets per share attributable to equity holders of the Company (RMB)	4.01	3.70	

ITEMS	FROM THE BEGINNING OF THE YEAR TO THE END OF THE REPORTING PERIOD		CHANGES OVER PERIOD OF THE PRECEDING YEAR
	2008	2007	
Net cash flows from operating activities			149,863
Net cash flows from operating activities per share (RMB)			0.82

ITEMS	REPORTING PERIOD (JULY-SEPTEMBER)		CHANGES OVER THE SAME PERIOD OF THE PRECEDING YEAR (%)	FROM THE BEGINNING OF THE YEAR TO THE END OF THE REPORTING PERIOD (JANUARY-SEPTEMBER)		CHANGES OVER PERIOD OF THE PRECEDING YEAR
	2008	2007		2008	2007	
Net profit attributable to equity holders of the Company	38,247	29,014	31.8	86,602	104,896	
Basic earnings per share (RMB)	0.21	0.16	31.3	0.47	0.59	
Diluted earnings per share (RMB)	0.21	0.16	31.3	0.47	0.59	
Return on net assets (%)	5.2	5.0	0.2 percentage points	11.8	18.0	(6.2 p)
Return on net assets after deducting non-recurring profit/loss items (%)	4.4	5.1	(0.7 percentage points)	10.8	18.2	(7.4 p)

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Unit: RMB Million

FROM THE BEGINNING OF THE
THE END OF THE REPORTING PERIOD
(PRO)

NON-RECURRING PROFIT/LOSS ITEMS

Loss on disposal of non-current assets
Government grants
Other non-operating net income and expenses
Tax effect of non-recurring profit/loss items
Total

Of which: Non-recurring profit/loss affecting net
profit of the Company's equity holders
Non-recurring profit/loss affecting
net profit of minority interest

2.1.3 Differences between CAS and IFRS

Unit: RMB Million

ITEMS	FOR NINE MONTHS ENDED SEP CAS
Net profit (including minority interest)	98,679
Equity (including minority interest)	785,254
Analysis of differences	See appendix for details

4

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 1,879,663 shareholders including 1,873,699 hold shares and 5,964 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 S
1.HKSCC Nominees Limited	20,916,286,805	H S
2.China National Petroleum Corporation ("CNPC")	62,997,000	A S

Edgar Filing: PETROCHINA CO LTD - Form 6-K

3.Industrial and Commercial Bank of China-Shanghai 50 Index ETF Securities Investment Fund	50,049,427	A S
4.Bank of Communications-Yi Fang Da 50 Index Securities Investment Fund	45,712,726	A S
5.Bank of China-Shanghai and Shenzhen 300 Index Jiashi Securities Investment Fund	29,096,416	A S
6.China Life Insurance (Group) Company -Traditional-Ordinary Insurance Product	18,926,950	A S
7.China Life Insurance Company Limited-Traditional-Ordinary Insurance Product-005L-CT001 Shanghai	18,771,597	A S
8.China Life Insurance Company Limited-Dividends-Personal Dividends-005L-FH002 Shanghai	15,519,708	A S
9.CSIC Finance Co. Ltd.	15,200,000	A S
10.Bank of Communications- Yi Fang Da Ke Xun Equity Securities Investment Fund	15,000,110	A S

2.3 Review of Results of Operations

The PRC economy maintained rapid growth during the first three quarters of 2008, with an increase in GDP of 9.9%. International crude oil prices fluctuated widely due to a variety of factors. At the end of the third quarter of 2008, the financial turmoil in the United States sparked a sharp decrease in international crude oil prices. Prices of domestic chemical products were also on the decline, reflecting the impacts of increased imports and the financial turmoil. Faced with the changes in the operating environment, the Company planned in a scientific manner and responded actively, and achieved stable productions and operations and further enhanced the sustainable development of the Group. Excluding the impact resulting 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.

5

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, ventured into the exploration of new oilfields actively and emphasized the use of new technologies. Significant progress was achieved and a solid foundation has been built for the growth of reserves for the whole of 2008. The Group actively adopted new methods in the exploration of oil and gas fields, realised overall discovery and development of new oilfields, and fully activated secondary recovery of mature oilfields. The Group also actively applied technologies such as horizontal drilling, organized scientific research and conducted production in the oil and gas fields in a safe, steady and orderly manner. As a result, the Group has achieved a steady growth in crude oil output and rapid growth in natural gas output. During the first three quarters of 2008, the crude oil output of the Group was 653 million barrels and the marketable natural gas output was 1,368.1 billion cubic feet, representing an increase of 2.8% and 16.3% from the same period in 2007, respectively.

