PetroChina

2014
INTERIM REPORT

PETROCHINA COMPANY LIMITED

Hong Kong Stock Exchange Stock Code: 857 New York Stock Exchange Symbol: PTR Shanghai Stock Exchange Stock Code: 601857

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PETROCHINA COMPANY LIMITED

This interim report contains certain forward-looking statements with respect to the financial position, operational results and business of the Group. These forward-looking statements are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances that may occur in the future and are beyond our control. The forward-looking statements reflect the Group's current views with respect to future events and are not a guarantee for future performance, nor do these statements constitute substantial undertakings to investors by the Group. Actual results may differ from the information contained in the forward-looking statements. Investors shall be aware of the risks relating to investments.

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IMPORTANT NOTICE

The Board of Directors (the "Board") 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, misrepresentation or misleading statements contained in this interim report, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained herein. No substantial shareholder of the Company has obtained any funds from the Company from non-operating activities. The 2014 interim report was approved at the third meeting of the Sixth Session of the Board. All the Directors of the Company attended this meeting.

Mr Zhou Jiping, Chairman of the Board, Mr Wang Dongjin, Vice Chairman and President, and Mr Yu Yibo, Chief Financial Officer, warrant the truthfulness, accuracy and completeness of the financial statements included in the 2014 interim report.

The financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with China Accounting Standards ("CAS") and International Financial Reporting Standards ("IFRS"), respectively. The financial statements in this interim report are unaudited.

The Board was authorised by the shareholders to approve the distribution of an interim dividend for 2014 at the annual general meeting of the Company on May 22, 2014. The Board has resolved to declare and pay to all shareholders of the Company an interim dividend of RMB0.16750 per share (inclusive of tax) for the six months ended June 30, 2014 on the basis of a total of 183,020,977,818 shares of the Company as at June 30, 2014. The total amount of the interim dividend payable is RMB30,656 million.

CORPORATE PROFILE

The Company was established as a joint stock company with limited liability under the Company Law of the People's Republic of China (the "PRC" or "China") on November 5, 1999 as part of the restructuring of the China National Petroleum Corporation ("CNPC").

The Group is the largest oil and gas producer and seller in the PRC, where it occupies a leading position in the oil and gas industry, one of the largest companies in the PRC in terms of revenue and one of the largest oil companies in the world. The Group is primarily engaged in activities including: the exploration, development, production and marketing of crude oil and natural gas; the refining of crude oil and petroleum products; the production and marketing of primary and derivative petrochemical products and other chemical products; the marketing and trading of refined products; the transmission of natural gas, crude oil and refined products; and the marketing of natural gas.

The American Depositary Shares (the "ADSs"), H shares and A shares of the Company were listed on the New York Stock Exchange, The Stock Exchange of Hong Kong Limited ("HKEx" or "Hong Kong Stock Exchange") and Shanghai Stock Exchange on April 6, 2000, April 7, 2000 and November 5, 2007, respectively.

Registered Chinese Name of the Company:	中國石油天然氣股份有限公司
English Name of the Company:	PetroChina Company Limited
Legal Representative of the Company:	Zhou Jiping
Secretary to the Board and Joint Company Secretary:	Wu Enlai
Joint Company Secretary:	Mao Zefeng
Address:	No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Telephone:	86(10) 5998 5667
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Email Address:	jh_dong@petrochina.com.cn
Representative on Securities Matters:	Liang Gang
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Chief Representative of the Hong Kong Representative Office:	Wei Fang
Address:	Suite 3705, Tower 2, Lippo Centre 89 Queensway, Hong Kong
Telephone:	(852) 2899 2010
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Email Address:	hko@petrochina.com.hk

Legal Address of the Company:	World Tower,16 Andelu Dongcheng District Beijing, PRC
Postal Code:	100011
Office Address of the Company:	China Petroleum Building No. 9 Dongzhimen North Street Dongcheng District Beijing, PRC
Postal Code:	100007
Website:	http://www.petrochina.com.cn
Company's Email Address:	jh_dong@petrochina.com.cn

Newspapers for information disclosure:
A shares: China Securities Journal, Shanghai Securities News and Securities Times

Website publishing this interim report designated by the China Securities Regulatory Commission:
http://www.sse.com.cn

Copies of this interim report are available at:	No. 9 Dongzhimen North Street, Dongcheng District, Beijing, PRC

Places of Listing:	
A shares:	Shanghai Stock Exchange
Stock Name:	中國石油
Stock Code:	601857
H shares:	Hong Kong Stock Exchange
Stock Name:	PetroChina
Stock Code:	857

ADSs:	The New York Stock Exchange
Symbol:	PTR
Other Related Information:	
Company Registration:	July 22, 2013 (change of legal representative)
Registration Authority:	State Administration for Industry and Commerce
Index for Registration Enquiry:	Website of State Administration for Industry and Commerce (http://www.saic.gov.cn)
Registration No. of Business License for Enterprise Legal Person:	100000000032522
Tax Registration No.:	110102710925462
Organisation Code:	71092546-2
Auditors of the Company:	
Domestic Auditors:	
Name:	KPMG Huazhen (Special General Partnership)
Address:	8th Floor, Tower E2, Oriental Plaza, 1 East Chang'an Avenue, Dongcheng District, Beijing, PRC
Overseas Auditors:	
Name:	KPMG Certified Public Accountants
Address:	8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong

SUMMARY OF FINANCIAL DATA AND FINANCIAL INDICATORS

1. Key Financial Data and Financial Indicators Prepared under IFRS

Unit: RMB million

Items	As at the end of the reporting period	As at the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,426,390	2,342,110	3.6
Equity attributable to owners of the Company	1,175,451	1,132,735	3.8
Items	**The reporting period**	**Same period of the preceding year**	**Changes over the same period of the preceding year (%)**
Turnover	1,153,968	1,101,096	4.8
Profit attributable to owners of the Company	68,124	65,522	4.0
Net cash flows from operating activities	133,484	102,057	30.8
Basic earnings per share (RMB)	0.37	0.36	4.0
Diluted earnings per share (RMB)	0.37	0.36	4.0
Return on net assets (%)	5.8	6.0	(0.2) percentage point

2. Key Financial Data and Financial Indicators Prepared under CAS

Unit: RMB million

Items	As at the end of the reporting period	As at the end of the preceding year	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	2,426,281	2,342,004	3.6
Equity attributable to equity holders of the Company	1,175,564	1,132,850	3.8
Items	**The reporting period**	**Same period of the preceding year**	**Changes over the same period of the preceding year (%)**
Operating income	1,153,968	1,101,096	4.8
Net profit attributable to equity holders of the Company	68,122	65,521	4.0
Net profit after deducting non-recurring profit/loss items attributable to equity holders of the Company	68,573	49,503	38.5
Basic earnings per share (RMB)	0.37	0.36	4.0
Diluted earnings per share (RMB)	0.37	0.36	4.0
Weighted average return on net assets (%)	5.9	6.0	(0.1) percentage point
Net cash flows from operating activities	133,484	102,057	30.8

3. Non-recurring Profit/Loss Items

Unit: RMB million

Non-recurring profit/loss items	For the six months ended June 30, 2014 profit / (loss)
Net gain on disposal of non-current assets	21
Government grants recognised in the income statement	1,421
Net loss on disposal of available-for-sale financial assets	(4)
Reversal of provisions for bad debts against receivables	48
Other non-operating income and expenses	(2,028)
Sub-total	(542)
Tax impact of non-recurring profit/loss items	124
Impact of minority interests	(33)
Total	(451)

4. Differences between CAS and IFRS

The net profit of the Group for the reporting period under IFRS and CAS were RMB74,055 million and RMB74,053 million, respectively, with a difference of RMB2 million. The consolidated shareholders' equity as at the end of the reporting period under IFRS and CAS were RMB1,313,124 million and RMB1,313,095 million, respectively, with a difference of RMB29 million. These differences under the different accounting standards were primarily due to the revaluation for non-fixed assets and oil and gas properties in 1999.

During the restructuring in 1999, a valuation was carried out in 1999 for assets and liabilities injected by CNPC. Valuation results on non-fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS.

CHANGES IN SHARE CAPITAL AND INFORMATION ON SHAREHOLDERS

1. Changes in Shareholdings

During the reporting period, there was no change in the total number or structure of shares of the Company arising from bonus issues or placings or otherwise.

2. Shareholdings of Substantial Shareholders

The total number of shareholders of the Company as at June 30, 2014 was 951,894, including 944,039 holders of A shares and 7,855 holders of H shares (including 254 holders of American Depositary Shares).

(1) Shareholdings of the top ten shareholders

Unit: Shares

Name of shareholders	Nature of shareholders	Number of shares held	Percentage of shareholding (%)	Increase / decrease during the reporting period (+,-)	Number of shares with selling restrictions	Number of shares pledged or subject to lock-ups
CNPC	State-owned	158,033,693,528[1]	86.35	0	0	0
HKSCC Nominees Limited [2]	Overseas legal person	20,829,552,708[3]	11.38	-517,728	0	0
National Council for Social Security Fund of the PRC	State-owned legal person	400,000,000	0.219	0	0	0
China Securities Finance Corporation Limited	State-owned legal person	259,521,422	0.142	50,353,088	0	0
CSOP Asset Management Limited -CSOP FTSE China A50 ETF	Other	49,667,871	0.027	10,298,943	0	0
Guangxi Investment Group Co., Ltd.	State-owned legal person	39,560,045	0.022	0	0	0
Industrial and Commercial Bank of China Limited - China Universal SCI Index Securities Investment Fund	Other	38,987,720	0.021	1,553,681	0	0
Industrial and Commercial Bank of China-Shanghai 50 Index ETF Securities Investment Fund	Other	35,370,131	0.019	1,432,200	0	0
Bank of China Limited - HARVEST CSI 300 Index ETF Securities Investment Fund	Other	20,568,176	0.011	1,799,400	0	0
Industrial and Commercial Bank of China Limited - CHINA CSI 300 Index ETF Securities Investment Fund	Other	14,485,612	0.008	1,908,312	0	0

Notes:

(1) Such figure excludes the H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC.
(2) HKSCC Nominees Limited is a subsidiary of the Hong Kong Stock Exchange and its principal business is to act as nominee on behalf of other corporate or individual shareholders.
(3) 291,518,000 H shares were indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC, representing 0.16% of the total share capital of the Company. These shares were held in the name of HKSCC Nominees Limited.

(2) Shareholdings of the top ten shareholders of shares without selling restrictions

Unit: Shares

Ranking	Name of shareholders	Number of shares held	Type of shares
1	CNPC	158,033,693,528(1)	A shares
2	HKSCC Nominees Limited	20,829,552,708	H shares
3	National Council for Social Security Fund of the PRC	400,000,000	A shares
4	China Securities Finance Corporation Limited	259,521,422	A shares
5	CSOP Asset Management Limited - CSOP FTSE China A50 ETF	49,667,871	A shares
6	Guangxi Investment Group Co., Ltd.	39,560,045	A shares
7	Industrial and Commercial Bank of China Limited - China Universal SCI Index Securities Investment Fund	38,987,720	A shares
8	Industrial and Commercial Bank of China-Shanghai 50 Index ETF Securities Investment Fund	35,370,131	A shares
9	Bank of China Limited - HARVEST CSI 300 Index ETF Securities Investment Fund	20,568,176	A shares
10	Industrial and Commercial Bank of China Limited - CHINA CSI 300 Index ETF Securities Investment Fund	14,485,612	A shares

Note:

(1) Such figure excludes the H shares indirectly held by CNPC through Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC.

Statement on connected parties or parties acting in concert among the above-mentioned shareholders: except that "Industrial and Commercial Bank of China Limited - China Universal SCI Index Securities Investment Fund", "Industrial and Commercial Bank of China - Shanghai 50 Index ETF Securities Investment Fund" and "Industrial and Commercial Bank of China Limited - CHINA CSI 300 Index ETF Securities Investment Fund" are all under the custody of Industrial and Commercial Bank of China Limited, the Company is not aware of any connection among or between the top ten shareholders and the top ten shareholders of shares without selling restriction or that they are parties acting in concert as provided for in the Measures for the Administration of Acquisitions by Listed Companies.

(3) Disclosure of substantial shareholders under the Securities and Futures Ordinance of Hong Kong

As at June 30, 2014, so far as the Directors are aware, the persons other than a Director, Supervisor or senior management of the Company who had interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance were as follows:

Name of shareholders	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the same class of the issued share capital (%)	Percentage of total share capital (%)
CNPC	A Shares	158,033,693,528 (L)	Beneficial Owner	97.60	86.35
	H Shares	291,518,000 (L)(1)	Interest of Corporation Controlled by the Substantial Shareholder	1.38	0.16
Aberdeen Asset Management Plc and its Associates (together "the Group"),on behalf of Accounts Managed by the Group	H Shares	1,898,868,365 (L)	Investment Manager	9.00	1.04
BlackRock, Inc. (2)	H Shares	1,486,345,508 (L)	Interest of Corporation Controlled by the Substantial Shareholder	7.04	0.81
		19,796,000 (S)		0.09	0.01
JPMorgan Chase & Co. (3)	H Shares	1,479,613,657(L)	Beneficial Owner / Investment Manager / Custodian Corporation / Approved Lending Agent	7.01	0.81
		89,689,417(S)	Beneficial Owner	0.42	0.05
		1,296,986,456 (LP)	Approved Lending Agent	6.14	0.71

(L) Long position (S) Short position (LP) Lending pool

Notes:

(1) 291,518,000 H shares (long position) were held by Fairy King Investments Limited, an overseas wholly-owned subsidiary of CNPC. CNPC is deemed to be interested in the H shares held by Fairy King Investments Limited.

(2) BlackRock, Inc., through various subsidiaries, had an interest in the H shares of the Company, of which 1,486,345,508 H shares (long position) and 19,796,000 H shares (short position) were held in its capacity as a corporation controlled by the substantial shareholder.

(3) JPMorgan Chase & Co., through various subsidiaries, had an interest in the H shares of the Company, of which 179,243,499 H shares (long position) and 89,689,417 H shares (short position) were held in its capacity as beneficial owner; 3,348,702 H shares (long position) were held in its capacity as investment manager; 35,000 H shares (long position) were held in its capacity as custodian corporation; and 1,296,986,456 H shares (long position) were held in its capacity as approved lending agent. Such 1,479,613,657 H shares (long position) included the interests held in its capacity as beneficial owner, investment manager and custodian corporation / approved lending agent.

As at June 30, 2014, so far as the Directors are aware, save as disclosed above, no person (other than a Director, Supervisor or senior management of the Company) had an interest or short position in the shares of the Company according to the register of interests in shares and short positions kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance.

3. Information on Changes of Controlling Shareholder and the De Facto Controller

There was no change in the controlling shareholder or the de facto controller of the Company during the reporting period.

DIRECTORS' REPORT

The Board of the Company is pleased to present the Directors' report.

1. Review of Operating Results

In the first half of 2014, the Group was confronted with the challenging environment brought about by the complicated international landscape and the slowing down of China's economic growth, the Group continued to implement its guidelines of quality, profitability and sustainable development, focused on the development of its principal oil and gas business and strengthened the coordination of its operations. The Group also vigorously broadened source of income, reduced costs and improved efficiency, thoroughly intensified its reform measures and continuously promote technology innovation. As a result, the Group achieved steady improvement in terms of both production and operations, and its operating results exceeded expectations.

(1) Market Review

• Crude Oil Market

In the first half of 2014, the world's oil supply and demand were relatively balanced in general. However, due to the impact of geopolitical and other factors, the international oil prices had generally fluctuated upwards. The price spread between West Texas Intermediate ("WTI") crude oil and other benchmark oil prices continued to become narrower. The average price for North Sea Brent crude oil and WTI crude oil was US$108.93 per barrel and US$100.90 per barrel respectively, representing an increase of 1.3% and 7.1% as compared with the same period in 2013, respectively.

• Refined Products Market

In the first half of 2014, the growth of the demand for refined products continued to slow down, with the consumption of diesel dropping and the consumption of gasoline rigidly growing. The domestic refinery capacity continued to improve and market resources were generally sufficient. According to the relevant information, in the first half of 2014, the quantity of domestically processed crude oil amounted to 226 million tons, representing an increase of 3.7% as compared with the same period in 2013, and the domestic output of refined products amounted to 141 million tons, representing an increase of 5.4% as compared with the same period in 2013, among which gasoline output grew by 10.0% and the diesel output increased by 0.2%. The apparent consumption of refined products amounted to 131 million tons, representing an increase of 3.6% as compared with the same period in 2013, among which, the apparent consumption of gasoline increased by 9.7% and the apparent consumption of diesel dropped by 0.6%. The PRC government made eight adjustments to the prices of domestic gasoline and diesel products, and the prices of reference gasoline and diesel products increased, in aggregate, by RMB155 per ton and RMB150 per ton, respectively. The price trend of domestic refined products was broadly in line with that of oil prices in the international markets.

• Chemical Products Market

In the first half of 2014, the domestic chemical market performance showed a V-shaped trend. During the first quarter, the supply of main chemical products exceeded the demand, and the chemical market remained sluggish. During the second quarter, under the influence of the reduction in processing load and the shutdown for maintenance of production facilities by petrochemical producers, market supply tightened as the market demand revived. The chemical market tended to slightly pick up and the demand and supply in the market generally remained balanced.

- Natural Gas Market

In the first half of 2014, domestic natural gas output increased steadily while the growth in the volume of imported gas slowed down. According to relevant information, the domestic output of natural gas in the first half of 2014 was 63.2 billion cubic metres, representing an increase of 7.5% as compared with the same period in 2013. Imports of natural gas amounted to approximately 28.3 billion cubic metres, representing an increase of 14.4% as compared with the same period in 2013. The apparent consumption of natural gas was 88.7 billion cubic metres, representing an increase of 8.9% as compared with the same period in 2013.

