

FINANCIAL HIGHLIGHTS

	As At or For the Year Ended December 31,				
	2002	2003	2004	2005	2006
	RMB Million				
TURNOVER	249,386	310,431	397,354	552,229	688,978
OPERATING EXPENSES					
Purchases, services and other	(71,383)	(89,741)	(114,249)	(200,321)	(271,123)
Employee compensation costs	(16,665)	(20,044)	(22,934)	(29,675)	(39,161)
Exploration expenses, including exploratory dry holes	(8,203)	(10,624)	(12,090)	(15,566)	(18,822)
Depreciation, depletion and amortisation	(37,680)	(42,163)	(48,362)	(51,305)	(61,388)
Selling, general and administrative expenses	(23,930)	(25,982)	(28,302)	(36,538)	(43,235)
Employees redundancy costs and shut down of manufacturing facilities	(2,121)	(2,355)	(220)	-	-
Taxes other than income taxes	(15,366)	(16,821)	(19,943)	(23,616)	(56,666)
Property, plant and equipment revaluation loss	-	(391)	-	-	-
Other expense, net	(59)	(598)	(116)	(3,037)	(607)
TOTAL OPERATING EXPENSES	<u>(175,407)</u>	<u>(208,719)</u>	<u>(246,216)</u>	<u>(360,058)</u>	<u>(491,002)</u>
PROFIT FROM OPERATIONS	73,979	101,712	151,138	192,171	197,976
FINANCE COSTS					
Exchange gain	179	224	225	942	1,830
Exchange loss	(609)	(260)	(217)	(854)	(1,756)
Interest income	663	973	1,373	1,924	2,066
Interest expense	(4,068)	(2,889)	(2,896)	(2,762)	(3,220)
TOTAL NET FINANCE COSTS	<u>(3,835)</u>	<u>(1,952)</u>	<u>(1,515)</u>	<u>(750)</u>	<u>(1,080)</u>
SHARE OF PROFIT OF ASSOCIATES AND JOINTLY CONTROLLED ENTITIES	169	933	1,621	2,401	2,277
PROFIT BEFORE TAXATION	70,313	100,693	151,244	193,822	199,173
TAXATION	<u>(22,939)</u>	<u>(28,796)</u>	<u>(43,598)</u>	<u>(54,180)</u>	<u>(49,776)</u>
PROFIT FOR THE YEAR	<u>47,374</u>	<u>71,897</u>	<u>107,646</u>	<u>139,642</u>	<u>149,397</u>
ATTRIBUTABLE TO:					
Equity holders of the Company	46,766	69,835	103,843	133,362	142,224
Minority interest	608	2,062	3,803	6,280	7,173
	<u>47,374</u>	<u>71,897</u>	<u>107,646</u>	<u>139,642</u>	<u>149,397</u>
BASIC AND DILUTED EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY DURING THE YEAR (RMB)⁽²⁾	<u>0.27</u>	<u>0.40</u>	<u>0.59</u>	<u>0.75</u>	<u>0.79</u>
NON CURRENT ASSETS					
Property, plant and equipment	404,135	442,311	485,612	563,890	645,337
Long term investments	6,055	9,405	11,504	13,608	35,010
Advance operating lease payments	6,267	7,286	12,307	16,235	20,468
Intangible and other assets	2,769	3,027	3,020	5,011	6,627
Time deposits with maturities over one year	3,498	3,485	3,751	3,428	2,499
	<u>422,724</u>	<u>465,514</u>	<u>516,194</u>	<u>602,172</u>	<u>709,941</u>
CURRENT ASSETS					
Inventories	29,352	30,064	47,377	62,733	76,038
Accounts receivable	6,544	4,115	3,842	4,630	8,488
Prepaid expenses and other current assets	19,618	18,845	24,704	25,701	26,125

	As At or For the Year Ended December 31,				
	2002	2003	2004	2005	2006
	RMB Million				
Investments in collateralised loans	420	24,224	33,217	235	-
Time deposits with maturities over three months but within one year	2,621	2,648	1,425	1,691	3,012
Cash and cash equivalents	19,532	11,613	11,688	80,905	48,559
TOTAL CURRENT ASSETS	78,087	91,509	122,253	175,895	162,222
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	59,950	66,700	73,072	99,758	120,182
Taxes payable	11,348	21,319	22,516	25,391	23,934
Short-term borrowings	23,185	34,328	34,937	28,689	35,763
	94,483	122,347	130,525	153,838	179,879
NET CURRENT ASSETS/ (LIABILITIES)	(16,396)	(30,838)	(8,272)	22,057	(17,657)
TOTAL ASSETS LESS CURRENT LIABILITIES	406,328	434,676	507,922	624,229	692,284
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	175,824	175,824	175,824	179,021	179,021
Retained earnings	57,358	88,152	143,115	203,812	264,092
Reserves	84,456	93,952	108,834	132,556	143,564
	317,638	357,928	427,773	515,389	586,677
Minority interest	6,672	8,966	15,199	28,278	30,914
TOTAL EQUITY	324,310	366,894	442,972	543,667	617,591
NON CURRENT LIABILITIES					
Long-term borrowings	68,894	51,601	44,648	44,570	35,634
Other long-term obligations	1,707	2,010	2,481	1,046	995
Asset retirement obligations	585	735	919	14,187	18,481
Deferred taxation	10,832	13,436	16,902	20,759	19,583
	82,018	67,782	64,950	80,562	74,693
	406,328	434,676	507,922	624,229	692,284
Other financial data					
Capital expenditures	(75,496)	(86,373)	(98,946)	(124,801)	(148,746)
Net cash generated by operating activities	98,989	139,570	141,691	203,885	198,102
Net cash used for investing activities	(73,732)	(102,549)	(102,276)	(91,576)	(158,451)
Net cash used for financing activities (provided by financing activities)	(26,488)	(35,593)	(39,586)	(42,634)	(71,739)
Fixed assets, net of accumulated depreciation	404,135	442,311	485,612	563,890	645,337
Total assets	500,811	557,023	638,447	778,067	872,163
Equity attributable to equity holders of the Company	317,638	357,928	427,773	515,389	586,677

Notes:

- (1) The Company acquired the assets, liabilities and equities of the refined products sales enterprises and refining and petrochemical businesses of CNPC in 2002 and 2005 respectively, and acquired 50% equity interests in CNPC Exploration and Development Company Limited in 2005. The accounting statements for the Group in all relevant periods have been restated in a manner similar to a uniting of interests to reflect the acquisitions.
- (2) As at December 31, 2002, 2003 and 2004 respectively, basic and diluted earnings per share were calculated by dividing the net profit with the number of shares issued for each of these financial years of 175.82 billion. As at December 31, 2005, basic and diluted earnings per share were calculated by dividing net profit with the weighted average number of shares issued for this financial year of 176.77 billion. As at December 31, 2006, basic and diluted earnings per share were calculated by dividing net profit with the number of shares issued for this financial year of 179.02 billion.