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Faced with changing demand in the market, the Group organised refining process and chemical production meticulously. The Group also scientifically modified refining arrangements, adopted strict cost control measures to protect against market fluctuations and placed emphasis on production safety and environmental protection. As a result, safe and steady production of the Group's refining and chemical business was achieved. In respect of the sales of refined products, the Group strived to overcome the adverse impacts resulting from domestic refined product prices being lower than those in the international markets and natural disasters including cold weather and snow storms in southern areas and earthquakes in Sichuan, performed our social responsibilities conscientiously, modified our sales structure and strengthened our operation and management. The Group has continued to enhance the level of retail sales management and the quality of services. Efforts were made to ensure steady market supply. Development and optimization of our refined products sales network were promoted actively, and marketing quality was improved. These measures further improved the operating efficiency of the Group. During the first three quarters of 2008, the Group's refineries processed 643 million barrels of crude oil, representing an increase of 5.1% from the same period in 2007, produced 55.597 million tonnes of gasoline, diesel and kerosene, representing an increase of 4.6% from the same period in 2007, and sold 70.250 million tonnes of gasoline, diesel and kerosene, representing an increase of 9.3% from the same period in 2007.

The Group further kept the production in the chemical and marketing segment under control and achieved large scale, efficient, safe and steady operation. Key technological and economic indicators improved continuously and the allocation of resources and product mix were further optimized. During the first three quarters of 2008, the Group produced 3.031 million tonnes of synthetic resin, representing an increase of 4.7% from the same period in 2007, and produced 1.982 million tonnes of ethylene, representing an increase of 4.8% from the same period in 2007.

The development of key pipeline construction projects including the Second West-East Pipeline project and the Lanzhou-Zhengzhou-Changsha Refined Products Pipeline project were on schedule. The transportation of oil and natural gas has been conducted in a safe, steady and orderly manner. Natural gas sales continue to increase rapidly.

The Group speeded up the international operations and continued to expand the scale of its international 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.

6

SUMMARY OF KEY OPERATING DATA FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2008

OPERATING DATA	UNIT	NINE MONTHS ENDED SEPTEMBER 30,	
		2008	2007
Crude oil output	Million barrels	652.6	634.9
Marketable natural gas output	Billion cubic feet	1,368.1	1,176.1

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Oil and natural gas equivalent output	Million barrels	880.7	831.0
Average realised price for crude oil	USD/barrel	97.24	60.93
Average realised price for natural gas	USD/thousand cubic feet	3.44	2.55
Processed crude oil	Million barrels	642.5	611.4
Output of refined products	Thousand tonnes	55,597	53,133
Of which: Gasoline	Thousand tonnes	17,707	16,104
Kerosene	Thousand tonnes	1,756	1,528
Diesel	Thousand tonnes	36,134	35,501
Total sales volume of refined products	Thousand tonnes	70,250	64,279
Output of key chemical products			
Ethylene	Thousand tonnes	1,982	1,892
Synthetic resin	Thousand tonnes	3,031	2,896
Synthetic fiber raw materials and polymer	Thousand tonnes	1,271	1,104
Synthetic rubber	Thousand tonnes	251	233
Urea	Thousand tonnes	2,868	2,796

(SECTION 3) SIGNIFICANT EVENTS

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

v Applicable [] Inapplicable

7

Unit: RMB Million

Items	As at September 30, 2008	As at December 31, 2007
Accounts receivable	27,489	18,419
Advances to suppliers	65,186	20,386
Construction in progress	162,676	105,634
Deferred tax assets	19,090	12,871
Short-term borrowings	28,466	18,734
Advances from customers	16,788	12,433
Other payables	42,760	17,849
Current portion of non-current liabilities	7,973	11,652

Items	For nine months ended September 30, 2008	2007	Changes (%)
Operating income	853,658	598,616	42.6
Cost of sales	(552,395)	(347,506)	59.0
Tax and levies on operations	(98,083)	(45,680)	114.7
General and administrative expenses	(44,319)	(33,051)	34.1
Asset impairment losses	(13,033)	2,332	658.9
Investment income	6,145	4,123	49.0
Non-operating income	14,725	1,864	690.0

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Net profit attributable to minority interest	12,077	6,109	97.7
Net cash flows used for financing activities	(26,884)	(71,505)	(62.4)

EXPLANATION OF SIGNIFICANT CHANGES:

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

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

The increase in construction in progress was mainly due to the implementation of projects which were within the planned annual investment of the Group.

The increase in deferred tax assets was mainly due to the provision for assets impairment recorded for this period by the Group.

8

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

The increase in advances from customers was mainly due to more customers purchasing refined products by advance payment.

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

The decrease in the current portion of non-current liabilities was mainly due to the long-term borrowings becoming due within a year being offset by the repayment of the current portion of non-current liabilities.

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 scale of production 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 increase in general and administrative expenses was mainly due to increase in the research and development expenditure incurred by the Group and increase in the provision for the employee benefit expenses resulting from pension contributions for this period.

The increase in asset impairment losses was mainly due to the recording of provision for assets impairment for this period by the Group.

The increase in investment income was mainly due to the increased income from joint controlled entities and associates.

The increase of non-operating income was mainly due to receipt of government grants as a result of the implementation of the financial support measures by the PRC government to ensure supply of crude oil and refined products in the market.