(2) Business Review

- Exploration and Production

Domestic Exploration Operations

In the first half of 2014, the Group enjoyed good momentum in its oil and gas exploration operations. In terms of the natural gas exploration, large-scale reserves

were initially built up at Tarim Basin and Erdos Basin as well as other regions. In terms of the oil exploration, important achievements were made at Erdos Basin and Junggar Basin as well as other regions. Further successful achievements were also made during the exploration of tight oil.

Domestic Development and Production Operations

In the first half of 2014, the Group carried out an overall optimisation of oilfields development plans, emphasised on building of key production capacity, continued to implement the normalised fine water injection projects, steadily pushed forward the secondary development, reinforced the steady production in the existing oilfields and conscientiously organised material development experiments. The Group also accelerated the development of shale gas and started the comprehensive implementation of shale gas capacity building projects in Changning, Weiyuan and Zhaotong. The development of coal-seam gas has gone into orbit. In the first half of 2014, the crude oil output and the marketable natural gas output from domestic operations amounted to 409.4 million barrels and 1,430.5 billion cubic feet, respectively. The oil and natural gas equivalent output from domestic operations amounted to 647.8 million barrels, representing an increase of 2.9% as compared with the same period in 2013.

Overseas Oil and Gas Operations

In the first half of 2014, the overseas oil and gas operations of the Group strengthened its risk control and health, safety and environment (HSE) management and enhanced its overall production planning and coordination. The Rumaila project in Iraq and the MPE3 project in Venezuela were on schedule and the capacity building progress for key projects such as the Halfaya Project II was accelerated. In the first half of 2014, the crude oil output and the marketable natural gas output from overseas operations amounted to 56.2 million barrels and 65.0 billion cubic feet, respectively. The oil and natural gas equivalent output from overseas operations amounted to 67.1 million barrels, which was substantially the same as the same period in 2013.

In the first half of 2014, the Group recorded a total crude oil output of 465.6 million barrels, representing an increase of 0.3% as compared with the same period in 2013, a total marketable natural gas output of 1,495.5 billion cubic feet, representing an increase of 7.0% as compared with the same period in 2013, and a total oil and natural gas equivalent output of 714.9 million barrels, representing an increase of 2.5% as compared with the same period in 2013.

Summary of Operations of the Exploration and Production Segment

	Unit	First half of 2014	First half of 2013	Changes (%)
Crude oil output	Million barrels	465.6	464.2	0.3
Marketable natural gas output	Billion cubic feet	1,495.5	1,397.5	7.0
Oil and natural gas equivalent output	Million barrels	714.9	697.2	2.5

Note: Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels and 1 cubic metre of natural gas = 35.315 cubic feet.

• Refining and Chemicals

In the first half of 2014, the Group proactively optimised the production and operation of its refining and chemical operations, reasonably controlled processing load, arranged the maintenance of its production facilities and ensured a safe and stable operation. The Group also strengthened its market-oriented approach and optimised resources allocation and products structure. With the increase in production of high-profitability products, various technical and economical indicators hit record highs. In the first half of 2014, the Group processed 500.0 million barrels of crude oil, representing an increase of 0.2% as compared with the same period in 2013, and produced 45.994 million tons of refined oil products, representing an increase of 1.9% as compared with the same period in 2013.

In the first half of 2014, Sichuan Petrochemical commenced full operation and those key projects such as the auxiliary project for processing sulphur oil of Guangxi Petrochemical and the projects in connection with Guangdong Petrochemical and Yunnan Petrochemical all proceeded as planned.

Summary of Operations of the Refining and Chemicals Segment

	Unit	First half of 2014	First half of 2013	Changes (%)
Processed crude oil	Million barrels	500.0	499.0	0.2
Gasoline, kerosene and diesel output	'000 ton	45,994	45,139	1.9
of which: Gasoline	'000 ton	15,562	14,701	5.9
Kerosene	'000 ton	2,053	1,834	11.9
Diesel	'000 ton	28,379	28,604	(0.8)
Refining yield	%	93.7	93.8	(0.1) percentage point
Ethylene	'000 ton	2,395	2,060	16.3
Synthetic resin	'000 ton	3,884	3,357	15.7
Synthetic fibre raw materials and polymers	'000 ton	623	696	(10.5)
Synthetic rubber	'000 ton	354	364	(2.7)
Urea	'000 ton	1,525	2,103	(27.5)

Note: Figures have been converted at the rate of 1 ton of crude oil = 7.389 barrels.

• Marketing

Domestic Operations

In the first half of 2014, despite the exposure to the slowdown in the growth of demand for refined oil, the Group managed to strengthen the coordination of its production and sales and to enhance its inventory management, strived to optimise its sales structure and focused on resources allocation in profitable markets. The sales of high-profitability products such as the high-grade gasoline and aviation kerosene experienced a relatively rapid growth. The Group also continued to further its precision management and intensified its network development efforts in order to continuously enhance its capability of sales to end customers.

International Trading Operations

In the first half of 2014, the international trading operations of the Group vigorously explored overseas markets, strived to enhance its market standing and continued to maintain development, resulting in stable growth in term of both its scale and profitability.

The Group sold a total of 75.228 million tons of gasoline, kerosene and diesel in the first half of 2014, representing a decrease of 5.2% as compared with the same period in 2013.

- Natural Gas and Pipeline

In the first half of 2014, with respect to its natural gas business, the Group effectively balanced the utilisation of domestic gas and imported gas resources, maintained the production and sales of such resources at a balanced level, enhanced marketing efforts and optimised the structure of gas use. By placing emphasis on those key regions such as Yangtze River Delta, Pearl River Delta and Bohai Rim, the Group promoted market pricing which improved sales profitability of nature gas. The Group also organised the oil and gas operation in a scientific manner, increased the operating load of pipelines and made achievements by increasing transmission volume and decreasing energy consumption.

In the first half of 2014, the construction and commissioning of key oil and gas pipelines and storages steadily progressed. The operation of the west section of the Third West-East Gas Pipeline, the Hohhot-Baotou-Erdos refined products pipelines together with the Jilin-Changchun refined products pipelines commenced successfully.

The Group is taking active steps in exploring and innovating various effective models with an aim to actively promote mixed-ownership economy, expand cooperation and joint venture with various sources of investments including private capital, finance capital and foreign capital, make efforts to establish joint ventures and cooperation platforms in relation to oil and gas pipelines, undeveloped reserves and shale gas, refinery and chemicals as well as overseas oil and gas business, and experiment on the securitisation of pipeline usufruct rights, receivables and service station usufruct rights. At the same time, the Group will strictly regulate the operation of joint ventures and cooperation projects and improve supervision mechanism.

2. Management Discussion and Analysis

(1) The financial data set out below is extracted from the interim condensed consolidated financial statements of the Group prepared under IFRS

- Consolidated Operating Results

In the first half of 2014, the Group achieved a turnover of RMB1,153,968 million, representing an increase of 4.8% as compared with the same period in 2013. Profit attributable to owners of the Company was RMB68,124 million, representing an increase of 4.0% as compared with the same period in 2013. Basic earnings per share were RMB0.37, representing an increase of RMB0.01 as compared with the same period in 2013.

Turnover Turnover increased by 4.8% to RMB1,153,968 million for the first half of 2014 from RMB1,101,096 million for the first half of 2013. This was primarily due to the increase in the price and sales volume of the Group's major products including natural gas, gasoline and other products. The table below sets out the external sales volume and average realised prices for the major products sold by the Group in the first half of 2014 and 2013 and their respective percentages of change during these periods:

	Sales Volume ('000 ton)			Average Realised Price (RMB/ton)		
	First half of 2014	First half of 2013	Percentage of change (%)	First half of 2014	First half of 2013	Percentage of change (%)
Crude oil[(1)]	44,324	39,109	13.33	4,530	4,559	(0.64)
Natural gas (100 million cubic metres, RMB/'000 cubic metres)	557.06	478.77	16.35	1,384	1,151	20.24
Gasoline	26,869	26,523	1.30	7,998	7,760	3.07
Diesel	42,102	46,168	(8.81)	6,697	6,791	(1.38)
Kerosene	6,257	6,701	(6.63)	5,933	6,052	(1.97)
Heavy oil	7,889	6,184	27.57	4,361	4,523	(3.58)
Polyethylene	1,949	1,757	10.93	9,956	9,354	6.44
Lubricant	793	886	(10.50)	9,486	9,739	(2.60)

(1) The crude oil listed above represents all the external sales volume of crude oil of the Group.

Operating Expenses Operating expenses increased by 5.0% to RMB1,050,888 million for the first half of 2014 from RMB1,001,236 million for the first half of 2013, of which:

Purchases, Services and Other Purchases, services and other increased by 2.6% to RMB741,629 million for the first half of 2014 from RMB722,920 million for the first half of 2013. This was primarily due to (i) continued increases in purchase cost as a result of larger trading volumes in the oil products, and (ii) increases in purchase cost arising from natural gas imports from Central Asia, liquefied natural gas (LNG) imports and natural gas imports from Burma to meet the increasing demand for natural gas in the domestic market.

Employee Compensation Costs Employee compensation costs for the first half of 2014 were RMB57,514 million, representing an increase of 3.3% from RMB55,659 million for the first half of 2013. This was primarily due to an increase in business volume driven by the expansion of the business scale of the Group and the increase of the social security contribution base as stipulated by local governments.

Exploration Expenses Exploration expenses increased by 4.2% to RMB14,034 million for the first half of 2014 from RMB13,465 million for the first half of 2013. This was primarily due to the Group's continuous investment in oil and gas exploration so as to further strengthen its oil and gas resources base.

Depreciation, Depletion and Amortisation Depreciation, depletion and amortisation increased by 11.7% to RMB84,749 million for the first half of 2014 from RMB75,893 million for the first half of 2013. This was primarily due to the increase in the average carrying value of fixed assets and the average net book value of oil and gas properties, causing an increase in depreciation and depletion accordingly.

Selling, General and Administrative Expenses Selling, general and administrative expenses decreased by 0.6% to RMB36,318 million for the first half of 2014 from RMB36,545 million for the first half of 2013. This was primarily due to the fact that the Group proactively implemented measures to reduce costs and improve efficiency.

Taxes other than Income Taxes Taxes other than income taxes decreased by 3.4% to RMB120,120 million for the first half of 2014 from RMB124,364 million for the first half of 2013, of which, the crude oil special gain levy and resource tax payable by the Group decreased from RMB37,073 million and RMB14,191 million for the first half of 2013 to RMB35,976 million and RMB13,422 million for the first half of 2014, respectively.

Other Income, Net Other income, net, decreased by RMB24,134 million to RMB3,476 million for the first half of 2014, compared with other income, net, of RMB27,610 million for the first half of 2013. This was primarily because the Group recognised the gain on disposal of certain pipeline net assets and operations during the same period in 2013.

Profit from Operations Profit from operations was RMB103,080 million for the first half of 2014, representing an increase of 3.2% from RMB99,860 million for the first half of 2013.

Net Exchange Loss Net exchange loss increased by RMB1,471 million to RMB1,911 million for the first half of 2014 from RMB440 million for the first half of 2013. The increase was mainly due to the increase in exchange loss as a result of the depreciation of Kazakhstan Tenge during the reporting period.

Net Interest Expenses Net interest expenses increased by 14.9% to RMB11,514 million for the first half of 2014 from RMB10,018 million for the first half of 2013. The increase was mainly due to a rise in interest-bearing debts to finance production, operations, investments and construction.

Profit before Income Tax Expense Profit before income tax expense was RMB95,717 million for the first half of 2014, representing an increase of 2.1% from RMB93,761 million for the first half of 2013.

Income Tax Expense Income tax expense increased by 2.2% to RMB21,662 million for the first half of 2014 from RMB21,204 million for the first half of 2013. The increase was primarily due to an increase in the taxable profit.

Profit for the period Profit amounted to RMB74,055 million for the first half of 2014, representing an increase of 2.1% from RMB72,557 million for the first half of 2013.

Profit attributable to non-controlling interests Profit attributable to non-controlling interests was RMB5,931 million for the first half of 2014, representing a decrease of 15.7% from RMB7,035 million for the first half of 2013. This was primarily due to the decrease in the profits of certain overseas subsidiaries of the Group.

Profit attributable to owners of the Company Profit attributable to owners of the Company amounted to

RMB68,124 million for the first half of 2014, representing an increase of 4.0% from RMB65,522 million for the first half of 2013.

- Segment Results

Exploration and Production

Turnover The turnover of the Exploration and Production segment for the first half of 2014 was RMB399,366 million, representing an increase of 3.6% from RMB385,456 million in the first half of 2013. This was primarily due to the increase in sales volume and price of natural gas and other oil and gas products. The average realised crude oil price in the first half of 2014 was US$100.14 per barrel, representing a decrease of 0.35% from US$100.49 per barrel for the first half of 2013.

Operating Expenses Operating expenses of the Exploration and Production segment increased by 3.7% to RMB297,128 million for the first half of 2014 from RMB286,649 million for the first half of 2013. This was primarily due to the increase in the purchase cost for importing crude oil.

The Group continued to tighten cost controls. In the first half of 2014, the oil and gas lifting cost was US$12.97 per barrel, representing an increase of 5.5% from US$12.29 per barrel in the first half of 2013. Excluding the effect of exchange rate fluctuations, oil and gas lifting cost increased by 3.8% as compared with the same period in 2013.

Profit from Operations In the first half of 2014, as a result of the continuous transformation in its mode of development, the enhancement of its control for investment and control together with its efforts to improve the overall profitability, the profit from operations of the Exploration and Production segment increased by 3.5% to RMB102,238 million for the first half of 2014 from RMB98,807 million for the first half of 2013. The Exploration and Production segment has been a key profit contributor to the Group.

Refining and Chemicals

Turnover The turnover of the Refining and Chemicals segment for the first half of 2014 was RMB426,545 million, representing a decrease of 2.3% from RMB436,437 million for the first half of 2013. This was primarily due to the decrease in the sales volume of certain chemical products and diesel under market influence.

Operating Expenses Operating expenses of the Refining and Chemicals segment decreased by 4.9% to RMB429,980 million for the first half of 2014 from RMB452,298 million for the first half of 2013. This was primarily due to the decrease in the purchase cost of chemical products.

In the first half of 2014, the cash processing cost of refineries was RMB167.86 per ton, representing an increase of 8.7% as compared with RMB154.41 per ton in the same period in 2013. This was primarily due to the reasonable control of refinery processing load, and the increase in fuel and power cost, which was caused by improvement in the quality of oil products.

Profit from Operations In the first half of 2014, by placing emphasis on the principles of market orientation and profitability, strengthening production and operation analysis and adjusting operating strategies on a timely basis, the Refining and Chemicals segment reduced its loss significantly as compared with the same period in 2013. In the first half of 2014, the Refining and Chemicals segment incurred a loss from operations amounting to RMB3,435 million, representing a decrease in loss from operations of RMB12,426 million from RMB15,861 million for the first half of 2013. The refining operations turned profitable and generated an operating profit of RMB4,355 million, representing an increase in operating profit of RMB12,124 million as compared with the operating loss of RMB7,769 million in the same period in 2013. In the continued sluggish market, the chemicals operations incurred an operating loss of RMB7,790 million, representing a decrease in operating loss of RMB302 million as compared with the operating loss RMB8,092 million in the same period in 2013, due to proactive efforts to optimise product structure and control costs and expenses.

Marketing

Turnover The turnover of the Marketing segment increased by 4.4% to RMB984,685 million for the first half of 2014 from RMB943,248 million for the first half of 2013, which was primarily due to an increase in gasoline price, sales volume and operating income from the oil products trading business.

Operating Expenses Operating expenses of the Marketing segment increased by 3.9% to RMB976,539 million for the first half of 2014 from RMB939,820 million for the first half of 2013. This was primarily due to an increase in the expenses relating to the oil products trading business.

Profit from Operations In the first half of 2014, while facing a slowdown in the growth of demand in the refined oil market, the domestic business of the Marketing segment significantly improved its sales profitability by strengthening its inventory management, optimising its sales structure and making further efforts to improve the sales volume of high-grade gasoline, aviation kerosene and other products. The international trading operations had effectively controlled both market risk and financial risk, which resulted in ongoing improvement in the

efficiency and profitability of international trade operations. The Marketing segment achieved in aggregate an operating profit of RMB8,146 million for the first half of 2014, representing an increase of 137.6% from RMB3,428 million for the first half of 2013.

Natural Gas and Pipeline

Turnover The turnover of the Natural Gas and Pipeline segment increased by 27.8% to RMB134,963 million for the first half of 2014 from RMB105,583 million for the first half of 2013, which was primarily due to the increase in the sales volume and price of natural gas.

Operating Expenses Operating expenses of the Natural Gas and Pipeline segment increased by 56.4% to RMB130,880 million for the first half of 2014 from RMB83,701 million for the first half of 2013. This was primarily due to the combined effect of the increase in natural gas imports costs and the lower expenses in the same period in 2013 as a result of the gain realised on the Group's disposal of certain pipeline net assets and operations.

Profit from Operations The Natural Gas and Pipeline segment optimised storage, transmission and marketing in the first half of 2014. Its operating profit was RMB4,083 million for the first half of 2014, representing a decrease of 81.3% from RMB21,882 million for the first half of 2013 and, excluding the gain realised on the disposal of certain pipeline net assets and operations in the same period in 2013, an increase of profit from operations of RMB7,023 million compared with the same period in 2013. In the first half of 2014, the Natural Gas and Pipeline segment recorded a loss of RMB20,360 million on the sales of imported natural gas and LNG, representing a decrease in loss of RMB3,162 million compared with the same period in 2013. Such losses include a loss of RMB7,762 million for the sales of 13.908 billion cubic metres of natural gas imported from Central Asia, a loss of RMB11,331 million for the sales of 4.387 billion cubic metres of imported LNG, and a loss of RMB1,267 million for the sales of 1.311 billion cubic metres of natural gas imported from Burma.