Edgar Filing: PETROCHINA CO LTD - Form 6-K

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

The decrease in net cash flows used for financing activities was mainly due to the reduction of dividends paid to the shareholders of the Company.

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

Applicable Inapplicable

9

1. DISTRIBUTION OF INTERIM DIVIDEND FOR THE YEAR 2008

In accordance with the Articles of Association of PetroChina Company Limited and as approved by the second meeting of the Fourth Session of the Board, the Company paid an interim dividend of RMB0.131827 per share (inclusive of tax) for the six months ended June 30, 2008 to all equity holders whose names appear on the register of members of the Company at the close of business on September 18, 2008. The aggregated cash dividends were approximately RMB 24,127 million. The interim dividend for the year 2008 was paid to the equity holders above-mentioned on October 16, 2008.

2. INCREASE IN SHAREHOLDINGS OF THE COMPANY BY THE CONTROLLING SHAREHOLDER

On September 22, 2008, CNPC increased its shareholdings in the Company by 60,000,000 shares via the trading system of the Shanghai Stock Exchange. CNPC intends to continue to increase its shareholdings in the Company, either in its own name or through parties acting in concert with it, through the secondary market within 12 months from the date of this share acquisition for an aggregated amount not exceeding 2% of the total share capital of the Company (including the shares in this share acquisition) (hereinafter referred to as "Further Acquisition Plan"). Details for this share acquisition and the Further Acquisition Plan were announced on September 23, 2008 via the websites of Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

3.3 Status of fulfillment of commitment made by the Company, shareholders and ultimate controller

Applicable Inapplicable

1. As at the end of the reporting period, the undertakings given by CNPC under the Restructuring Agreement and the Non-Competition Agreement entered into between CNPC and the Company both on March 10, 2000 and the 36-month share lock-up undertakings given by CNPC in connection with the initial listing of the Company's A shares on the Shanghai Stock Exchange have been performed in accordance with the manner as disclosed in the section headed "Performance of Commitments" of the 2007 annual report of the Company and the performance of the above undertakings has not been affected.

2. On September 22, 2008, CNPC increased its shareholdings in the Company by 60,000,000 shares via the trading system of the Shanghai Stock Exchange. CNPC intends to continue to implement the Further Acquisition Plan within 12 months from the date of this share acquisition. CNPC further undertakes that it will not sell any shares it held in the Company during the period of the implementation of the Further Acquisition Plan and within the statutory period.

Edgar Filing: PETROCHINA CO LTD - Form 6-K

As at the end of the reporting period, CNPC has not violated the above undertakings.

3.4 Caution and explanation as to the anticipated loss of accumulated net profits from the beginning of the year to the end of the next reporting period or significant changes over the same period of the preceding year

Applicable v Inapplicable

10

3.5 Investments in securities

Applicable v Inapplicable

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

By Order of the Board of Directors
PetroChina Company Limited
Jiang Jiemin
Chairman
Beijing, the PRC
October 29, 2008

As at the date of this announcement, the Board of Directors comprises Mr Jiang Jiemin as the Chairman; Mr Zhou Jiping (Vice Chairman) and Mr Liao Yongyuan as executive Directors; Mr Wang Yilin, Mr Zeng Yukang, Mr Wang Fucheng, Mr Li Xinhua, Mr Wang Guoliang and Mr Jiang Fan as non-executive Directors; and Mr Chee-Chen Tung, Mr Liu Hongru, Mr Franco Bernabe, Mr Li Yongwu and Mr Cui Junhui as independent non-executive Directors.

11

APPENDIX

A. FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2008 PREPARED IN ACCORDANCE WITH IFRS

1-1. CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Three months ended September 30	
	2008	2007
	RMB	RMB
	Million	Million
TURNOVER	304,136	205,890
OPERATING EXPENSES		
Purchases, services and other	(160,081)	(94,814)
Employee compensation costs	(14,548)	(12,238)
Exploration expenses, including exploratory		

Edgar Filing: PETROCHINA CO LTD - Form 6-K

dry holes	(6,171)	(5,486)
Depreciation, depletion and amortisation	(21,491)	(16,354)
Selling, general and administrative expenses	(16,613)	(14,313)
Taxes other than income taxes	(38,232)	(19,980)
Other income / (expenses), net	7,721	(1,352)
	-----	-----
TOTAL OPERATING EXPENSES	(249,415)	(164,537)
	-----	-----
PROFIT FROM OPERATIONS	54,721	41,353
	-----	-----
FINANCE COSTS		
Exchange gain	277	465
Exchange loss	(299)	(717)
Interest income	201	409
Interest expense	(509)	(693)
	-----	-----
TOTAL NET FINANCE COSTS	(330)	(536)
	-----	-----
SHARE OF PROFIT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	1,829	1,680
	-----	-----
PROFIT BEFORE TAXATION	56,220	42,497
TAXATION	(11,110)	(9,193)
	-----	-----
PROFIT FOR THE PERIOD	45,110	33,304
	=====	=====
ATTRIBUTABLE TO:		
Equity holders of the Company	39,885	30,703
Minority interest	5,225	2,601
	-----	-----
	45,110	33,304
	=====	=====
BASIC AND DILUTED EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RMB)	0.22	0.17
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

12

1-2. CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Nine months ended September 30	
	2008	2007
	RMB	RMB
	Million	Million
TURNOVER	853,658	598,616
	-----	-----
OPERATING EXPENSES		
Purchases, services and other	(454,603)	(261,809)
Employee compensation costs	(44,959)	(34,664)

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Exploration expenses, including exploratory dry holes	(19,019)	(16,093)
Depreciation, depletion and amortisation	(64,245)	(47,582)
Selling, general and administrative expenses	(44,606)	(38,214)
Taxes other than income taxes	(104,063)	(48,764)
Other income / (expenses), net	10,322	(1,007)
	-----	-----
TOTAL OPERATING EXPENSES	(721,173)	(448,133)
	-----	-----
PROFIT FROM OPERATIONS	132,485	150,483
	-----	-----
FINANCE COSTS		
Exchange gain	1,581	1,046
Exchange loss	(2,631)	(1,640)
Interest income	1,605	1,228
Interest expense	(2,144)	(2,743)
	-----	-----
TOTAL NET FINANCE COSTS	(1,589)	(2,109)
	-----	-----
SHARE OF PROFIT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	6,036	4,465
	-----	-----
PROFIT BEFORE TAXATION	136,932	152,839
TAXATION	(30,968)	(33,219)
	-----	-----
PROFIT FOR THE PERIOD	105,964	119,620
	=====	=====
ATTRIBUTABLE TO:		
Equity holders of the Company	93,500	112,533
Minority interest	12,464	7,087
	-----	-----
	105,964	119,620
	=====	=====
BASIC AND DILUTED EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY (RMB)	0.51	0.63
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

13

2. CONSOLIDATED BALANCE SHEET

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
NON CURRENT ASSETS		
Property, plant and equipment	810,882	762,882

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Investments in associates and jointly controlled entities	30,421	26,535
Available-for-sale financial assets	2,127	2,581
Advance operating lease payments	24,798	23,417
Intangible and other assets	9,362	8,488
Time deposits with maturities over one year	3,143	5,053
	-----	-----
TOTAL NON CURRENT ASSETS	880,733	828,956
	-----	-----
CURRENT ASSETS		
Inventories	110,878	88,467
Accounts receivable	27,489	18,419
Prepaid expenses and other current assets	80,511	36,018
Notes receivable	5,633	4,735
Time deposits with maturities over three months but within one year	13,661	18,042
Cash and cash equivalents	68,897	65,494
	-----	-----
TOTAL CURRENT ASSETS	307,069	231,175
	-----	-----
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	195,416	144,353
Income tax payable	2,609	11,709
Other taxes payable	18,665	11,099
Short-term borrowings	36,439	30,934
	-----	-----
TOTAL CURRENT LIABILITIES	253,129	198,095
	-----	-----
NET CURRENT ASSETS/(LIABILITIES)	53,940	33,080
	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES	934,673	862,036
	=====	=====

14

2. CONSOLIDATED BALANCE SHEET (CONTINUED)

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
EQUITY		
Equity attributable to equity holders of the Company:		
Share capital	183,021	183,021
Retained earnings	397,224	332,432
Reserves	216,863	217,952
	-----	-----
	797,108	733,405
Minority interest	56,176	42,942
	-----	-----
TOTAL EQUITY	853,284	776,347

Edgar Filing: PETROCHINA CO LTD - Form 6-K

NON CURRENT LIABILITIES		
Long-term borrowings	35,145	39,688
Asset retirement obligations	26,569	24,761
Deferred taxation	18,695	20,205
Other long-term obligations	980	1,035
	-----	-----
TOTAL NON CURRENT LIABILITIES	81,389	85,689
	-----	-----
TOTAL EQUITY AND NON CURRENT LIABILITIES	934,673	862,036
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

15

3. CONSOLIDATED CASH FLOW STATEMENT

	Nine months ended September 2008 RMB Million	2007 RMB Million
CASH FLOWS FROM OPERATING ACTIVITIES (A)	145,843	165,192
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(125,519)	(97,489)
Acquisition of investments in associates and jointly controlled entities	(457)	(1,018)
Acquisition of available-for-sale financial assets	(11)	(310)
Acquisition of intangible assets	(741)	(534)
Acquisition of other non-current assets	(1,137)	(763)
Purchase of minority interest in listed subsidiaries	-	(149)
Purchase of minority interest in subsidiaries	(176)	(10)
Repayment of capital by associates and jointly controlled entities	-	3,628
Proceeds from disposal of property, plant and equipment	287	562
Proceeds from disposal of intangible and other non-current assets	64	-
Proceeds from disposal of investments in associates and jointly controlled entities	8	1,015
Proceeds from disposal of available-for-sale financial assets	51	187
Dividends received	3,434	844
Decrease/ (Increase) in time deposits with maturities over three months	5,905	(2,537)
	-----	-----
NET CASH USED FOR INVESTING ACTIVITIES	(118,292)	(96,574)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(58,351)	(30,425)
Repayments of long-term borrowings	(11,650)	(18,177)