In the first half of 2014, the Group's international operations[note] achieved a turnover of RMB407,491 million. Profit before income tax expense of overseas operations was RMB10,681 million. The Group's international operations kept a healthy development and the level of internationalized operations was further enhanced.

Note: The four operating segments of the Group are namely Exploration and Production, Refining and Chemicals, Marketing as well as Natural Gas and Pipeline. International operations do not constitute a separate operating segment of the Group. The financial data of international operations are included in the financial data of the respective operating segments mentioned above.

- Cash Flows

As at June 30, 2014, the primary sources of funds of the Group were cash from operating activities and short-term and long-term borrowings. The funds of the Group were mainly used for operating activities, capital expenditures, repayment of short-term and long-term borrowings and distribution of dividends to the shareholders of the Company.

The table below sets forth the cash flows of the Group for the first half of 2014 and 2013, respectively, and the amount of cash and cash equivalents as at the end of each period:

	Period of six months ended June 30	
	2014	2013
	RMB million	RMB million
Net cash flows from operating activities	133,484	102,057
Net cash flows used for investing activities	(117,906)	(98,803)
Net cash flows from financing activities	22,213	104,809
Translation of foreign currency	277	(1,366)
Cash and cash equivalents at the end of the period	89,475	150,092

Net Cash Flows From Operating Activities

The net cash flows of the Group from operating activities for the first half of 2014 were RMB133,484 million, representing an increase of 30.8% from RMB102,057 million for the first half of 2013. This was mainly due to a combination of effects brought about by the increase of profit during the reporting period and the change in working capital such as account receivables. As at June 30, 2014, the Group had cash and cash equivalents of RMB89,475 million, among which, approximately 72.0% were denominated in Renminbi, approximately 24.1% were denominated in US Dollars, approximately 2.4% were denominated in Hong Kong Dollars and approximately 1.5% were denominated in other currencies.

Net Cash Flows Used For Investing Activities

The net cash flows of the Group used for investing activities for the first half of 2014 were RMB117,906 million, representing an increase of 19.3% from RMB98,803 million for the first half of 2013. This was primarily due to a combination of effects brought about by the inflow of capital in the same period in 2013 from the Group's investment in a joint venture with certain pipeline net assets and operations in 2013, strengthening its investment management and decreasing its cash payment of capital expenditures in the first half of 2014.

Net Cash Flows From Financing Activities

The net cash flows of the Group from financing activities for the first half of 2014 were RMB22,213 million, representing a decrease of 78.8% from RMB104,809 million for the first half of 2013. This was primarily due to a substantial decrease in new borrowings during the reporting period as compared with the same period in 2013, as a result of the strengthening of the management of capital and interest-bearing borrowings by the Group.

The net borrowings of the Group as at June 30, 2014 and December 31, 2013, respectively, were as follows:

	As at June 30, 2014	As at December 31, 2013
	RMB million	RMB million
Short-term borrowings (including current portion of long-term borrowings)	203,707	192,767
Long-term borrowings	332,304	302,862
Total borrowings	536,011	495,629
Less: Cash and cash equivalents	89,475	51,407
Net borrowings	446,536	444,222

The following table sets out the remaining contractual maturities of borrowings as at June 30, 2014 and December 31, 2013, respectively, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	As at June 30, 2014	As at December 31, 2013
	RMB million	RMB million
Within 1 year	220,017	209,010
Between 1 and 2 years	60,027	72,992
Between 2 and 5 years	223,133	203,330
After 5 years	99,480	59,831
	602,657	545,163

Of the total borrowings of the Group as at June 30, 2014, approximately 59.8% were fixed-rate loans and approximately 40.2% were floating-rate loans. Of the total borrowings as at June 30, 2014, approximately 70.2% were denominated in Renminbi, approximately 29.1% were denominated in US Dollars and approximately 0.7% were denominated in other currencies.

As at June 30, 2014, the gearing ratio of the Group (gearing ratio = interest-bearing debts/(interest-bearing debts + total equity)) was 29.0% (December 31, 2013: 28.1%).

- Capital Expenditures

For the first half of 2014, the Group continued to optimise its investment structure and reasonably adjusted the pace of construction of projects and, as such, its capital expenditures were RMB91,101 million, representing a decrease of 15.8% from RMB108,207 million for the first half of 2013. The following table sets out the capital expenditures incurred by the Group for the first half of 2014 and for the first half of 2013 and the estimated capital expenditures for each of the business segments of the Group for the whole year of 2014.

	For the first half of 2014		For the first half of 2013		Estimates for 2014	
	RMB million	(%)	RMB million	(%)	RMB million	(%)
Exploration and Production*	69,507	76.30	76,446	70.65	225,700	76.12
Refining and Chemicals	5,956	6.54	4,440	4.10	25,300	8.53
Marketing	1,283	1.41	1,625	1.50	6,400	2.16
Natural Gas and Pipeline	13,932	15.29	25,160	23.25	37,200	12.55
Head Office and Other	423	0.46	536	0.50	1,900	0.64
Total	91,101	100.0	108,207	100.0	296,500	100.0

* If investments related to geological and geophysical exploration costs were included, the capital expenditures and investments for the Exploration and Production segment for the first half of 2013 and the first half of 2014, and the estimates for the same for the year of 2014 would be RMB83,311 million, RMB76,195 million and RMB237,700 million, respectively.

Exploration and Production

Capital expenditures for the Exploration and Production segment of the Group amounted to RMB69,507 million for the first half of 2014. The expenditures were primarily used for oil and gas exploration and development conducted both within and outside the PRC. The Group's domestic exploration focused on the development of oil and gas regions such as Songliao Basin, Erdos Basin, Tarim Basin, Sichuan Basin and Bohai Bay Basin, with a focus on maintaining and increasing the output from oil and gas fields such as those in Daqing, Changqing, Xinjiang, Tarim and the south-western region. For its overseas operations, the Group focused on oil and gas exploration and development in joint cooperation areas in Central Asia, the Middle East, America, Africa and the Asia Pacific region.

The Group anticipates that capital expenditures for the Exploration and Production segment throughout 2014 would amount to RMB225,700 million.

Refining and Chemicals

Capital expenditures for the Refining and Chemicals segment of the Group amounted to RMB5,956 million for the first half of 2014, primarily used for the construction of the large refining and chemical project of Yunnan Petrochemical and the quality upgrade project for gasoline and diesel oil products.

The Group anticipates that capital expenditures for the Refining and Chemicals segment throughout 2014 will amount to RMB25,300 million.

Marketing

Capital expenditures for the Marketing segment of the Group amounted to RMB1,283 million for the first half of 2014, which were used primarily for the construction and expansion of the domestic sales networks for high-profitability markets and the construction of overseas oil and gas operation, etc.

The Group anticipates that capital expenditures for the Marketing segment throughout 2014 will amount to RMB6,400 million.

Natural Gas and Pipeline

Capital expenditures for the Natural Gas and Pipeline segment of the Group amounted to RMB13,932 million for the first half of 2014, which were used primarily for the construction of key oil and gas transmission pipelines such as those of Third West-East Gas Pipeline and Third and Fourth Daqing-Tieling Crude Oil Pipeline, associated LNG and gas storage projects and city gas facilities.

The Group anticipates that capital expenditures for the Natural Gas and Pipeline segment throughout 2014 will amount to RMB37,200 million.

Head Office and Other

Capital expenditures for Head Office and Other for the first half of 2014 were RMB423 million, which were primarily used for scientific research activities and construction of information system.

The Group anticipates that capital expenditures for Head Office and Other throughout 2014 will amount to RMB1,900 million.

(2) The financial data set out below is extracted from the consolidated financial statements of the Group prepared under CAS:

- Principal operations by segment under CAS

	Income from principal operations for the first half of 2014	Cost of principal operations for the first half of 2014	Gross margin*	Changes in income from principal operations over the same period of the preceding year	Changes in cost of principal operations over the same period of the preceding year	Increase/ (decrease) in gross margin
	RMB million	RMB million	(%)	(%)	(%)	(Percentage points)
Exploration and Production	392,628	216,611	30.2	3.7	7.7	(0.4)
Refining and Chemicals	423,287	349,859	4.0	(2.2)	(6.0)	3.0
Marketing	978,367	944,217	3.4	4.4	3.9	0.6
Natural Gas and Pipeline	133,504	129,692	2.5	28.0	20.9	6.1
Head Office and Other	195	81	-	25.0	80.0	-
Inter-segment elimination	(792,601)	(792,578)	-	-	-	-
Total	1,135,380	847,882	15.2	4.9	3.5	2.0

* Gross margin = Profit from principal operations / Income from principal operations

During the reporting period, the total amount of connected transactions from sales of products and provision of services by the Group to CNPC and its subsidiaries was RMB52,709 million.

- Principal operations by region under CAS

	First half of 2014	First half of 2013	Changes over the same period of the preceding year
Operating income	RMB million	RMB million	(%)
Mainland China	746,477	733,032	1.8
Other	407,491	368,064	10.7
Total	1,153,968	1,101,096	4.8

• Principal subsidiaries, associates and jointly controlled entities of the Group

Company name	Registered capital RMB million	Shareholding %	Amount of total assets RMB million	Amount of total liabilities RMB million	Net profit RMB million
Daqing Oilfield Company Limited	47,500	100.00	291,193	78,039	27,110
CNPC Exploration and Development Company Limited	16,100	50.00	150,205	42,392	5,508
PetroChina Hong Kong Limited	HK$7,592 million	100.00	92,763	34,799	3,445
PetroChina International Investment Company Limited	31,314	100.00	107,608	83,097	(586)
PetroChina International Co., Ltd.	14,000	100.00	175,769	139,854	2,169
PetroChina Northwest United Pipelines Company Limited	62,500	52.00	65,493	2,502	398
PetroChina Eastern Pipelines Co., Ltd.(1)	10,000	100.00	83,585	38,575	843
Dalian West Pacific Petrochemical Co., Ltd.	US$258 million	28.44	11,552	16,149	(349)
China Marine Bunker (PetroChina) Co., Ltd.	1,000	50.00	13,740	11,124	61
China Petroleum Finance Co., Ltd.	5,441	49.00	627,071	591,759	2,398
Arrow Energy Holdings Pty Ltd.	AUD 2	50.00	49,599	20,740	(1,263)
PetroChina United Pipelines Company Limited	40,000	50.00	87,469	1,959	4,917
CNPC Captive Insurance Co., Ltd.	5,000	49.00	5,265	172	94

Notes:

(1) For details of PetroChina Eastern Pipelines Co., Ltd., please refer to the announcement on external investments (No. Lin 2014-008) disclosed at the Shanghai Stock Exchange dated 13 May 2014.

(2) For details of the nature of business and net profit of principal subsidiaries, associates and jointly controlled entities of the Group, please refer to Note 6 and Note 13 of the financial statements of the Group prepared under CAS.

3. Business Prospects for the Second Half of the Year

The mild recovery of the global economy will remain highly uncertain in the second half of 2014 and the global oil price is still likely to fluctuate at high levels. It is expected that the domestic economy will continue to develop at a reasonable pace, while downward pressure on the economy still exists. Whilst the macroeconomic environment remaining uncertain, the Group will enhance its analysis and assessment of the situation, endeavour to promote the development of its main business of oil and gas, coordinate and optimise its production and operations, continue to implement measures to broaden source of income, reduce costs and improve efficiency, keep emphasizing the concept of innovation-driven and strive to accomplish its production and operation targets for the year.

In respect of exploration and production, the Group will continue to strengthen its efforts for oil and gas exploration, place emphasis on meticulous exploration at key zones and pre-exploration and venture exploration at key areas and key basins, promote the exploration of tight oil and strive to obtain reserves meeting its economics of scale. The Group will organise its development of oil and gas fields according to the fixed targets of profitability and outputs, steadily carry out the significant development tests and continue steady and balanced development of its oil and gas production. The Group will strengthen its management of key development projects of production capacities and strive to improve the rate of well-placement of newly-built production capacities. The Group will promote the development of demonstration zones of shale gas.

In respect of refining and chemicals operations, the Group will closely track the changes of market demands, optimise its allocation of crude oil resources, process route and products structure, increase its production of marketable and high-profitability products and featured products, reasonably set up the processing load and the maintenance window and strive to reduce losses and increase profits. The Group will promote such projects as the centralised processing and transformation of heavy oil at Yunnan Petrochemical, Guangdong Petrochemical and Karamay Petrochemical in an orderly manner. The Group will also accelerate the development of the upgrade project of the quality of refined oil and complete the quality upgrade of diesel oil to China IV by the end of the year.

In respect of the sales of refined products, the Group will keep optimising its sales structure, the flow of recourses and its inventory operation, increase sales volume from oil guns and sales volume of high-profitability products and strive to improve the profitability. The Group will strengthen the core position of its retail operations, strengthen the management of sales to end-customers, adopt various measures to accelerate the development and the optimisation of the distribution of the sales network and enhance its retail capabilities and market competitiveness. The Group will also strengthen the measurement and management of the quality of the oil products, enhance service standards and establish a good brand image.

In respect of natural gas and pipelines operations, the Group will effectively promote market development, strengthen the management of new users, optimise the structure of areas and users, increase the percentage of high-end and high-profitability markets and implement the state policy on adjustment of the price of natural gas and strive to improve the profitability of natural gas sales. The Group will also improve the planning of the pipelines operations and organise the construction of such key projects as the Middle and East of Third West-East Gas Pipeline, the crude oil pipelines of Tianjin-Huabei Petrochemical and the Jinzhou-Zhengzhou oil product pipeline.

In respect of international operations, the Group will continue to promote the implementation of the existing overseas projects and the development of new projects, strive to increase reserves and outputs, further optimise its business structure, asset structure and regional layout and enhance overall profitability. The Group will further strengthen the economic evaluation and risk assessment mechanism for key projects, effectively control various risks and keep enhancing the profitability levels of key oil and gas production zones and key projects. The Group will also take full advantage of the domestic and overseas resources and markets, further optimise channels of recourses and pace of procurement and maintain a steady growth of profitability.

By order of the Board
Zhou Jiping
Chairman
Beijing, PRC
August 28, 2014

SIGNIFICANT EVENTS

1. Governance of the Company

During the reporting period, the Company had been operating in accordance with domestic and overseas regulatory requirements. With reference to the status quo of the Company and in accordance with the Articles of Association of the Company (the "Articles of Association"), related laws, regulations and listing rules, the Company has been constantly adopting, improving and effectively implementing work systems and related work processes for the Board and its various specialised committees. In order to adapt to the change in regulatory requirements, the Company is in the course of supplementing and refining its fundamental systems of corporate governance. During the reporting period, the internal management operations of the Company had been further standardised. The level of the Company's corporate governance had been continually enhanced through the coordination and checks and balances among the Shareholders' General Meeting, the Board and its respective specialised committees, the Supervisory Committee and the management led by the President of the Company together with the effective operations of the internal control systems.

2. Compliance with the Corporate Governance Code

For the six months ended June 30, 2014, the Company has complied with all the code provisions of the Corporate Governance Code set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that:

After prudent consideration of the laws and regulations of the places where the shares of the Company are listed, the background of the industry to which the Company belongs as well as the current corporate structure, the Company has not set up a nomination committee as at the end of the reporting period. Nonetheless, the requirements for nomination of directors are set out in detail in the Articles of Association. Shareholders holding three percent or above of the voting shares of the Company may put forward an extraordinary written proposal to the general meeting in relation to the intention to nominate a candidate for Director and the candidate's willingness to accept such nomination prior to such meeting. Directors of the Company shall be elected at general meeting of the Company for a term of office of not more than three years. Upon expiration of his term, each Director shall be entitled to be re-elected.

3. Formulation and Implementation of the Cash Dividend Policy

Since its listing in Hong Kong in 2000, the Company has been in strict conformance with the relevant undertakings in its Hong Kong listing prospectus, with a consistent dividend policy adopted. Currently, the Company pays dividends to its shareholders on the basis of 40% to 50% of its annual net profit. The Company's consistent and proactive dividend policy is well received by shareholders as it preserves the interests of small to medium sized shareholders.

To further protect the interests of small to medium sized shareholders and with the approval of the general meeting held on May 23, 2013, the Company made certain amendments to dividend distribution provisions in the Articles of Association. Provisions were added regarding implementation and adjustment procedures for dividend distribution and conditions for cash dividends and clarifying that the proportion of cash dividends shall not be lower than 30% of annual net profit attributable to owners of the Company.

Pursuant to the Articles of Association, the Company shall make dividend payments twice a year. Payment of final dividends shall be approved by a general meeting by way of an ordinary resolution, whilst payment of interim dividends may be approved by the Board receiving a mandate from a general meeting by way of an ordinary resolution. Over the years, the Company has been implementing the dividend policy in strict compliance with the Articles of Association and the relevant regulatory requirements.

Authorised by the general meeting, the Board has approved the 2014 interim dividend at the third meeting of the Sixth Session of the Board, with the consent of independent Directors.

4. Final Dividend for 2013 and Interim Dividend for 2014 and Closure of Register of Members

(1) Final Dividend for 2013

The final dividend in respect of 2013 of RMB0.15755 per share (inclusive of tax), amounting to a total of RMB28,835 million was approved by the shareholders at the annual general meeting of the Company on May 22, 2014 and was paid on July 17, 2014.