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Dividends paid to minority interest	(3,065)	(1,929)
Dividends paid to equity holders of the Company	(28,708)	(64,517)
Increase in short-term borrowings	68,533	28,256
Increase in long-term borrowings	3,007	16,628
Capital contribution from minority interest	8,691	1,315
Capital reduction	(2,420)	-
Decrease in other long-term obligations	(160)	(83)
	-----	-----
NET CASH USED FOR FINANCING ACTIVITIES	(24,123)	(68,932)
	-----	-----
TRANSLATION OF FOREIGN CURRENCY	(25)	523
	-----	-----
Increase in cash and cash equivalents	3,403	209
Cash and cash equivalents at beginning of the period	65,494	48,559
	-----	-----
Cash and cash equivalents at end of the period	68,897	48,768
	=====	=====

-----	-----	-----
Chairman	President	Chief Financial Officer
Jiang Jiemin	Zhou Jiping	Zhou Mingchun

16

3. CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(A) CASH FLOWS FROM OPERATING ACTIVITIES

	Nine months ended September	
	2008	2007
	RMB	RMB
	Million	Million
PROFIT FOR THE PERIOD	105,964	119,620
Adjustments for:		
Taxation	30,968	33,219
Depreciation, depletion and amortisation	64,245	47,582
Capitalised exploratory costs charged to expense	10,222	7,858
Share of profit of associates and jointly controlled entities	(6,036)	(4,465)
Reversal of provision for impairment of receivables, net	(25)	(2,292)
Write down/(Reversal of write down) in inventories, net	5,046	(124)
Impairment of available-for-sale financial assets, net	10	-
Impairment of investments in associates and jointly controlled entities, net	21	5
Loss on disposal of property, plant and equipment	1,326	1,574
Loss/(Gain) on disposal of investments in associates and jointly controlled entities	3	(352)
Gain on disposal of available-for-sale financial assets	(7)	(94)
Dividend income	(237)	(94)
Interest income	(1,605)	(1,228)
Interest expense	2,144	2,743

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Advance payments on long-term operating leases	(2,845)	(1,945)
Changes in working capital:		
Accounts receivable and prepaid expenses and other current assets	(37,681)	(27,612)
Inventories	(27,457)	(2,099)
Accounts payable and accrued liabilities	44,156	37,753
	-----	-----
CASH GENERATED FROM OPERATIONS	188,212	210,049
Interest received	1,586	1,267
Interest paid	(2,761)	(2,573)
Income taxes paid	(41,194)	(43,551)
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	145,843	165,192
	=====	=====

17

B. FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2008 PREPARED IN ACCORDANCE WITH CAS

1. CONSOLIDATED BALANCE SHEET

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
ASSETS		
CURRENT ASSETS		
Cash at bank and on hand	85,701	88,589
Notes receivable	5,633	4,735
Accounts receivable	27,489	18,419
Advances to suppliers	65,186	20,386
Interest receivable	128	109
Dividends receivable	957	18
Other receivables	14,197	15,444
Inventories	110,878	88,467
Current portion of non-current assets	25	59
Other current assets	18	2
	-----	-----
TOTAL CURRENT ASSETS	310,212	236,228
	-----	-----
NON-CURRENT ASSETS		
Available-for-sale financial assets	2,077	2,530
Long-term equity investments	26,924	22,686
Fixed assets	239,793	247,803
Oil and gas properties	317,740	326,328
Construction in progress	162,676	105,634
Construction materials	8,877	6,927
Fixed assets pending disposal	454	287
Intangible assets	21,326	20,022
Goodwill	148	-
Long-term prepaid expenses	12,833	12,028
Deferred tax assets	19,090	12,871
Other non-current assets	501	748

Edgar Filing: PETROCHINA CO LTD - Form 6-K

TOTAL NON-CURRENT ASSETS	----- 812,439 -----	----- 757,864 -----
TOTAL ASSETS	----- 1,122,651 =====	----- 994,092 =====

18

1 CONSOLIDATED BALANCE SHEET (CONTINUED)

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	28,466	18,734
Notes payable	884	1,143
Accounts payable	131,572	104,460
Advances from customers	16,788	12,433
Employee compensation payable	9,092	11,585
Taxes payable	21,274	22,808
Interest payable	263	173
Dividends payable	894	89
Other payables	42,760	17,849
Provisions	545	715
Current portion of non-current liabilities	7,973	11,652
Other current liabilities	3	13
TOTAL CURRENT LIABILITIES	----- 260,514 -----	----- 201,654 -----
NON-CURRENT LIABILITIES		
Deferred income	183	76
Long-term borrowings	30,991	35,305
Debentures payable	4,154	4,383
Long-term payables	55	57
Grants payable	618	774
Provisions	26,569	24,761
Deferred tax liabilities	14,189	11,883
Other non-current liabilities	124	128
TOTAL NON-CURRENT LIABILITIES	----- 76,883 -----	----- 77,367 -----
TOTAL LIABILITIES	----- 337,397 -----	----- 279,021 -----