(2) Interim Dividend for 2014 and Closure of Register of Members

The Board of Directors (the "Board") was authorised by the shareholders to approve the distribution of an interim dividend for 2014 at the annual general meeting of the Company on May 22, 2014. The Board has resolved to declare and pay to all shareholders of the Company an interim dividend of RMB0.16750 per share (inclusive of tax) for the six months ended June 30, 2014 on the basis of a total of 183,020,977,818 shares of the Company as at June 30, 2014. The total amount of the interim dividend payable is RMB30,656 million.

The interim dividend of the Company will be paid to shareholders whose names appear on the register of members of the Company at the close of trading on September 18, 2014. The register of members of H shares will be closed from September 13, 2014 to September 18, 2014 (both days inclusive) during which period no transfer of H shares will be registered. In order to qualify for the interim dividend, holders of H shares must lodge all transfer documents together with the relevant share certificates at Hong Kong Registrars Limited on or before 4:30 p.m., September 12, 2014. Holders of A shares whose names appear on the register of members of the Company maintained at China Securities Depository and Clearing Corporation Limited Shanghai Branch Company at the close of trading on the Shanghai Stock Exchange in the afternoon of September 18, 2014 will be eligible for the interim dividend.

In accordance with the relevant provisions of the Articles of Association, dividends payable to the shareholders of the Company shall be declared in Renminbi. Dividends payable to the holders of A shares shall be paid in Renminbi while dividends payable to the holders of H shares shall be paid in Hong Kong Dollars to be calculated on the basis of the average of the mid-point exchange rates for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the interim dividend by the Board.

The average of the mid-point exchange rates for Renminbi to Hong Kong Dollar as announced by the People's Bank of China for the week prior to the declaration of the 2014 interim dividend by the Board was RMB0.79517 to 1 Hong Kong Dollar. Accordingly, the interim dividend will be 0.21065 Hong Kong Dollar per H share (inclusive of applicable tax).

The Company has appointed Bank of China (Hong Kong) Trustees Limited as the receiving agent in Hong Kong (the "Receiving Agent"), and will pay the declared interim dividend to the Receiving Agent for their onward payment to the holders of H shares. The interim dividend will be paid by the Receiving Agent around September 29, 2014 to the holders of H shares by ordinary mail at their own risks.

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules which came into effect on January 1, 2008, the Company is required to withhold corporate income tax at the rate of 10% before distributing dividends to non-resident enterprise shareholders whose names appear on the H share register of members of the Company. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organisations will be treated as being held by non-resident enterprise shareholders and therefore will be subject to the withholding of the corporate income tax. Any holders of H shares wishing to change their shareholder status should consult their agents or trust institutions on the relevant procedures. The Company will withhold and pay the corporate income tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on the information that will have been registered on the Company's H share register of members on September 18, 2014.

According to the regulation promulgated by the State Administration of Taxation of the PRC (Guo Shui Han [2011] No.348), the Company is required to withhold and pay the individual income tax for individual holders of H shares and individual holders of H shares are entitled to certain tax preferential treatments according to the tax agreements between those countries where the individual holders of H shares are resident and China and the provisions in respect of tax arrangements between mainland China and Hong Kong (Macau). The Company will withhold and pay the individual income tax at the tax rate of 10% on behalf of the individual holders of H shares who are Hong Kong residents, Macau residents or residents of those countries which have agreements with China prescribing for a tax rate of 10% for individual income tax in respect of dividends. For individual holders of H shares who are residents of those countries which have agreements with China prescribing for a tax rate lower than 10% for individual income tax in respect of dividends, the Company will make applications on their behalf to seek entitlement of the relevant agreed preferential treatments pursuant to the Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Tentative) (Guo Shui Fa [2009] No.124) (《國家稅務總局關於印發＜非居民享受稅收協議待遇管理辦法（試行）＞的通知》（國稅發 [2009]124號）). For individual holders of H shares who are residents of those countries which have agreements with China prescribing for a tax rate higher than 10% but lower than 20% for individual income tax in respect of dividends, the Company will withhold the individual income tax at the agreed-upon effective tax rate. For individual holders of H shares who are residents of those countries without any taxation agreements with China or those which have agreements with China prescribing for a tax rate of 20% for individual income tax in respect of dividends or other situations, the Company will withhold the individual income tax at a tax rate of 20%.

The Company will determine the country of residence of the individual holders of H shares based on the registered address as recorded in the register of members of the Company (the "Registered Address") on September 18, 2014 and will accordingly withhold and pay the individual income tax. If the country of residence of the individual holders of H shares is not the same as the Registered Address, the individual holders of H shares shall notify the share registrar of the Company's H shares and provide relevant supporting documents on or before 4:30 p.m., September 12, 2014 at the following address: Hong Kong Registrars Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. If the individual holders of H shares do not provide the relevant supporting documents to the share registrar of the Company's H shares within the time period stated above, the Company will determine the country of residence of the individual holders of H shares based on the Registered Address recorded on September 18, 2014.

The Company will not entertain any claims arising from and assumes no liability whatsoever in respect of any delay in, or inaccurate determination of, the status of the shareholders of the Company or any disputes over the withholding and payment of tax.

5. Material Litigation, Arbitration and Events Widely Questioned by the Media

Regarding the previously disclosed class action proceedings brought by individual overseas shareholders before the Southern District of New York Federal District Court of the United States against the Company and certain individuals based on the fact that certain former directors and former senior management were subject to an investigation conducted by the relevant PRC authorities, the notice in respect of such action was served to the Company as of the end of the current reporting period. Details of such notice are further described in the Company's announcements in connection with the disclosure of the proceedings (No. Lin 2013-025 and Lin 2013-031 respectively) posted on the websites of Shanghai Stock Exchange and on China Securities Journal, Shanghai Securities News and Securities Times dated September 6, 2013 and November 26, 2013. On April 4, 2014, the Southern District of New York Federal District Court of the United States entered an order consolidating the related actions and appointing lead plaintiff and lead counsel. On June 6, 2014, the lead plaintiff filed an Amended Class Action Complaint (the "Amended Complaint"), whereby the individual defendants were changed to three former directors and senior management members including Jiang Jiemin, Ran Xinquan and Li Hualin. The Amended Complaint alleges substantially the same securities law violations as were alleged in the complaints in the original related actions. On August 5, 2014, the Company filed a motion to dismiss the Amended Complaint. The Company's normal business operations have not been affected during the reporting period. The Company intends to vigorously contest the Amended Complaint to protect the legitimate rights and interests of the Company.

Except for the matters above, the Company was not involved in any material litigation, arbitration or events that were widely questioned by the media during the reporting period.

6. Shareholding Interests of the Group in Other Companies

(1) Shareholding interests of the Group in other listed companies

As at the end of the reporting period, shareholding interests of the Group in other listed companies were as follows:

Unit: HK$ million

Stock code	Stock short name	Initial investment amount	Number of shares held (both at the beginning and the end of the reporting period)	Shareholding (%)	Book value as at the end of the reporting period	Profit or loss for the reporting period	Changes in equity during the reporting period	Classification in accounts	Source of shareholding
135	Kunlun Energy[1]	25,758	4,708,302,133	58.33	25,758	—	—	Long-term equity investments	Acquisition and further share issuance

Note: (1) The Group held the shares in Kunlun Energy Limited, a company listed on the Hong Kong Stock Exchange, through Sun World Limited, an overseas wholly-owned subsidiary of the Group.

(2) Shareholding interests of the Group in non-listed financial institutions

As at the end of the reporting period, shareholding interests of the Group in other non-listed financial institutions were as follows:

Unit: RMB million

Name of investment target	**Initial investment amount**	**Number of shares held (both at the beginning and the end of the reporting period)**	**Shareholding (%)**	**Book value as at the end of the reporting period**	**Profit or loss for the reporting period**	**Changes in equity during the reporting period**	**Classification in accounts**	**Source of shareholding**
China Petroleum Finance Co., Ltd.	9,917	2,666,000,000	49.00	17,651	1,171	73	Long-term equity investments	Injection of capital
CNPC Captive Insurance Co., Ltd.	2,450	2,450,000,000	49.00	2,495	46	-	Long-term equity investments	Establishment by promotion

7. Investment and Acquisition of Assets

The Company and its subsidiaries did not make any investments and acquisitions during the reporting period.

8. Material Connected Transactions

(1) Continuing connected transactions

Continuing connected transactions with CNPC

Pursuant to the Listing Rules and the Shanghai Stock Exchange Listing Rules, since CNPC is the controlling shareholder of the Company, transactions between the Group and CNPC as well as their jointly-held entities constitute connected transactions of the Group. The Group and CNPC as well as their jointly-held entities continue to carry out certain existing continuing connected transactions. The Company had obtained independent Directors' and independent shareholders' approval at the second meeting of the Fifth Session of the Board held on August 24 to 25, 2011, the general meeting held on October 20, 2011 and the ninth meeting of the Fifth Session of the Board held on June 27, 2013 for a renewal of the existing continuing connected transactions and the new continuing connected transactions, and the proposed caps for the existing continuing connected transactions and the new continuing connected transactions for the period from January 1, 2012 to December 31, 2014.

The Group and CNPC as well as their jointly-held entities will continue to carry out the existing continuing connected transactions referred to in the following agreements:

1) Comprehensive Products and Services Agreement
2) Land Use Rights Leasing Contract and an agreement supplementary thereto
3) Buildings Leasing Contract (as amended)
4) Intellectual Property Licensing Contracts
5) Contract for the Transfer of Rights under Production Sharing Contracts
6) Debts Guarantee Contract

Details of the above agreements were set out in the section headed "Connected Transactions" of the 2012 annual report published on the website of the Shanghai Stock Exchange on March 22, 2013. Details of the Comprehensive Products and Services Agreement, the Supplementary Agreement to the Land Use Rights Leasing Contract and the Buildings Leasing Contract (as amended) were published on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on August 25 and 26, 2011 respectively, and were also set out in the meeting materials for the 2011 extraordinary general meeting published on the website of the Shanghai Stock Exchange on October 12, 2011.

(2) Performance of the continuing connected transactions during the reporting period

During the reporting period, in accordance with the CAS, the actual total transaction amounts of the connected transactions enacted between the Group and its connected parties were RMB236,277 million, of which the sales of goods and provision of services by the Group to its connected parties amounted to RMB87,843 million, representing 7.61% of the same transactions of the Group. The purchase of goods and provision of services from the connected parties to the Group amounted to RMB148,434 million, representing 14.85% of the same transactions of the Group. The balance of the capital provided by the connected parties to the Group amounted to RMB322,933 million.

(3) Details of the connected transactions during the reporting period have been set out in Note 52 to the financial statements of the Group prepared under CAS and Note 18 to the financial statements of the Group prepared under IFRS.

9. Material Contracts and the Performance Thereof

(1)There was no material transaction, or any trusteeship, sub-contracting and leasing of properties of other companies by the Company, or any trusteeship, sub-contracting and leasing of properties of the Company by other companies which was enacted during the reporting period or extended from prior periods to the reporting period.

(2) The Group had no material guarantees during the reporting period.

(3) The Company did not entrust any other person to carry out cash management during the reporting period nor was there any such entrustment that was extended from prior periods to the reporting period.

(4) The Company had no material external entrusted loans during the reporting period.

(5) Save as disclosed in this interim report, during the reporting period, the Company did not enter into any material contract which requires disclosure.

10. Performance of Undertakings

In order to support the business development of Company, consolidate the relevant quality assets and avoid industry competition, CNPC, the controlling shareholder of the Company, entered into the Agreement on Non-Competition and Pre-emptive Right to Transaction (the "Agreement") with the Company on March 10, 2000. As of June 30, 2014, except for those already performed, the undertakings not performed by CNPC, the controlling shareholder of the Company, included as follows: (1) due to the fact that the laws of the jurisdiction where ADSs were listed prohibit local citizens from directly or indirectly financing or investing in the oil and gas projects in certain countries, CNPC failed to inject the overseas oil and gas projects in certain countries into the Company; (2) upon execution of the Agreement, CNPC did not make use of the business opportunity that competed or was likely to compete with the principal business of the Company strictly in accordance with the Agreement. Nevertheless, such industry competition primarily concentrated on oil and gas exploration and development operations at certain overseas countries and regions in which the resources owned by CNPC were insufficient or uncertain.

In connection with matters described above, CNPC issued a Letter of Undertaking to the Company on June 20, 2014 and made additional undertakings that: (1) within ten years from the date of the Letter of Undertaking, after taking into account of political, economic and other factors, the Company may request CNPC to sell offshore oil and gas assets which remain in possession by CNPC as at the date of the Letter of Undertaking; (2) for business opportunities relating to investment in offshore oil and gas assets after the date of the Letter of Undertaking, the relevant prior approval procedure of the Company shall be initiated strictly in accordance with the Agreement. Subject to the applicable laws, contractual agreements and procedure requirements, CNPC will sell to the Company offshore oil and gas assets as described in items (1) and (2) above at the request of the Company.

Save for the above additional undertakings, undertakings made by CNPC in the Agreement remain unchanged.

11. Penalties on the Company and its Directors, Supervisors, Senior Management,Controlling Shareholder and De Facto Controller and Remedies Thereto

During this reporting period, none of the existing Directors, Supervisors, senior management, controlling shareholder or de facto controller of the Company was subject to any investigation by the relevant authorities, enforcement measures by judicial authorities or disciplinary authorities, transfer to judicial authorities or prosecution of criminal liabilities, audit or administrative punishment by the China Securities Regulatory Commission, denied participation in the securities market or deemed unsuitable, nor was there any administrative penalty by other administrative authorities or public condemnation by stock exchanges.

12. Repurchase, Sale or Redemption of Securities

The Company and its subsidiaries did not repurchase, sell or redeem any of the listed securities of the Company during the six months ended June 30, 2014.

13. Compliance with the Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code") in respect of dealing in the Company's shares by its Directors. Each Director and Supervisor has confirmed to the Company that each of them had complied with the requirements set out in the Model Code during the reporting period.

14. Failure to Comply with Rules 3.10(2) and 3.21 of the Listing Rules

Due to the retirement of certain directors at the 2013 annual general meeting, the Company failed to comply with Rules 3.10(2) and 3.21 of the Listing Rules in respect of the number of independent non-executive directors and the composition of the audit committee. The Company has identified a suitable candidate to fill the vacancy of non-executive independent director and audit committee member, so as to satisfy the requirement under Rule 3.10A on the number of non-executive independent director, the requirement under Rule 3.21 on the minimum number of members of the audit committee and the requirements under Rules 3.10(2) and 3.21 of the Listing Rules, which request a listed company to appoint as least one audit committee member and one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

As resolved at the third meeting of the Sixth Session of the Board, the Board proposed to elect Mr. Zhang Biyi as an independent non-executive director of the Company at the extraordinary shareholders' meeting to be held on 29 October 2014. The Board proposed to appoint Mr. Zhang as a member of the audit committee of the Company if he is elected as an independent non-executive director of the Company. Please refer to the announcement published on the website of the Hong Kong Stock Exchange on 28 August 2014 for biographical details of Mr. Zhang. After the appointments are made, the Company will be able to comply with the relevant Listing Rules mentioned above.

15. Interests of Directors and Supervisors in the Share Capital of the Company

As at June 30, 2014, save as disclosed in this report, none of the Directors or Supervisors had any interest or short positions in any shares, underlying shares or debentures of the Company or any associated corporation within the meaning of Part XV of the Securities and Futures Ordinance that required to be recorded in the register mentioned under Section 352 of the Securities and Futures Ordinance or as otherwise notifiable to the Company and the Hong Kong Stock Exchange by the Directors and Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

16. Audit Committee

The Company has established the Audit Committee, which comprises Mr Lin Boqiang and Mr Liu Yuezhen. The Audit Committee of the Company has reviewed and confirmed the interim results for the six months ended June 30, 2014.

17. Disclosure of Other Information

Save as disclosed above, there have been no material changes in the information disclosed in the annual report of the Group for the year ended December 31, 2013 in respect of matters required to be disclosed under paragraph 32 of Appendix 16 to the Listing Rules.

18. Index of Information Disclosure

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Monthly Return of the Company on the Movements of Securities for the month ended December 2013	—	January 7, 2014	Website of the Hong Kong Stock Exchange
Monthly Return of the Company on the Movements of Securities for the month ended January 2014	—	February 8, 2014	Website of the Hong Kong Stock Exchange
Announcement of PetroChina on the Performance of Undertakings	China Securities Journal, Shanghai Securities News and Securities Times	February 15, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on Appointment of Joint Company Secretaries and Authorized Representative	—	February 25, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement of PetroChina on the Appointment of the Secretary to the Board	China Securities Journal, Shanghai Securities News and Securities Times	February 26, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Notice of Board Meeting	—	February 26, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Monthly Return of the Company on the Movements of Securities for the month ended February 2014	—	March 5, 2014	Website of the Hong Kong Stock Exchange
Announcement on the 2014 Payment of Interest for 2013 Corporate Bonds (First Tranche)	China Securities Journal, Shanghai Securities News and Securities Times	March 8, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Special Statement on the Use of Non-operating Funds and Financial Transactions with other Affiliates for 2013	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Auditor's Report	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Auditor's Report on Internal Control	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
Report on Sustainable Development of 2013	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2013 Work Report of the Independent Directors	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2013 Work Report of the Audit Committee of the Board of Directors	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolutions passed at the Twelfth Meeting of the Fifth Session of the Board of Directors	China Securities Journal, Shanghai Securities News and Securities Times	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolutions passed at the Thirteenth Meeting of the Fifth Session of the Supervisory Committee	China Securities Journal, Shanghai Securities News and Securities Times	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2013 Internal Control Evaluation Report	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Special Statement and Independent Opinion by Independent Directors on External Guarantees	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
2013 Annual Report	—	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Summary of 2013 Annual Report	China Securities Journal, Shanghai Securities News and Securities Times	March 21, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Monthly Return of the Company on the Movements of Securities for the month ended March 2014	—	April 3, 2014	Website of the Hong Kong Stock Exchange
Notice of the 2013 Annual General Meeting, Circular and Reply Slip of the Company	—	April 4, 2014	Website of the Hong Kong Stock Exchange
Notice of the 2013 Annual General Meeting of PetroChina	China Securities Journal, Shanghai Securities News and Securities Times	April 5, 2014	Website of the Shanghai Stock Exchange
Notification to Registered Shareholders and Request Form		April 9, 2014	Website of the Hong Kong Stock Exchange
Notice of Board Meeting	—	April 22, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
First Quarterly Report of 2014	China Securities Journal, Shanghai Securities News and Securities Times	April 25, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Supplemental Notice of, and Form of Proxy for, 2013 Annual General Meeting	—	April 29, 2014	Website of the Hong Kong Stock Exchange
Supplemental Notice of 2013 Annual General Meeting	China Securities Journal, Shanghai Securities News and Securities Times	April 30, 2014	Website of the Shanghai Stock Exchange
Monthly Return of the Company on the Movements of Securities for the month ended April 2014	—	May 5, 2014	Website of the Hong Kong Stock Exchange
Documents for 2013 Annual General Meeting	—	May 10, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on Special Resolutions Passed by the Board of Directors and the Announcement on Proposed Establishment of a Wholly Owned Subsidiary an Transfers of Equity	—	May 12, 2014	Website of the Hong Kong Stock Exchange
Announcement on Special Resolutions Passed by the Board of Directors	China Securities Journal, Shanghai Securities News and Securities Times	May 13, 2014	Website of the Shanghai Stock Exchange
Announcement on the Change of Vice Presidents	China Securities Journal, Shanghai Securities News and Securities Times	May 17, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Election and Appointment of Directors and Supervisors and the Appointment of Chairman and Vice Chairman of the Board	—	May 22, 2014	Website of the Hong Kong Stock Exchange
Announcement on Resolutions Passed at the 2013 Annual General Meeting and on Distribution of Final Dividends	—	May 22, 2014	Website of the Hong Kong Stock Exchange
Announcement on Resolutions Passed at the 2013 Annual General Meeting	China Securities Journal, Shanghai Securities News and Securities Times	May 23, 2014	Website of the Hong Kong Stock Exchange Website of the Shanghai Stock Exchange
Announcement on the Resolutions passed at the First Meeting of the Sixth Session of the Board of Directors	China Securities Journal, Shanghai Securities News and Securities Times	May 23, 2014	Website of the Hong Kong Stock Exchange
Announcement on the Resolutions passed at the First Meeting of the Sixth Session of the Supervisory Committee	China Securities Journal, Shanghai Securities News and Securities Times	May 23, 2014	Website of the Shanghai Stock Exchange
Announcement on the Election and Appointment of Employee Supervisors of the Sixth Supervisory Committee	China Securities Journal, Shanghai Securities News and Securities Times	May 23, 2014	Website of the Shanghai Stock Exchange
Legal Opinion on the 2013 Annual General Meeting	—	May 23, 2014	Website of the Shanghai Stock Exchange

Matter	Names of newspaper of publication	Date of publication (or the time of release through the website of the Hong Kong Stock Exchange or the Shanghai Stock Exchange, if the disclosure was not published)	Website of release
List of Directors and their Roles and Functions	—	May 23, 2014	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Announcement on the Distribution of 2013 Final Dividends for A Shares	China Securities Journal, Shanghai Securities News and Securities Times	May 29, 2014	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Monthly Return of the Company on the Movements of Securities for the month ended May 2014	—	June 4, 2014	Website of the Hong Kong Stock Exchange
Announcement on the Appointment of Vice Presidents	China Securities Journal, Shanghai Securities News and Securities Times	June 19, 2014	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Announcement on the Tracking Rating Report on 2013 Corporate Bonds	China Securities Journal, Shanghai Securities News and Securities Times	June 19, 2014	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Announcement on the Tracking Rating Report on 2012 Corporate Bonds (First Tranche) and 2013 Corporate Bonds (First Tranche)	China Securities Journal, Shanghai Securities News and Securities Times	June 19, 2014	Website of the Hong Kong Stock Exchange
			Website of Shanghai Stock Exchange
Announcement on the Audit by the National Audit Office	China Securities Journal, Shanghai Securities News and Securities Times	June 21, 2014	Website of the Hong Kong Stock Exchange
			Website of Shanghai Stock Exchange
Announcement on the Avoidance of Industry Competition with China National Petroleum Corporation	China Securities Journal, Shanghai Securities News and Securities Times	June 28, 2014	Website of the Hong Kong Stock Exchange
			Website of the Shanghai Stock Exchange
Monthly Return of the Company on the Movements of Securities for the month ended June 2014	—	July 1, 2014	Website of the Hong Kong Stock Exchange

19. Details of Preference Shares

There is no matter concerning the preference shares requiring disclosure during the reporting period.

20. Events After the Balance Sheet Date

On August 10, 2014, the National Development and Reform Commission promulgated the Notice of the National Development and Reform Commission Concerning the Adjustment of Prices of Stock Natural Gas Consumed by Non-residential Users (《國家發展改革委關於調整非居民用存量天然氣價格的通知》) (Fa Gai Jia Ge [2014] No. 1835). Pursuant to the notice, the adjustment of price shall be implemented from September 1, 2014, the citygate prices for the consumption amount in 2012 consumed by non-residential users will be appropriately increased, and that the issuance of the price adjustment mechanism for natural gas consumed by fertilizer makers would be put on hold. No adjustment will be made to the citygate prices for natural gas consumed by residential users. Further actions will be taken to implement the policy in connection with the liberalisation of the sales price of imported liquefied natural gas (LNG) and the ex-factory prices for shale gas, coal-seam gas and coal gas.

This event is conducive to facilitate a sustainable and healthy development of the natural gas operations of the Group and to continue to improve the Group's financial position and operating results in the future.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Change of Directors, Supervisors and Senior Management of the Company

The Company convened an annual general meeting for the year 2013 on May 22, 2014 at which the Resolutions on the Election of the Board of Directors and the Resolutions on the Election of the Supervisory Committee were approved.

It was approved at the general meeting that Mr Zhou Jiping, Mr Liao Yongyuan, Mr Wang Dongjin, Mr Yu Baocai, Mr Shen Diancheng, Mr Liu Yuezhen and Mr Liu Hongbin were elected as Directors of the Company, and Mr Chen Zhiwu, Mr Richard H. Matzke and Mr Lin Boqiang were elected as independent Directors of the Company. After being elected, the above Directors constituted the Sixth Session of the Board of the Company.

Mr Li Xinhua and Mr Wang Guoliang ceased to serve as the Directors of the Company and Mr Liu Hongru, Mr Franco Bernabè, Mr Li Yongwu and Mr Cui Junhui ceased to serve as the independent Directors of the Company.

It was approved at the general meeting that Mr Wang Lixin, Mr Guo Jinping, Mr Li Qingyi, Mr Jia Yimin and Mr Zhang Fengshan were elected as the Supervisors of the Company. Upon election among the employees of the Company, Mr Li Luguang, Mr Yao Wei, Mr Li Jiamin and Mr Liu Hehe were elected as the employee Supervisors of the Company. After being elected, the above Supervisors constituted the Sixth Session of the Supervisory Committee of the Company. Mr Wang Guangjun, Mr Wang Daocheng and Mr Fan Fuchun ceased to serve as the Supervisors of the Company.

Pursuant to the Articles of Association, the respective terms of the Sixth Session of the Board and the Sixth Session of the Supervisory Committee of the Company shall be 3 years, commencing from May 22, 2014 and ending on a date in 2017 on which the 2016 annual general meeting will be convened.

The Company convened the first meeting of the Sixth Session of the Board of Directors on May 22, 2014. Upon discussion and voting by the attending Directors on the Resolutions on the Election of the Chairman and Vice Chairman of the Board, it was unanimously agreed that Mr Zhou Jiping be elected as the Chairman of the Company and Mr Liao Yongyuan and Mr Wang Dongjin be elected as the Vice Chairmen of the Company.

The Company convened the first meeting of the Sixth Session of the Supervisory Committee on May 22, 2014. Upon discussion and voting by the attending Supervisors on the Resolutions on the Election of the Chairman of the Supervisory Committee, it was unanimously agreed that Mr Guo Jinping be elected as the Chairman of the Supervisory Committee.

Due to the adjustment of roles and duties, Mr Bo Qiliang, the Vice President of the Company, ceased to serve such position commencing from April 26, 2014.

The Board of Directors of the Company convened an extraordinary meeting of the Board on June 12, 2014 by way of written resolution and a resolution was effectively adopted on June 18, 2014 by which Ms Wang Lihua and Mr Lv Gongxun were appointed as the Vice Presidents of the Company.

2. Basic Particulars of the Current Directors, Supervisors and other Senior Management

Directors

Name	Gender	Age	Position
Zhou Jiping	Male	62	Chairman of the Board
Liao Yongyuan	Male	51	Vice Chairman of the Board
Wang Dongjin	Male	51	Vice Chairman, President
Yu Baocai	Male	49	Non-executive Director
Shen Diancheng	Male	54	Non-executive Director
Liu Yuezhen	Male	52	Non-executive Director
Liu Hongbin	Male	51	Executive Director, Vice President
Chen Zhiwu	Male	51	Independent Non-executive Director
Richard H. Matzke	Male	76	Independent Non-executive Director
Lin Boqiang	Male	56	Independent Non-executive Director

Supervisors

Name	Gender	Age	Position
Guo Jinping	Male	57	Chairman of the Supervisory Committee
Wang Lixin(1)	Male	58	Supervisor
Li Qingyi	Male	53	Supervisor
Jia Yimin	Male	54	Supervisor
Zhang Fengshan	Male	51	Supervisor
Li Luguang(2)	Male	52	Employee Supervisor
Yao Wei	Male	58	Employee Supervisor
Li Jiamin	Male	50	Employee Supervisor
Liu Hehe	Male	51	Employee Supervisor

Notes: (1) Due to work needs, Mr. Wangli Xin tendered a resignation letter to the Supervisory Committee of the Company on August 26, 2014, resigning from the position of supervisor.

(2) Due to change of work, Mr. Li Luguang tendered a resignation letter to the Supervisory Committee of the Company on August 26, 2014, resigning from the position of employee representative supervisor.

Particulars of other Senior Management

Name	Gender	Age	Position
Zhao Zhengzhang	Male	57	Vice President
Sun Longde	Male	52	Vice President
Huang Weihe	Male	56	Vice President
Xu Fugui	Male	56	Vice President
Yu Yibo	Male	50	Chief Financial Officer
Lin Aiguo	Male	56	Chief Engineer
Wang Lihua	Female	57	Vice President
Wu Enlai	Male	54	Secretary to the Board, Joint Company Secretary
Lv Gongxun	Male	56	Vice President

3. Shareholdings of the Directors, Supervisors and Senior Management

As at June 30, 2014, no current Directors, Supervisors or other senior management of the Company or outgoing Directors, Supervisors or other senior management of the Company during the reporting period held any shares of the Company.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2014

(All amounts in RMB millions unless otherwise stated)

ASSETS	Notes	June 30, 2014 The Group	December 31, 2013 The Group	June 30, 2014 The Company	December 31, 2013 The Company
Current assets					
Cash at bank and on hand	7	92,213	57,250	65,279	27,484
Notes receivable	8	15,540	14,360	12,226	10,973
Accounts receivable	9a	83,371	64,027	17,617	4,694
Advances to suppliers	10	31,823	11,445	12,659	4,397
Other receivables	9b	18,408	17,802	88,405	55,676
Inventories	11	233,193	227,017	175,477	173,290
Other current assets		34,844	39,052	24,297	27,724
Total current assets		509,392	430,953	395,960	304,238
Non-current assets					
Available-for-sale financial assets	12	1,879	1,603	1,242	1,271
Long-term equity investments	13	120,228	116,289	362,152	320,849
Fixed assets	14	573,703	559,346	346,029	422,676
Oil and gas properties	15	787,071	801,083	528,960	535,733
Construction in progress	17	277,997	282,325	151,159	154,378
Construction materials	16	5,886	5,762	3,777	4,218
Intangible assets	18	62,697	62,592	48,745	49,131
Goodwill	19	7,284	7,225	-	119
Long-term prepaid expenses	20	26,126	26,424	22,748	22,966
Deferred tax assets	33	15,111	11,226	10,940	9,163
Other non-current assets		38,907	37,176	20,255	18,908
Total non-current assets		1,916,889	1,911,051	1,496,007	1,539,412
TOTAL ASSETS		2,426,281	2,342,004	1,891,967	1,843,650

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY BALANCE SHEETS
AS OF JUNE 30, 2014 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	June 30, 2014 The Group	December 31, 2013 The Group	June 30, 2014 The Company	December 31, 2013 The Company
Current liabilities					
Short-term borrowings	22	143,709	110,894	139,357	126,463
Notes payable	23	628	832	387	8
Accounts payable	24	252,697	298,075	121,104	170,431
Advances from customers	25	44,918	46,804	29,333	29,748
Employee compensation payable	26	10,391	4,836	8,245	3,403
Taxes payable	27	58,439	69,718	39,874	46,311
Other payables	28	50,955	27,025	38,320	20,793
Current portion of non-current liabilities	30	59,998	81,873	50,050	55,089
Other current liabilities		34,067	5,432	29,604	2,628
Total current liabilities		655,802	645,489	456,274	454,874
Non-current liabilities					
Long-term borrowings	31	260,673	211,708	189,864	169,775
Debentures payable	32	71,631	91,154	71,000	91,000
Provisions	29	98,052	94,531	64,244	61,291
Deferred tax liabilities	33	13,289	15,087	-	-
Other non-current liabilities		13,739	14,127	4,965	4,773
Total non-current liabilities		457,384	426,607	330,073	326,839
Total liabilities		1,113,186	1,072,096	786,347	781,713
Shareholders' equity					
Share capital	34	183,021	183,021	183,021	183,021
Capital surplus	35	115,837	115,676	127,966	127,839
Special reserve		11,707	8,922	8,729	6,398
Surplus reserves	36	175,051	175,051	163,959	163,959
Undistributed profits	37	703,436	664,136	621,945	580,720
Currency translation differences		(13,488)	(13,956)	-	-
Equity attributable to equity holders of the Company		1,175,564	1,132,850	1,105,620	1,061,937
Minority interests	38	137,531	137,058	-	-
Total shareholders' equity		1,313,095	1,269,908	1,105,620	1,061,937
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		2,426,281	2,342,004	1,891,967	1,843,650

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2014 The Group	For the six months ended June 30, 2013 The Group	For the six months ended June 30, 2014 The Company	For the six months ended June 30, 2013 The Company
Operating income	39	1,153,968	1,101,096	690,354	660,496
Less: Cost of sales	39	(866,314)	(837,762)	(506,494)	(492,896)
Taxes and levies on operations	40	(115,354)	(119,935)	(86,167)	(88,842)
Selling expenses	41	(29,694)	(27,593)	(22,154)	(20,702)
General and administrative expenses	42	(42,265)	(42,656)	(31,446)	(32,301)
Finance expenses	43	(14,092)	(10,987)	(12,308)	(10,681)
Asset impairment losses	44	(2)	(193)	42	(170)
Add: Investment income	45	6,296	4,778	34,364	29,501
Operating profit		92,543	66,748	66,191	44,405
Add: Non-operating income	46a	5,864	30,098	14,829	34,534
Less: Non-operating expenses	46b	(2,693)	(3,085)	(2,465)	(2,744)
Profit before taxation		95,714	93,761	78,555	76,195
Less: Taxation	47	(21,661)	(21,204)	(8,495)	(5,451)
Net profit		74,053	72,557	70,060	70,744
Attributable to:					
Equity holders of the Company		68,122	65,521	70,060	70,744
Minority interests		5,931	7,036	-	-
Earnings per share					
Basic earnings per share (RMB Yuan)	48	0.37	0.36	0.38	0.39
Diluted earnings per share (RMB Yuan)	48	0.37	0.36	0.38	0.39
Other comprehensive (loss) / income	49	(985)	(7,299)	55	(238)
Total comprehensive income		73,068	65,258	70,115	70,506
Attributable to:					
Equity holders of the Company		68,623	58,844	70,115	70,506
Minority interests		4,445	6,414	-	-

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(All amounts in RMB millions unless otherwise stated)