19

1. CONSOLIDATED BALANCE SHEET (CONTINUED)

Edgar Filing: PETROCHINA CO LTD - Form 6-K

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
SHAREHOLDERS' EQUITY		
Share capital	183,021	183,021
Capital surplus	122,010	122,192
Surplus reserves	102,696	102,696
Undistributed profits	328,438	270,544
Currency translation differences	(1,785)	(1,086)
	-----	-----
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	734,380	677,367
	-----	-----
MINORITY INTEREST	50,874	37,704
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	785,254	715,071
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,122,651	994,092
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

20

2. COMPANY BALANCE SHEET

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
ASSETS		
CURRENT ASSETS		
Cash at bank and on hand	66,012	78,332
Notes receivable	5,168	3,988
Accounts receivable	3,822	2,131
Advances to suppliers	52,031	16,086
Interest receivable	125	109
Dividends receivable	83	85
Other receivables	18,478	24,173
Inventories	92,964	70,284
Current portion of non-current assets	24	59
Other current assets	18	2
	-----	-----
TOTAL CURRENT ASSETS	238,725	195,249
	-----	-----
NON-CURRENT ASSETS		

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Available-for-sale financial assets	1,060	1,456
Long-term equity investments	126,993	104,691
Fixed assets	192,660	199,411
Oil and gas properties	228,031	231,921
Construction in progress	129,947	85,597
Construction materials	7,026	5,455
Fixed assets pending disposal	446	282
Intangible assets	17,099	16,356
Long-term prepaid expenses	10,798	9,924
Deferred tax assets	13,703	9,048
	-----	-----
TOTAL NON-CURRENT ASSETS	727,763	664,141
	-----	-----
TOTAL ASSETS	966,488	859,390
	=====	=====

21

2 COMPANY BALANCE SHEET (CONTINUED)

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	38,477	17,898
Accounts payable	87,333	66,877
Advances from customers	13,814	10,443
Employee compensation payable	7,728	10,751
Taxes payable	2,836	13,793
Interest payable	181	61
Other payables	72,599	46,582
Provisions	61	75
Current portion of non-current liabilities	7,803	9,029
	-----	-----
TOTAL CURRENT LIABILITIES	230,832	175,509
	-----	-----
NON-CURRENT LIABILITIES		
Deferred income	156	62
Long-term borrowings	23,515	29,044
Debentures payable	3,500	3,500
Long-term payables	55	56
Grants payable	563	710
Provisions	16,441	15,307
Deferred tax liabilities	7,881	6,598
Other non-current liabilities	120	123
	-----	-----
TOTAL NON-CURRENT LIABILITIES	52,231	55,400
	-----	-----
TOTAL LIABILITIES	283,063	230,909
	-----	-----

Edgar Filing: PETROCHINA CO LTD - Form 6-K

22

2 COMPANY BALANCE SHEET (CONTINUED)

	September 30, 2008 RMB Million	December 31, 2007 RMB Million
SHAREHOLDERS' EQUITY		
Share capital	183,021	183,021
Capital surplus	125,678	125,848
Surplus reserves	91,596	91,596
Undistributed profits	283,130	228,016
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	683,425	628,481
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	966,488	859,390
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

23

3-1. CONSOLIDATED INCOME STATEMENTS

ITEMS	Three months ended September 30	
	2008 RMB Million	2007 RMB Million
1. OPERATING INCOME	304,136	205,890
Less: Cost of sales	(191,108)	(124,366)
Tax and levies on operations	(36,192)	(18,827)
Selling expenses	(11,746)	(10,600)
General and administrative expenses	(14,757)	(11,576)
Finance expenses	(436)	(941)
Asset impairment losses	(5,703)	15
Add: Investment income	1,848	1,033
	-----	-----
2. OPERATING PROFIT	46,042	40,628
	-----	-----
Add: Non-operating income	9,111	423
Less: Non-operating expenses	(1,354)	(1,403)
	-----	-----

Edgar Filing: PETROCHINA CO LTD - Form 6-K

3.PROFIT BEFORE TAXATION	53,799	39,648
Less: Taxation	(10,417)	(8,940)
	-----	-----
4.NET PROFIT	43,382	30,708
	-----	-----
Net profit attributable to equity holders of the Company	38,247	29,014
Minority interest	5,135	1,694
5.EARNINGS PER SHARE (BASED ON NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY)		
Basic earnings per share (RMB)	0.21	0.16
Diluted earnings per share (RMB)	0.21	0.16
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