Items	Notes	For the six months ended June 30, 2014 The Group	For the six months ended June 30, 2013 The Group	For the six months ended June 30, 2014 The Company	For the six months ended June 30, 2013 The Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		1,320,768	1,257,500	783,667	760,301
Refund of taxes and levies		4,242	794	4,089	333
Cash received relating to other operating activities		495	829	12,638	577
Sub-total of cash inflows		1,325,505	1,259,123	800,394	761,211
Cash paid for goods and services		(900,578)	(842,646)	(502,590)	(476,351)
Cash paid to and on behalf of employees		(51,959)	(50,375)	(37,232)	(36,154)
Payments of taxes and levies		(212,772)	(236,527)	(143,750)	(172,707)
Cash paid relating to other operating activities		(26,712)	(27,518)	(17,961)	(14,658)
Sub-total of cash outflows		(1,192,021)	(1,157,066)	(701,533)	(699,870)
Net cash flows from operating activities	50a	133,484	102,057	98,861	61,341
Cash flows from investing activities					
Cash received from disposal of investments		5,560	1,168	53	4
Cash received from returns on investments		5,834	3,694	42,592	45,106
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets		6,199	38,647	6,074	38,544
Sub-total of cash inflows		17,593	43,509	48,719	83,654
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets		(131,807)	(138,680)	(90,812)	(73,699)
Cash paid to acquire investments		(3,692)	(3,632)	(2,951)	(13,395)
Sub-total of cash outflows		(135,499)	(142,312)	(93,763)	(87,094)
Net cash flows from investing activities		(117,906)	(98,803)	(45,044)	(3,440)
Cash flows from financing activities					
Cash received from capital contributions		1,278	12,716	-	-
Including: Cash received from minority shareholders' capital contributions to subsidiaries		1,278	12,716	-	-
Cash received from borrowings		332,857	334,530	169,498	205,293
Cash received relating to other financing activities		65	121	21	97
Sub-total of cash inflows		334,200	347,367	169,519	205,390
Cash repayments of borrowings		(293,540)	(227,035)	(161,560)	(134,725)
Cash payments for interest expenses and distribution of dividends or profits		(17,268)	(14,871)	(23,959)	(23,256)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders		(3,890)	(4,204)	-	-
Repayments of capital from non-controlling interests		(5)	-	-	-
Cash payments relating to other financing activities		(1,174)	(652)	(22)	(29)
Sub-total of cash outflows		(311,987)	(242,558)	(185,541)	(158,010)
Net cash flows from financing activities		22,213	104,809	(16,022)	47,380
Effect of foreign exchange rate changes on cash and cash equivalents		277	(1,366)	-	-
Net increase in cash and cash equivalents	50b	38,068	106,697	37,795	105,281
Add: Cash and cash equivalents at beginning of the period		51,407	43,395	27,484	11,574
Cash and cash equivalents at end of the period	50c	89,475	150,092	65,279	116,855

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(All amounts in RMB millions unless otherwise stated)

	Shareholders' equity attributable to the Company							
Items	Share capital	Capital surplus	Special reserve	Surplus reserves	Undistributed profits	Currency translation differences	Minority interests	Total share-holders' equity
Balance at January 1, 2013	183,021	115,878	10,054	161,623	598,686	(5,115)	116,619	1,180,766
Changes in the six months ended June 30, 2013								
Total comprehensive income	-	(189)	-	-	65,521	(6,488)	6,414	65,258
Special reserve - safety fund								
Appropriation	-	-	3,419	-	-	-	45	3,464
Utilisation	-	-	(1,123)	-	-	-	(23)	(1,146)
Profit distribution								
Distribution to shareholders	-	-	-	-	(23,985)	-	(3,930)	(27,915)
Other equity movement								
Acquisition of subsidiaries	-	-	-	-	-	-	121	121
Purchase of minority interests in subsidiaries	-	-	-	-	-	-	(35)	(35)
Capital contribution from minority interests	-	(6)	-	-	-	-	12,722	12,716
Disposal of subsidiaries	-	1	-	-	-	-	(87)	(86)
Other	-	(31)	-	-	(2)	-	420	387
Balance at June 30, 2013	183,021	115,653	12,350	161,623	640,220	(11,603)	132,266	1,233,530

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2014 (CONTINUED)

(All amounts in RMB millions unless otherwise stated)

Items	Shareholders' equity attributable to the Company							
	Share capital	Capital surplus	Special reserve	Surplus reserves	Undistributed profits	Currency translation differences	Minority interests	Total shareholders' equity
Balance at January 1, 2014	183,021	115,676	8,922	175,051	664,136	(13,956)	137,058	1,269,908
Changes in the six months ended June 30, 2014								
Total comprehensive income	-	33	-	-	68,122	468	4,445	73,068
Special reserve - safety fund								
Appropriation	-	-	3,376	-	-	-	46	3,422
Utilisation	-	-	(591)	-	-	-	(14)	(605)
Profit distribution								
Distribution to shareholders	-	-	-	-	(28,835)	-	(5,270)	(34,105)
Other equity movement								
Capital contribution from minority interests	-	(10)	-	-	-	-	1,288	1,278
Capital reduction of subsidiaries	-	-	-	-	-	-	(5)	(5)
Disposal of subsidiaries	-	-	-	-	-	-	(21)	(21)
Other	-	138	-	-	13	-	4	155
Balance at June 30, 2014	183,021	115,837	11,707	175,051	703,436	(13,488)	137,531	1,313,095

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

PETROCHINA COMPANY LIMITED
UNAUDITED COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2014

(All amounts in RMB millions unless otherwise stated)

Items	Share capital	Capital surplus	Special reserve	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at January 1, 2013	183,021	128,136	7,080	150,523	511,270	980,030
Changes in the six months ended June 30, 2013						
Total comprehensive income	-	(238)	-	-	70,744	70,506
Special reserve - safety fund						
Appropriation	-	-	2,970	-	-	2,970
Utilisation	-	-	(1,052)	-	-	(1,052)
Profit distribution						
Distribution to shareholders	-	-	-	-	(23,985)	(23,985)
Balance at June 30, 2013	183,021	127,898	8,998	150,523	558,029	1,028,469
Balance at January 1, 2014	183,021	127,839	6,398	163,959	580,720	1,061,937
Changes in the six months ended June 30, 2014						
Total comprehensive income	-	55	-	-	70,060	70,115
Special reserve - safety fund						
Appropriation	-	-	2,850	-	-	2,850
Utilisation	-	-	(519)	-	-	(519)
Profit distribution						
Distribution to shareholders	-	-	-	-	(28,835)	(28,835)
Other equity movement						
Other	-	72	-	-	-	72
Balance at June 30, 2014	183,021	127,966	8,729	163,959	621,945	1,105,620

The accompanying notes form an integral part of these financial statements.

Chairman	Vice Chairman and President	Chief Financial Officer
Zhou Jiping	Wang Dongjin	Yu Yibo

1 COMPANY BACKGROUND

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by China National Petroleum Corporation ("CNPC") as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 "Reply on the approval of the establishment of PetroChina Company Limited" from the former State Economic and Trade Commission of the People's Republic of China ("China" or "PRC"). CNPC restructured ("the Restructuring") and injected its core business and the related assets and liabilities into the Company. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as the "Group".

The Group is principally engaged in (i) the exploration, development and production and marketing of crude oil and natural gas; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products; (iii) the marketing of refined products and trading business; and (iv) the transmission of natural gas, crude oil and refined products and the sale of natural gas. The principal subsidiaries of the Group are listed in Note 6(1).

2 BASIS OF PREPARATION

The financial statements of 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 (the "MOF") on February 15, 2006, Application Guidance of Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other regulations issued thereafter (hereafter referred to as the "Accounting Standard for Business Enterprises", "China Accounting Standards" or "CAS").

3 STATEMENT OF COMPLIANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The unaudited consolidated and the Company's financial statements for the six months ended June 30, 2014 truly and completely present the financial position of the Group and the Company as of June 30, 2014 and their financial performance and their cash flows for the six months then ended in compliance with the Accounting Standards for Business Enterprises.

4 PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Accounting Period

The accounting period of the Group starts on January 1 and ends on December 31.

(2) Recording Currency

The recording currency of the Company and most of its subsidiaries is Renminbi ("RMB"). The Group's consolidated financial statements are presented in RMB.

(3) Measurement Properties

Generally are measured at historical cost unless otherwise stated at fair value, net realisable value or present value of the estimated future cash flow expected to be derived.

(4) Foreign Currency Translation

(a) Foreign currency transactions

Foreign currency transactions are translated into RMB at the exchange rates prevailing at the date of the transactions.

Monetary items denominated in foreign currencies at the balance sheet date are translated into RMB at the exchange rates prevailing at the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss except for those arising from foreign currency specific borrowings for the acquisition, construction of qualifying assets in connection with capitalisation of borrowing costs. Non-monetary items denominated in foreign currencies measured at historical cost are translated into RMB at the historical exchange rates prevailing at the date of the transactions at the balance sheet date. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of financial statements represented in foreign currency

Assets and liabilities of each balance sheet of the foreign operations are translated into RMB at the closing rates at the balance sheet date, while the equity items are translated into RMB at the exchange rates at the date of the transactions, except for the retained earnings. Income and expenses for each income statement of the foreign operations are translated into RMB at the approximate exchange rates at the date of the transactions. The currency translation differences resulted from the above-mentioned translations are recognised as a separate component of equity. The cash flows of overseas operations are translated into RMB at the approximate exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(5) Cash and Cash Equivalents

Cash and cash equivalents refer to all cash on hand and deposit held at call with banks, short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial Instruments

(a) Financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification depends on the Group's intention and the ability to hold the financial assets. The Group has principally receivables, available-for-sale financial assets and limited financial assets at fair value through profit or loss. The detailed accounting policies for receivables, available-for-sale financial assets and financial assets at fair value through profit or loss held by the Group are set out below:

(i) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including accounts receivable, notes receivable, other receivables and cash at bank and on hand.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are either designated in this category at initial recognition or not classified in any of the other categories. They are included in other current assets on the balance sheet if they are intended to be sold within 12 months of the balance sheet date.

(iii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are mainly financial assets held for the purpose of selling in the short term. They are presented as financial assets held for trading on the balance sheet. Derivatives are also categorized as held for trading unless they are designated as hedges.

(iv) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the instrument. Related transaction costs of financial assets at fair value through profit or loss are recorded in profit or loss when acquired. Related transaction costs of receivables and available-for-sale financial assets are recognised into the initial recognition costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or all substantial risks and rewards of ownership have been transferred to the transferee.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. The investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost. Receivables are stated at amortised costs using the effective interest method.

Changes in the fair values of available-for-sale financial assets are recorded into equity except for impairment losses and foreign exchange gains and losses arising from the transaction of monetary financial assets denominated in foreign currencies. When the financial asset is derecognised, the cumulative changes in fair value previously recognised in equity will be recognised in profit or loss. The interest of the available-for-sale debt instruments calculated using the effective interest method is recognised as investment income. The cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

(v) Impairment of financial assets

The Group assesses the carrying amount of receivables and available-for-sale financial assets at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment provision shall be made.

If a financial asset carried at amortised cost is impaired, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that can prove the value of such financial asset has been recovered, and that it is related to events occurring subsequent to the recognition of impairment, the previously recognised impairment losses shall be reversed and the amount of the reversal will be recognised in the income statement.

When there is objective evidence that available-for-sale financial assets is impaired, the cumulative losses that have been recognised in equity as a result of the decline in the fair value shall be removed from equity and recognised as impairment losses in the income statement. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if in a subsequent period the fair value increases and the increase can be objectively related to an event occurring after the impairment losses recognition, the previously recognised impairment losses shall be reversed, and recognised in profit or loss. For available-for-sale on which impairment losses have been recognised, any subsequent increases in its fair value shall be directly recognised in equity.

(b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. Financial liabilities of the Group primarily comprise payables, loans and debentures payable classified as other financial liabilities.

Payables, including accounts payable, other payables, etc. are initially recognised at fair value, and subsequently measured at amortised costs using the effective interest method.

Loans and debentures payables are initially recognised at fair value less transaction costs, and subsequently measured at amortised costs using the effective interest method.

Other financial liabilities with terms of one year or less than one year are presented as current liabilities; other financial liabilities with terms more than one year but due within one year (including one year) from the balance sheet date are presented as current portion of non-current liabilities; others are presented as non-current liabilities.

A financial liability may not be derecognised, in all or in part, until the present obligations of financial liabilities are all, or partly, dissolved. The difference between the carrying amount of the financial liability at the point of derecognition and the consideration paid shall be included in profit or loss.

(c) Determination of financial instruments' fair value

Regarding financial instruments, for which there is an active market, the quotations in the active market shall be used to determine fair value. If there is no active market for a financial instrument, valuation techniques shall be adopted to determine the fair value. The valuation techniques include the prices employed by the parties, who are familiar with each other, in the latest market transactions upon their own free will, the current fair value obtained by referring to other financial instruments of essentially the same nature, and the discounted cash flow method, etc. When adopting any valuation technique, one shall employ, where possible, all the market parameters observable, and try to avoid using the parameters that relate particularly to the Group.

(7) Inventories

Inventories include crude oil and other raw materials, work in progress, finished goods and turnover materials, and are measured at the lower of cost and net realisable value.

Cost of inventories is determined primarily using the weighted average method. The cost of finished goods and work in progress comprises cost of crude oil, other raw materials, direct labour and production overheads allocated based on normal operating capacity. Turnover materials include low cost consumables and packaging materials. Low cost consumables are amortised with graded amortisation method and packaging materials are expensed off in full.

Provision for decline in the value of inventories is measured as the excess of the carrying value of the inventories over their net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost to completion and estimated selling expenses and related taxes.

The Group adopts perpetual inventory system.

(8) Long-term Equity Investments

Long-term equity investments comprise the Company's equity investments in subsidiaries, and the Group's equity investments in jointly controlled entities and associates.

Long-term equity investments acquired through business combinations: For a long-term equity investment acquired through a business combination under common control, the proportionate share of the carrying value of shareholders' equity of the combined entity shall be treated as cost of the investment on the acquisition date. For a long-term equity investment acquired through a business combination not under common control, the acquisition costs paid shall be treated as the cost of the investment on acquisition date.

Long-term equity investments acquired through other than business combinations: For an acquisition settled in cash, the initial cost of investment shall be the actual cash consideration paid. For an acquisition settled by the issuance of equity securities, the initial cost of investment shall be the fair value of equity securities issued.

(a) Subsidiaries

Subsidiaries are those entities over which the Group is able to control, i.e. has the power to govern the financial and operating policies so as to obtain benefits from the operating activities of these investees. The potential voting rights, including currently convertible company bonds and exercisable share warrants, are considered when assessing whether the Group has controls over the investees. Investments in subsidiaries are accounted for at cost in the financial statements of the Company and are consolidated after being adjusted by the equity method accounting in consolidated financial statements.

Long-term equity investments accounted for at cost are measured at the initial investment cost. The cash dividends or profit distributions declared by the investees are recognised as investment income in the income statement.

A listing of the Group's principal subsidiaries is set out in Note 6(1).

(b) Jointly controlled entities and associates

Jointly controlled entities are those over which the Group is able to exercise joint control together with other ventures. Associates are those in which the Group has significant influence over the financial and operating policies.

The term "joint control" refers to the contractually agreed sharing of control over an economic activity. The joint control cannot exist without the unanimous consent of the investors who share the control, and unanimous consent is required when making important financial and operating decisions that relate to the above-mentioned economic activity.

The term "significant influence" refers to the power to participate in the formulation of financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties.

The investments in jointly controlled entities and associates are accounted for using the equity method accounting. The excess of the initial cost of the investment over the share of the fair value of the investee's net identifiable assets is included in the initial cost of the investment. While the excess of the share of the fair value of the investee's net identifiable assets over the cost of the investment is instead recognised in profit or loss in the period in which the investment is acquired and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method accounting, the Group's share of its investees' post-acquisition profits or losses is recognised in the income statement. When the Group's share of losses of an investee equals or exceeds the carrying amount of the long-term equity investment and other long-term interests which substantively form the net investment in the investee, the Group does not recognise further losses and provisions, unless it has obligations to bear extra losses which meet the criteria of recognition for liabilities according to the related standards for contingencies. Movements in the investee' owner's equity other than profit or loss should be proportionately recognised in the Group's capital surplus, provided that the share interest of the investee remained unchanged. The share of the investee's profit distribution or cash dividends declared is accounted for as a reduction of the carrying amount of the investment upon declaration. The profits or losses arising from the intra-Group transactions between the Group and its investees are eliminated to the extent of the Group's interests in the investees, on the basis of which the investment income or losses are recognised. The loss on the intra-Group transaction between the Group and its investees, of which nature is asset impairment, is recognised in full amount, and the relevant unrealised loss is not allowed to be eliminated.

(c) Impairment of long-term equity investments

For investments in subsidiaries, jointly controlled entities and associates, if the recoverable amount is lower than its carrying amount, the carrying amount shall be written down to the recoverable amount (Note 4(15)). If other long-term equity investment, for which there is no quotation in the active market, and for which a fair value cannot be reliably measured, suffers from any impairment, the difference between the carrying amount of the long-term equity investment and the current value of the future cash flow of similar financial assets, capitalised based on the returns ratio of the market at the same time, shall be recognised as an impairment loss. After an impairment loss has been recognised, it shall not be reversed in future accounting periods for the part whose value has been recovered.

(9) Fixed Assets

Fixed assets comprise buildings, equipment and machinery, motor vehicles and other. Fixed assets purchased or constructed are initially recorded at cost. The fixed assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

Subsequent expenditures for fixed assets are included in the cost of fixed assets only when it is probable that in future economic benefits associated with the items will flow to the Group and the cost of the items can be measured reliably. The carrying amount of the replaced part is derecognised. All other subsequent expenditures are charged to profit or loss during the financial period in which they are incurred.

Fixed assets are depreciated using the straight-line method based on the balance of their costs less estimated residual values over their estimated useful lives. For those fixed assets being provided for impairment loss, the related depreciation charge is determined based on the net value lessening the impairment recognised over their remaining useful lives.

(All amounts in RMB millions unless otherwise stated)

The estimated useful lives, estimated residual value ratios and annual depreciation rates of the fixed assets are as follows:

	Estimated useful lives	Estimated residual value ratio %	Annual depreciation rate %
Buildings	8 to 40 years	5	2.4 to 11.9
Equipment and Machinery	4 to 30 years	3 to 5	3.2 to 24.3
Motor Vehicles	4 to 14 years	5	6.8 to 23.8
Other	5 to 12 years	5	7.9 to 19.0

The estimated useful lives, estimated residual values and depreciation method of the fixed assets are reviewed, and adjusted if appropriate, at year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount (Note 4(15)).

The carrying amounts of fixed assets are derecognised when the fixed assets are disposed or no future economic benefits are expected from their use or disposal. When fixed assets are sold, transferred, disposed or damaged, gains or losses on disposal are determined by comparing the proceeds with the carrying amounts of the assets, adjusted by related taxes and expenses, and are recorded in profit or loss in the disposal period.

(10) Oil and Gas Properties

Oil and gas properties include the mineral interests in properties, wells and related facilities arising from oil and gas exploration and production activities.

The costs of obtaining the mineral interests in properties are capitalised when they are incurred and are initially recognised at acquisition costs. Exploration license fee, production license fee, rent and other costs for retaining the mineral interests in properties, subsequent to the acquisition of the mineral interests in properties, are charged to profit or loss.

The Ministry of Land and Resources in China issues production licenses to applicants on the basis of the reserve reports approved by relevant authorities.

The oil and gas properties are amortised at the field level based on the unit of production method except for the mineral interests in unproved properties which are not subjected to depletion. Unit of production rates are based on oil and gas reserves estimated to be recoverable from existing facilities based on the current terms of production licenses.

The carrying amount of oil and gas properties other than the mineral interests in unproved properties is reduced to the recoverable amount when their recoverable amount is lower than their carrying amount. The carrying amount of the mineral interests in unproved properties is reduced to the fair value when their fair value is lower than their carrying amount (Note 4(15)).

(11) Construction in Progress

Construction in progress is recognised at actual cost. The actual cost comprises construction costs, other necessary costs incurred and the borrowing costs eligible for capitalisation to prepare the asset for its intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month.

Oil and gas exploration costs include drilling exploration costs and the non-drilling exploration costs, the successful efforts method is used for the capitalisation of the drilling exploration costs. Drilling exploration costs included in the oil and gas exploration costs are capitalised as wells and related facilities when the wells are completed and economically proved reserves are found. Drilling exploration costs related to the wells without economically proved reserves less the net residual value are recorded in profit or loss. The related drilling exploration costs for the sections of wells with economically proved reserves are capitalised as wells and related facilities, and the costs of other sections are recorded in profit or loss. Drilling exploration costs are temporarily capitalised pending the determination of whether economically proved reserves can be found within one year of the completion of the wells. For wells that are still pending determination of whether economically proved reserves can be found after one year of completion, the related drilling exploration costs remain temporarily capitalised only if sufficient reserves are found in those wells and further exploration activities are required to determine whether they are economically proved reserves or not, and further exploration activities are under way or firmly planned and are about to be implemented. Otherwise the related costs are recorded in profit or loss. If proved reserves are discovered in a well, for which the drilling exploration costs have been expensed previously, no adjustment should be made to the drilling exploration costs that were expensed, while the subsequent drilling exploration costs and costs for completion of the well are capitalised. The non-drilling exploration costs are recorded in profit or loss when incurred. Oil and gas development costs are capitalised as the respective costs of wells and related facilities for oil and gas development based on their intended use. The economically proved reserves are the estimated quantities of crude oil and natural gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate.

(12) Intangible Assets

Intangible assets include land use rights and patents, etc., and are initially recorded at cost. The intangible assets injected by the state-owned shareholder during the Restructuring were initially recorded at the valued amount approved by the relevant authorities managing the state-owned assets.

Land use rights are amortised using the straight-line method over 30 to 50 years. If it is impracticable to allocate the amount paid for the purchase of land use rights and buildings between the land use rights and the buildings on a reasonable basis, the entire amount is accounted for as fixed assets.

Patent and other intangible assets are initially recorded at actual cost, and amortised using the straight-line method over the assets' estimated useful lives.

The carrying amount of intangible assets is written down to its recoverable amount when the recoverable amount is lower than the carrying amount (Note 4(15)). The estimated useful years and amortisation method of the intangible assets with finite useful life are reviewed, and adjusted if appropriate, at each financial year-end.

(13) Research and Development

Research expenditure incurred is recognised as an expense. Costs incurred on development projects shall not be capitalised unless they satisfy the following conditions simultaneously:

· In respect of the technology, it is feasible to finish the intangible asset for use or sale;

· It is intended by management to finish and use or sell the intangible asset;

· It is able to prove that the intangible asset is to generate economic benefits;

· With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and

· The costs attributable to the development of the intangible asset can be reliably measured.

Costs incurred on development projects not satisfying the above conditions shall be recorded in profit or loss of the current period. Costs incurred on development recorded in profit or loss in previous accounting periods shall not be re-recognised as asset in future accounting periods. Costs incurred on development already capitalised shall be listed as development expenditure in the balance sheet, which shall be transferred to intangible asset from the date when the expected purposes of use are realised.

(14) Long-term Prepaid Expenses

Long-term prepaid expenses include advance lease payments and other prepaid expenses that should be borne by current and subsequent periods and should be amortised over more than one year. Long-term prepaid expenses are amortised using the straight-line method over the expected beneficial periods and are presented at cost less accumulated amortisation.

(15) Impairment of Non-current Assets

Fixed assets, oil and gas properties except for mineral interests in unproved properties, intangible assets with finite useful life and long-term equity investments are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount if the impairment test indicates that the recoverable amount is less than its carrying amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the estimated future cash flow expected to be derived from the asset. Impairment should be assessed and recognised for each individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash flow.

The goodwill presented separately in financial statements should be subject to impairment assessment at least on an annual basis regardless whether there exists any indicators of impairment. Where the impairment assessment indicates that, for the cash-generating unit (that includes the allocated goodwill), the recoverable amount is lower than the carrying value, then an impairment loss will be recorded.

The mineral interests in unproved properties are tested annually for impairment. If the cost incurred to obtain a single property is significant, the impairment test is performed and the impairment loss is determined on the basis of the single property. If the cost incurred to obtain a single property is not significant and the geological structure features or reserve layer conditions are identical or similar to those of other adjacent properties, impairment tests are performed on the basis of a group of properties that consist of several adjacent mining areas with identical or similar geological structure features or reserve layer conditions.

Once an impairment loss of these assets is recognised, it is not allowed to be reversed even if the value can be recovered in subsequent period.

(16) Borrowing Costs

Borrowing costs incurred that are directly attributable to the acquisition and construction of fixed assets and oil and gas properties, which require a substantial period of time for acquisition and construction activities to get ready for their intended use, are capitalised as part of the cost of the assets when capital expenditures and borrowing costs have already incurred and the activities of acquisition and construction necessary to prepare the assets to be ready for their intended use have commenced. The capitalisation of borrowing costs ceases when the assets are ready for their intended use. Borrowing costs incurred thereafter are expensed. Capitalisation of borrowing costs should be suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally, and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

For a borrowing taken specifically for the acquisition or construction activities for preparing fixed asset and oil and gas property eligible for capitalisation, the to-be-capitalised amount of interests shall be determined according to the actual costs incurred less any income earned on the unused borrowing fund as a deposit in the bank or as a temporary investment.

Where a general borrowing is used for the acquisition or construction of fixed asset and oil and gas property eligible for capitalisation, the Group shall calculate and determine the to-be-capitalised amount of interests on the general borrowing by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specifically borrowed fund by the weighted average actual rate of the general borrowing used. The actual rate is the rate used to discount the future cash flow of the borrowing during the expected existing period or the applicable shorter period to the originally recognised amount of the borrowing.

(17) Employee Compensation

Employee compensation includes wages, salaries, allowances, employee welfare, social security contributions, housing provident funds, labour union funds, employee education funds and other relevant compensation incurred in exchange for services rendered by employees.

Except for severance pay, employee compensation is recognised as a liability during the period which employees render services, and it will be allocated into relevant costs and expenses to whichever the employee service is attributable.

(18) Provisions

Provisions for product guarantee, quality onerous contracts etc. are recognised when the Group has present obligations, and it is probable that an outflow of economic benefits will be required to settle the obligations, and the amounts can be reliably estimated.

Provisions are measured at the best estimate of the expenditures expected to be required to settle the present obligation. Factors surrounding the contingencies such as the risks, uncertainties and the time value of money shall be taken into account as a whole in reaching the best estimate of provisions. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash flows. The increase in the discounted amount of the provision arising from the passage of time is recognised as interest expense.

Asset retirement obligations which meet the criteria of provisions are recognised as provisions and the amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements, while a corresponding addition to the related oil and gas properties of an amount equivalent to the provision is also created. This is subsequently depleted as part of the costs of the oil and gas properties. Interest expenses from the assets retirement obligations for each period are recognised with the effective interest method during the useful life of the related oil and gas properties.

If the conditions for the recognition of the provisions are not met, the expenditures for the decommissioning, removal and site cleaning will be expensed in profit or loss when occurred.

(19) Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences (temporary differences) arising between the tax bases of assets and liabilities and their carrying amounts. The deductible losses, which can be utilised against the future taxable profit in accordance with tax law, are regarded as temporary differences and a deferred tax asset is recognised accordingly. The deferred tax assets and deferred tax liabilities are not accounted for the temporary differences resulting from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits (or deductible loss). Deferred tax assets and deferred tax liabilities are determined using tax rates that are expected to apply to the period when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets of the Group are recognised for deductible temporary differences and deductible losses and tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising from investments in subsidiaries, associates and jointly controlled entities, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences arising from investments in subsidiaries, associates and jointly controlled entities, to the extent that, and only to the extent that, it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities which meet the following conditions shall be presented on a net basis:

· Deferred tax assets and liabilities are related to the income tax of the same entity within the Group levied by the same authority;

· This entity is legally allowed to settle its current tax assets and liabilities on a net basis.

(20) Revenue Recognition

The amount of revenue is determined in accordance with the fair value of the contractual consideration received or receivable for the sales of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when specific criteria have been met for each of the Group's activities as described below:

(a) Sales of goods

Revenue from sales of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, and retains neither continuing managerial involvement nor effective control over the goods sold, and it is probable that the economic benefits associated with the transaction will flow to the Group and related revenue and cost can be measured reliably.

(b) Rendering of services

The Group recognises its revenue from rendering of services under the percentage-of-completion method. Under the percentage-of-completion method, revenue is recognised based on the costs incurred to date as a percentage of the total estimated costs to be incurred.

(c) Transfer of the assets use rights

Interest income is recognised on a time-proportion basis using the effective interest method.

Revenue from operating lease is recognised using the straight-line method over the period of the lease.

(21) Leases

Leases that transfer substantially all the risks and rewards incidental to ownership of assets are classified as finance lease; other leases are operating leases. The Group has no significant finance lease.

Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

(22) Dividend Distribution

Dividend distribution is recognised as a liability in the period in which it is approved by a resolution of shareholders' general meeting.

(23) Business Combination

(a) Business combination under common control

The consideration paid and the net assets obtained by the acquirer are measured at their carrying value. The difference between the carrying value of the net assets obtained and the carrying value of the consideration is adjusted against the capital surplus. If the capital surplus is not sufficient to be offset, the remaining balance is adjusted against retained earnings.

Costs incurred directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired.

(b) Business combination not under common control

The acquisition costs paid and the identifiable net assets acquired by the acquirer are measured at their fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised directly in profit or loss.

Costs which are directly attributable to the business combination are recorded in profit or loss when incurred. The transaction costs of the equity securities or debt securities issued which are attributable to the business combination are recorded in the initial recognition costs when acquired.

(24) Basis of Preparation of Consolidated Financial Statements

The scope of consolidated financial statements includes the Company and its subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Subsidiaries acquired through business combination under common control are consolidated from the day when they are under common control with the Company of the ultimate controlling party, and their net profit earned before the combination date shall be presented separately in the consolidated income statement.

When the accounting policies and accounting periods of subsidiaries are not consistent with those of the Company, the Company will make necessary adjustments to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods. The financial statements of the subsidiaries acquired from the business combination not under common control are adjusted on the basis of the fair value of the identifiable net assets at the acquisition date when preparing the consolidated financial statements.

All material intercompany balances, transactions and unrealised gains within the Group are eliminated upon consolidation. The portion of the shareholders' equity or net profit of the subsidiaries that is not attributable to the Company is treated as minority interests and presented separately within shareholders' equity in the consolidated balance sheet or within net profit in the consolidated income statement.

(25) Segment Reporting

The Group determines its operating segments based on its organisational structure, management requirements and internal reporting system. On the basis of these operating segments, the Group determines the reporting and disclosure of segmental information.

An operating segment refers to a component of the Group that simultaneously meet the following criteria: (1) the component can generate revenue and incur expenses in ordinary activities; (2) the component's operating results can be regularly reviewed by the Group's management to make decisions about resource allocation to the component and assess its performance; (3) the Group can obtain financial information relating to the financial position, operating results and cash flows, etc. of the component. When two or more operating segments exhibit similar economic characteristics and meet certain requirements, the Group may aggregate these operating segments into a single operating segment.

The Group also discloses total external revenue derived from other regions outside mainland China and the total non-current assets located in other regions outside mainland China.

(26) Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimation of oil and natural gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making process. They are also an important element in testing for impairment. Changes in proved oil and natural gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the consolidated financial statements for property, plant and equipment related to oil and gas production activities. A reduction in proved developed reserves will increase depreciation, depletion and amortisation charges. Proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

(b) Estimation of impairment of fixed assets and oil and gas properties

Fixed assets and oil and gas properties are reviewed for possible impairments when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as future price of crude oil, refined and chemical products and the production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, or not updating assumptions previously made, may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired.

(c) Estimation of asset retirement obligations

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amounts of the provision recognised are the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price level, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of oil and gas properties and estimates of discount rates. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

(All amounts in RMB millions unless otherwise stated)

5 TAXATION

The principal taxes and related tax rates of the Group are presented as below:

Types of taxes	Tax rate	Tax basis and method
Value Added Tax (the "VAT")	6%, 11%, 13% or 17%	Based on taxable value added amount. Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less current period's deductible VAT input.
Resource Tax	5%	Based on the revenue from sales of crude oil and natural gas.
Business Tax	3%	Based on income generated from transportation of crude oil and natural gas.
Consumption Tax	Based on quantities	Based on sales quantities of taxable products. RMB 1.0 yuan per litre for unleaded gasoline, RMB 0.8 yuan per litre for diesel, RMB 1.0 yuan per litre for naphtha, solvent oil and lubricant and RMB 0.8 yuan per litre for fuel oil.
Corporate Income Tax	15% or 25%	Based on taxable income.
Mineral Resources Compensation Fee	1%	Based on the revenue from sales of crude oil and natural gas.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
City Maintenance and Construction Tax	1%, 5% or 7%	Based on the actual paid business tax, VAT and consumption tax.

On November 16, 2011, the MOF, State Administration of Taxation of the PRC (the "SAT") implemented the 'Change of Business Tax to Value Added Tax Pilot Program' ("Pilot Program"), which set out detailed related implementation guidance and fundamental principles. Accordingly, the Pilot Program was applicable to the transportation and certain modern service industries in Shanghai and Beijing from January 1, 2012 and September 1, 2012, respectively in respect of which VAT was levied in lieu of Business Tax, and was applicable nationally from August 1, 2013. Part of the Group's pipeline transmission services and research and development and technical services were subject to VAT rate of 11% and 6% respectively in succession.

Pursuant to the Circular jointly issued by the MOF, the General Administration of Customs of the PRC and the State Administration of Taxation of the PRC (the "SAT") on Issues Concerning a Proportionate Refund of VAT on Imported Natural Gas between 2011 and 2020 as well as Natural Gas Imported from Central Asia before the end of 2010 (Cai Guan Shui [2011] No.39), if the price of imported natural gas under any state-sanctioned natural gas import program is higher than the selling price fixed by the State, the VAT as paid by the Group on imported natural gas (including LNG) under the above program is refunded on a pro-rata basis by reference to the extent of the import price above the selling price fixed by the State.

Pursuant to Order 605 of the State Council in respect of its Decision on the Amendments of the Provisional Regulations Governing Resource Tax of the PRC, resource tax on crude oil and natural gas payable by entities or individuals who extract crude oil and natural gas in the territory and waters over which the PRC has jurisdiction shall be imposed on ad valorem basis at 5% to 10% with effect from November 1, 2011. Pursuant to Order 66 jointly issued by the MOF and SAT in respect of the Implementation Rules under the Provisional Regulations Governing Resource Tax of the PRC, the tax rate applicable to crude oil and natural gas shall be 5%.

In accordance with the Circular jointly issued by the MOF, the General Administration of Customs of the PRC and the SAT on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategy (Cai Shui [2011] No. 58), the corporate income tax for the enterprises engaging in the encouraged industries in the Western China Region is charged at a preferential corporate income tax rate of 15% from January 1, 2011 to December 31, 2020. Certain branches and subsidiaries of the Company in the Western China Region obtained the approval for the use of the preferential corporate income tax rate of 15%.

Pursuant to the Notice from the MOF on the Increase of the Threshold of the Crude Oil Special Gain Levy (Cai Qi [2011] No. 480), the threshold of the crude oil special gain levy shall be US$55, which have 5 levels and is calculated and charged according to the progressive and valorem rates on the excess amounts from November 1, 2011.