24

3-2. CONSOLIDATED INCOME STATEMENTS

ITEMS	Nine months ended September 30	
	2008 RMB Million	2007 RMB Million
1.OPERATING INCOME	853,658	598,616
Less: Cost of sales	(552,395)	(347,506)
Tax and levies on operations	(98,083)	(45,680)
Selling expenses	(33,322)	(29,675)
General and administrative expenses	(44,319)	(33,051)
Finance expenses	(1,884)	(2,597)
Asset impairment losses	(13,033)	2,332
Add: Investment income	6,145	4,123
	-----	-----
2.OPERATING PROFIT	116,767	146,562
	-----	-----
Add: Non-operating income	14,725	1,864
Less: Non-operating expenses	(4,487)	(2,484)
	-----	-----
3.PROFIT BEFORE TAXATION	127,005	145,942
Less: Taxation	(28,326)	(34,937)
	-----	-----
4.NET PROFIT	98,679	111,005
	-----	-----
Net profit attributable to equity holders of the Company	86,602	104,896

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Minority interest 12,077 6,109

5.EARNINGS PER SHARE (BASED ON
NET PROFIT ATTRIBUTABLE TO EQUITY
HOLDERS OF THE COMPANY)

Basic earnings per share (RMB) 0.47 0.59
Diluted earnings per share (RMB) 0.47 0.59
=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

25

4-1. COMPANY INCOME STATEMENT

ITEMS	Three months ended September 30	
	2008 RMB Million	2007 RMB Million
1.OPERATING INCOME	221,939	131,758
Less: Cost of sales	(167,656)	(89,709)
Tax and levies on operations	(21,354)	(11,483)
Selling expenses	(9,390)	(8,367)
General and administrative expenses	(11,366)	(8,212)
Finance expenses	(375)	(353)
Asset impairment losses	(5,684)	(4)
Add: Investment income	21,391	15,800
	-----	-----
2.OPERATING PROFIT	27,505	29,430
	-----	-----
Add: Non-operating income	8,270	332
Less: Non-operating expenses	(1,262)	(1,297)
	-----	-----
3.PROFIT BEFORE TAXATION	34,513	28,465
Less: Taxation	36	519
	-----	-----
4.NET PROFIT	34,549	28,984
	-----	-----
5.EARNINGS PER SHARE		
Basic earnings per share (RMB)	0.19	0.16
Diluted earnings per share (RMB)	0.19	0.16
	=====	=====

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

26

4-2. COMPANY INCOME STATEMENT

ITEMS	Nine months ended September 30	
	2008	2007
	RMB Million	RMB Million
1. OPERATING INCOME	614,954	422,149
Less: Cost of sales	(478,156)	(285,029)
Tax and levies on operations	(58,484)	(27,741)
Selling expenses	(26,468)	(23,416)
General and administrative expenses	(34,931)	(23,950)
Finance expenses	(580)	(1,297)
Asset impairment losses	(12,999)	1,838
Add: Investment income	65,495	46,204
	-----	-----
2. OPERATING PROFIT	68,831	108,758
	-----	-----
Add: Non-operating income	12,876	1,188
Less: Non-operating expenses	(3,028)	(2,245)
	-----	-----
3. PROFIT BEFORE TAXATION	78,679	107,701
Less: Taxation	5,143	(5,269)
	-----	-----
4. NET PROFIT	83,822	102,432
	-----	-----
5. EARNINGS PER SHARE		
Basic earnings per share (RMB)	0.46	0.57
Diluted earnings per share (RMB)	0.46	0.57
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

27

5. CONSOLIDATED CASH FLOW STATEMENT

Edgar Filing: PETROCHINA CO LTD - Form 6-K

ITEMS	Nine months ended September 30	
	2008	2007
	RMB Million	RMB Million
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales of goods and rendering of services	989,252	694,659
Refund of taxes and levies	9,448	722
Cash received relating to other operating activities	2,333	508
	-----	-----
SUB-TOTAL OF CASH INFLOWS	1,001,033	695,889
	-----	-----
Cash paid for goods and services	(586,800)	(324,253)
Cash paid to and on behalf of employees	(47,452)	(32,947)
Payments of taxes and levies	(188,352)	(132,719)
Cash paid relating to other operating activities	(28,566)	(37,527)
	-----	-----
SUB-TOTAL OF CASH OUTFLOWS	(851,170)	(527,446)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	149,863	168,443
	-----	-----
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal of investments	5,964	4,830
Cash received from returns on investments	5,020	2,111
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	351	562
	-----	-----
SUB-TOTAL OF CASH INFLOWS	11,335	7,503
	-----	-----
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long term assets	(130,242)	(100,731)
Cash paid to acquire investments	(644)	(4,024)
Including: Cash paid to purchase shares of listed subsidiaries	-	(149)
	-----	-----
SUB-TOTAL OF CASH OUTFLOWS	(130,886)	(104,755)
	-----	-----
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(119,551)	(97,252)
	-----	-----

28

5. CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

ITEMS	Nine months ended September 30	
	2008	2007
	RMB Million	RMB Million
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from capital contributions	8,691	1,315

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Including: Cash received from minority shareholders' capital contributions to subsidiaries	8,691	1,315
Cash received from borrowings	71,540	44,884
Cash received relating to other financing activities	44	102
	-----	-----
SUB-TOTAL OF CASH INFLOWS	80,275	46,301
	-----	-----
Cash repayments of borrowings	(70,001)	(48,602)
Cash payments for interest expenses and distribution of dividends or profits	(34,534)	(69,019)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(3,065)	(5,220)
Capital reduction	(2,420)	-
Cash payments relating to other financing activities	(204)	(185)
	-----	-----
SUB-TOTAL OF CASH OUTFLOWS	(107,159)	(117,806)
	-----	-----
NET CASH FLOWS USED FOR FINANCING ACTIVITIES	(26,884)	(71,505)
	-----	-----
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(25)	523
	-----	-----
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	3,403	209
	-----	-----
Add: Cash and cash equivalents at beginning of the period	65,494	48,559
	-----	-----
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	68,897	48,768
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

29

6. COMPANY CASH FLOW STATEMENT

ITEMS	Nine months ended September 30	
	2008	2007
	RMB Million	RMB Million
1. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from sales of goods and rendering of services	740,990	493,196
Refund of taxes and levies	7,996	655

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Cash received relating to other operating activities	6,541	1,770
	-----	-----
SUB-TOTAL OF CASH INFLOWS	755,527	495,621
	-----	-----
Cash paid for goods and services	(545,809)	(277,573)
Cash paid to and on behalf of employees	(37,593)	(24,793)
Payments of taxes and levies	(95,580)	(66,778)
Cash paid relating to other operating activities	(13,080)	(22,025)
	-----	-----
SUB-TOTAL OF CASH OUTFLOWS	(692,062)	(391,169)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	63,465	104,452
	-----	-----
2. CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received from disposal of investments	8,075	1,208
Cash received from returns on investments	66,098	42,613
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	242	142
	-----	-----
SUB-TOTAL OF CASH INFLOWS	74,415	43,963
	-----	-----
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets	(103,989)	(80,403)
Cash paid to acquire investments	(22,287)	(3,975)
Including: Cash paid to purchase shares of listed subsidiaries	-	(149)
	-----	-----
SUB-TOTAL OF CASH OUTFLOWS	(126,276)	(84,378)
	-----	-----
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(51,861)	(40,415)
	-----	-----

30

6. COMPANY CASH FLOW STATEMENT (CONTINUED)

ITEMS	Nine months ended September 30	
	2008	2007
	RMB Million	RMB Million
3. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received from capital contributions	-	-
Cash received from borrowings	52,018	35,191
Cash received relating to other financing activities	44	62
	-----	-----
SUB-TOTAL OF CASH INFLOWS	52,062	35,253
	-----	-----
Cash repayments of borrowings	(37,406)	(35,327)
Cash payments for interest expenses and distribution of dividends or profits	(30,389)	(66,079)

Edgar Filing: PETROCHINA CO LTD - Form 6-K

Cash payments relating to other financing activities	(191)	(96)
	-----	-----
SUB-TOTAL OF CASH OUTFLOWS	(67,986)	(101,502)
	-----	-----
NET CASH FLOWS USED FOR FINANCING ACTIVITIES	(15,924)	(66,249)
	-----	-----
4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-	-
	-----	-----
5. NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4,320)	(2,212)
	-----	-----
Add: Cash and cash equivalents at beginning of the period	60,332	45,029
	-----	-----
6. CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	56,012	42,817
	=====	=====

Chairman
Jiang Jiemin

President
Zhou Jiping

Chief Financial Officer
Zhou Mingchun

31

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	Nine months ended September 30	
		2008	2007
		RMB million	RMB million
Consolidated profit for the period under IFRS		105,964	119,620
Adjustments:			
Depletion of oil and gas properties	(1)	(5,523)	(6,669)
Adjustment of safety fund	(2)	(3,826)	-
Deferred taxation	(3)	2,642	(1,718)
Other		(578)	(228)
		-----	-----
Consolidated profit for the period under CAS		98,679	111,005
		=====	=====

September 30,
2008

December 31,
2007

Edgar Filing: PETROCHINA CO LTD - Form 6-K

	Notes	RMB million	RMB million
Consolidated shareholders' equity under IFRS		853,284	776,347
Adjustments:			
Depletion of oil and gas properties	(1)	(85,185)	(79,662)
Adjustment of safety fund	(2)	(7,385)	(3,559)
Currency translation differences		141	(390)
Deferred taxation	(3)	23,798	21,156
Other		601	1,179
		-----	-----
Consolidated shareholder's equity under CAS		785,254	715,071
		=====	=====

32

(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) In accordance with the requirements of the "Temporary regulation for safety fund 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. As the Group does not have a specific utilisation plan for this accrued safety fund as at September 30, 2008, it has been reversed under IFRS.

(3) Deferred taxation relating to the differences between IFRS and CAS.

33