(All amounts in RMB millions unless otherwise stated)

6 BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1) Principal subsidiaries

Company name	Type of subsidiary	Acquisition method	Country of incorporation	Registered capital	Principal activities	Type of legal entity	Legal representative	Closing effective investment cost	Attributable equity interest %	Attributable voting rights %	Consolidated or not
Daqing Oilfield Company Limited	Direct	Established	PRC	47,500	Exploration, production and sale of crude oil and natural gas	Limited liability company	Liu Hongbin	66,720	100.00	100.00	Yes
CNPC Exploration and Development Company Limited (i)	Direct	Business combination under common control	PRC	16,100	Exploration, production and sale of crude oil and natural gas in and outside the PRC	Limited liability company	Sun Longde	23,778	50.00	57.14	Yes
PetroChina Hong Kong Limited	Direct	Established	HK	HK Dollar (“HKD”) 7,592 million	Investment holding. The principal activities of its subsidiaries, associates and jointly controlled entities are the exploration, production and sale of crude oil in and outside the PRC as well as natural gas sale and transmission in the PRC	Limited liability company	N/A	25,590	100.00	100.00	Yes
PetroChina International Investment Company Limited	Direct	Established	PRC	31,314	Investment holding. The principal activities of its subsidiaries and jointly controlled entities are the exploration, development and production of crude oil, natural gas, oilsands and coalbed methane outside the PRC	Limited liability company	Lv Gongxun	31,314	100.00	100.00	Yes
PetroChina International Company Limited	Direct	Established	PRC	14,000	Marketing of refined products and trading of crude oil and petrochemical products, storage, investment in refining, chemical engineering, storage facilities, service station, and transportation facilities and related business in and outside the PRC	Limited liability company	Wang Lihua	14,857	100.00	100.00	Yes
PetroChina Northwest United Pipeline Company Limited (i)	Direct	Established	PRC	62,500	Storage, transportation and development of crude oil and nature gas; construction and related technology consulting of petroleum and natural gas pipeline project; import and export of goods and technology; purchase and sale of materials in the PRC	Limited liability company	Huang Weihe	32,500	52.00	52.00	Yes
PetroChina Eastern Pipelines Company Limited (ii)	Direct	Established	PRC	10,000	Construction and related technology consulting of petroleum and natural gas pipeline project; import and export of goods and technology; technology promotion service; oil and gas pipeline transportation in the PRC.	Limited liability company	Ling Xiao	38,955	100.00	100.00	Yes

(i) The Company consolidated the financial statements of the entities because the Company controls the entities, decides the entities' financial and operating policies, and has the authority to obtain benefits from their operating activities.

(ii) In May 2014, PetroChina Eastern Pipelines Company Limited, in which the Group has a 100% equity interest, was established with a registered capital of RMB 10,000.

(All amounts in RMB millions unless otherwise stated)

(2) Exchange rates of international operations' major financial statement items

	Assets and liabilities	
Company name	June 30, 2014	December 31, 2013
PetroKazakhstan Inc.	USD 1=RMB 6.1528yuan	USD 1=RMB 6.0969yuan
PetroChina Hong Kong Limited	HKD 1=RMB 0.7938yuan	HKD 1=RMB 0.7862yuan
Singapore Petroleum Company Limited	USD 1=RMB 6.1528yuan	USD 1=RMB 6.0969yuan

Equity items except for the retained earnings, revenue, expense and cash flows items are translated into RMB at the approximate exchange rates at the date of the transactions.

7 CASH AT BANK AND ON HAND

	June 30, 2014	December 31, 2013
Cash on hand	134	67
Cash at bank	90,245	56,217
Other cash balances	1,834	966
	92,213	57,250

The Group's cash at bank and on hand include the following foreign currencies as of June 30, 2014:

	Foreign currency	Exchange rate	RMB equivalent
USD	3,556	6.1528	21,879
HKD	2,689	0.7938	2,135
Tenge	17,586	0.0336	591
Other			764
			25,369

The Group's cash at bank and on hand included the following foreign currencies as of December 31, 2013:

	Foreign currency	Exchange rate	RMB equivalent
USD	1,097	6.0969	6,688
HKD	4,793	0.7862	3,768
Tenge	19,224	0.0401	771
Other			2,374
			13,601

The Group's cash at bank and on hand in foreign currencies mainly comprise cash at bank.

As of June 30, 2014, time deposits of USD 500 million are impawned as collateral for long-term borrowings of USD 480 million (Note 31).

(All amounts in RMB millions unless otherwise stated)

8 NOTES RECEIVABLE

Notes receivable represents mainly bills of acceptance issued by banks for the sale of goods and products.

As of June 30, 2014, all notes receivable of the Group are due within one year.

As of June 30, 2014, the Group's notes receivable of a net book value of RMB 646 are pledged as collateral for a part of the Group's short-borrowings of RMB 646 (Note 22).

9 ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

(a) Accounts receivable

	Group		Company	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Accounts receivable	83,840	64,523	18,009	5,095
Less: Provision for bad debts	(469)	(496)	(392)	(401)
	83,371	64,027	17,617	4,694

The aging of accounts receivable and related provision for bad debts are analysed as follows:

	Group					
	June 30, 2014			December 31, 2013		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	82,250	98	-	63,445	98	(2)
1 to 2 years	845	1	(1)	475	1	-
2 to 3 years	208	-	-	58	-	(17)
Over 3 years	537	1	(468)	545	1	(477)
	83,840	100	(469)	64,523	100	(496)

	Company					
	June 30, 2014			December 31, 2013		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	17,255	96	-	4,320	85	(2)
1 to 2 years	162	1	-	326	6	-
2 to 3 years	165	1	-	12	-	-
Over 3 years	427	2	(392)	437	9	(399)
	18,009	100	(392)	5,095	100	(401)

As of June 30, 2014, accounts receivable of the Group from shareholders who hold 5% or more of the voting rights in the Company amounted to RMB 7,146 (December 31, 2013: RMB 5,685).

(All amounts in RMB millions unless otherwise stated)

As of June 30, 2014, the top five debtors of accounts receivable of the Group amounted to RMB 26,903, representing 32% of total accounts receivable.

During the six months ended June 30, 2014 and the six months ended June 30, 2013, the Group had no significant write-off of the provision for bad debts of accounts receivable.

(b) Other receivables

	Group		Company	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Other receivables	20,915	20,328	89,140	56,424
Less: Provision for bad debts	(2,507)	(2,526)	(735)	(748)
	18,408	17,802	88,405	55,676

The aging analysis of other receivables and the related provision for bad debts are analysed as follows:

	Group					
	June 30, 2014			December 31, 2013		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	15,892	76	(6)	15,518	76	(11)
1 to 2 years	1,134	5	(8)	1,010	5	(4)
2 to 3 years	423	2	-	439	2	-
Over 3 years	3,466	17	(2,493)	3,361	17	(2,511)
	20,915	100	(2,507)	20,328	100	(2,526)

	Company					
	June 30, 2014			December 31, 2013		
	Amount	Percentage of total balance %	Provision for bad debts	Amount	Percentage of total balance %	Provision for bad debts
Within 1 year	87,035	98	(5)	54,256	96	(6)
1 to 2 years	617	1	-	673	1	-
2 to 3 years	215	-	-	273	1	-
Over 3 years	1,273	1	(730)	1,222	2	(742)
	89,140	100	(735)	56,424	100	(748)

As of June 30, 2014, other receivables of the Group from shareholders who hold 5% or more of the voting rights in the Company amounted to RMB 896 (December 31, 2013: RMB 2,366).

As of June 30, 2014, the top five debtors of other receivables of the Group amounted to RMB 8,222, representing 39% of total other receivables.

During the six months ended June 30, 2014 and the six months ended June 30, 2013, the Group had no significant write-off of the provision for bad debts of other receivables.

(All amounts in RMB millions unless otherwise stated)

10 ADVANCES TO SUPPLIERS

	June 30, 2014	December 31, 2013
Advances to suppliers	31,840	11,462
Less: Provision for bad debts	(17)	(17)
	31,823	11,445

As of June 30, 2014 and December 31, 2013, advances to suppliers of the Group are mainly aged within one year.

As of June 30, 2014, advances to suppliers from shareholders who hold 5% or more of the voting rights in the Company amounted to RMB 9,329 (December 31, 2013: RMB 2,641).

11 INVENTORIES

	June 30, 2014	December 31, 2013
Cost		
Crude oil and other raw materials	87,748	94,823
Work in progress	18,261	17,529
Finished goods	127,669	115,247
Turnover materials	59	49
	233,737	227,648
Less: Write down in inventories	(544)	(631)
Net book value	233,193	227,017

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2014	December 31, 2013
Available-for-sale debenture	305	4
Available-for-sale equity instrument	1,935	1,977
Less: Provision for impairment	(361)	(378)
	1,879	1,603

(All amounts in RMB millions unless otherwise stated)

13 LONG-TERM EQUITY INVESTMENTS

	Group			
	December 31, 2013	Addition	Reduction	June 30, 2014
Associates and jointly controlled entities (a)	116,477	9,059	(5,051)	120,485
Less: Provision for impairment (b)	(188)	(69)	-	(257)
	116,289			120,228

	Company			
	December 31, 2013	Addition	Reduction	June 30, 2014
Subsidiaries (c)	261,052	40,214	(1,686)	299,580
Associates and jointly controlled entities	60,010	4,176	(1,401)	62,785
Less: Provision for impairment	(213)			(213)
	320,849			362,152

As of June 30, 2014, the above-mentioned investments are not subject to restriction on conversion into cash or remittance of investment income.

(All amounts in RMB millions unless otherwise stated)

(a) Principal associates and jointly controlled entities of the Group

	Country of incorpo-ration	Principal activities	Registered capital	Interest held %	Voting rights %	June 30, 2014 Total assets	Total liabilities	Total net assets	For the six months ended June 30, 2014 Revenues	Net profit/(loss)
Dalian West Pacific Petroche-mical Co., Ltd.	PRC	Production and sale of petroleum and petrochemical products	USD 258 million	28.44	28.44	11,552	16,149	(4,597)	20,041	(349)
China Marine Bunker (PetroChina) Co., Ltd.	PRC	Oil import and export trade and transportation, sale and storage	1,000	50.00	50.00	13,740	11,124	2,616	24,222	61
China Petroleum Finance Co., Ltd.	PRC	Deposits, loans, settlement, lending, bills acceptance discounting, guarantee and other banking business	5,441	49.00	49.00	627,071	591,759	35,312	7,766	2,398
Arrow Energy Holdings Pty Ltd.	Australia	Exploration, development and sale of coal seam gas	AUD 2	50.00	50.00	49,599	20,740	28,859	590	(1,263)
PetroChina United Pipelines Co., Ltd.	PRC	Storage and transportation of natural gas through pipeline, construction and related technology consulting of petroleum and natural gas pipeline	40,000	50.00	50.00	87,469	1,959	85,510	9,184	4,917
CNPC Captive Insurance Co., Ltd.	PRC	Property loss insurance, liability insurance, credit insurance and deposit insurance; as well as the application of the above insurance reinsurance and insurance capital business	5,000	49.00	49.00	5,265	172	5,093	166	94

(All amounts in RMB millions unless otherwise stated)

Investments in principal associates and jointly controlled entities are listed below:

	Investment cost	December 31, 2013	Addition	Reduction	Share of profit of investees under equity method	Share of capital reserve under equity method	Cash dividend declared	Currency translation differences	June 30, 2014
Dalian West Pacific Petrochemical Co., Ltd.	566	-	-	-	-	-	-	-	-
China Marine Bunker (PetroChina) Co., Ltd.	740	1,185	-	-	20	-	-	-	1,205
China Petroleum Finance Co., Ltd.	9,917	17,635	-	-	1,171	43	(1,228)	30	17,651
Arrow Energy Holdings Pty Ltd.	19,407	13,678	-	-	(633)	416	-	934	14,395
PetroChina United Pipelines Co., Ltd.	20,000	35,535	-	-	2,568	68	-	-	38,171
CNPC Captive Insurance Co., Ltd.	2,450	2,449	-	-	46	-	-	-	2,495

(b) Provision for impairment

	June 30, 2014	December 31, 2013
Associates and jointly controlled entities		
Gansu Hongyang Chemical Industry Co., Ltd.	(69)	-
PetroChina Shouqi Sales Company Limited	(60)	(60)
PetroChina Beiqi Sales Company Limited	(49)	(49)
Other	(79)	(79)
	(257)	(188)

(All amounts in RMB millions unless otherwise stated)

(c) Subsidiaries

Principal subsidiaries of the Company:

	June 30, 2014		For the six months ended June 30, 2014	
	Total assets	Total liabilities	Revenue	Net profit / (loss)
Daqing Oilfield Company Limited	291,193	78,039	96,692	27,110
CNPC Exploration and Development Company Limited	150,205	42,392	27,233	5,508
PetroChina Hong Kong Limited	92,763	34,799	17,715	3,445
PetroChina International Investment Company Limited	107,608	83,097	9,051	(586)
PetroChina International Company Limited	175,769	139,854	495,992	2,169
PetroChina Northwest United Pipeline Company Limited	65,493	2,502	274	398
PetroChina Eastern Pipelines Co., Ltd.	83,585	38,575	1,710	843

Investment in subsidiaries:

	Investment cost	December 31, 2013	Additional investment	Disposal or deduction of capital	Transferred to branch	June 30, 2014
Daqing Oilfield Company Limited	66,720	66,720	-	-	-	66,720
CNPC Exploration and Development Company Limited	23,778	23,778	-	-	-	23,778
PetroChina Hong Kong Limited	25,590	25,590	-	-	-	25,590
PetroChina International Investment Company Limited	31,314	31,314	-	-	-	31,314
PetroChina International Company Limited	14,857	14,857	-	-	-	14,857
PetroChina Northwest United Pipeline Company Limited	32,500	32,500	-	-	-	32,500
PetroChina Eastern Pipelines Co., Ltd.	38,955	-	38,955	-	-	38,955
Other		66,293	1,259	(1,686)	-	65,866
Total		261,052	40,214	(1,686)	-	299,580

(All amounts in RMB millions unless otherwise stated)

14 FIXED ASSETS

	December 31, 2013	Addition	Reduction	June 30, 2014
Cost				
Buildings	177,705	5,048	(1,134)	181,619
Equipment and Machinery	759,411	39,226	(7,208)	791,429
Motor Vehicles	27,743	456	(186)	28,013
Other	17,412	310	(303)	17,419
Total	982,271	45,040	(8,831)	1,018,480
Accumulated depreciation				
Buildings	(56,375)	(4,631)	536	(60,470)
Equipment and Machinery	(311,828)	(18,927)	2,081	(328,674)
Motor Vehicles	(15,901)	(1,019)	149	(16,771)
Other	(7,389)	(652)	224	(7,817)
Total	(391,493)	(25,229)	2,990	(413,732)
Fixed assets, net				
Buildings	121,330			121,149
Equipment and Machinery	447,583			462,755
Motor Vehicles	11,842			11,242
Other	10,023			9,602
Total	590,778			604,748
Provision for impairment				
Buildings	(3,544)	-	19	(3,525)
Equipment and Machinery	(27,717)	-	365	(27,352)
Motor Vehicles	(67)	-	-	(67)
Other	(104)	-	3	(101)
Total	(31,432)	-	387	(31,045)
Net book value				
Buildings	117,786			117,624
Equipment and Machinery	419,866			435,403
Motor Vehicles	11,775			11,175
Other	9,919			9,501
Total	559,346			573,703

Depreciation provided on fixed assets for the six months ended June 30, 2014 was RMB 24,451. Cost transferred from construction in progress to fixed assets was RMB 43,561.

As of June 30, 2014, the Group's fixed assets under operating leases are mainly equipment and machinery, the net book value of which amounted to RMB 412.

As of June 30, 2014, the Group has no individual significant fixed assets which are pledged.

(All amounts in RMB millions unless otherwise stated)

15 OIL AND GAS PROPERTIES

	December 31, 2013	Addition	Reduction	June 30, 2014
Cost				
Mineral interests in proved properties	22,392	2,904	(195)	25,101
Mineral interests in unproved properties	33,376	122	(32)	33,466
Wells and related facilities	1,439,850	41,023	(4,407)	1,476,466
Total	1,495,618	44,049	(4,634)	1,535,033
Accumulated depletion				
Mineral interests in proved properties	(2,429)	(819)	38	(3,210)
Wells and related facilities	(679,935)	(55,001)	2,359	(732,577)
Total	(682,364)	(55,820)	2,397	(735,787)
Oil and gas properties, net				
Mineral interests in proved properties	19,963			21,891
Mineral interests in unproved properties	33,376			33,466
Wells and related facilities	759,915			743,889
Total	813,254			799,246
Provision for impairment				
Mineral interests in proved properties	-	-	-	-
Mineral interests in unproved properties	-	-	-	-
Wells and related facilities	(12,171)	(4)	-	(12,175)
Total	(12,171)	(4)	-	(12,175)
Net book value				
Mineral interests in proved properties	19,963			21,891
Mineral interests in unproved properties	33,376			33,466
Wells and related facilities	747,744			731,714
Total	801,083			787,071

Depletion provided on oil and gas properties for the six months ended June 30, 2014 was RMB 56,142.

As of June 30, 2014, the asset retirement obligations capitalised in the cost of oil and gas properties amounted to RMB 76,481. Related depletion charge for the six months ended June 30, 2014 was RMB 3,130.

16 CONSTRUCTION MATERIALS

The Group's construction materials mainly represent the actual cost of materials purchased for construction projects.

(All amounts in RMB millions unless otherwise stated)

17 CONSTRUCTION IN PROGRESS

Project Name	Budget	December 31, 2013	Addition	Transferred to fixed assets or oil and gas properties	Other reduction	June 30, 2014	Proportion of construction compared to budget %	Capitalised interest expense	Including: capitalised interest expense for current period	Source of fund
Yunnan 10 million tons crude oil per year refinery project	20,080	2,662	678	-	-	3,340	31%	30	24	Self & Loan
Sino-Venezuela joint venture Guangdong Petrochemical refinery project with an output of 20 million tons per year	49,977	2,364	438	-	-	2,802	10%	108	46	Self & Loan
Third West-East Gas Pipeline (Khorgos-Zhongwei)	36,910	15,218	4,161	(1,866)	-	17,513	67%	-	-	Self
Middle and East of Third West-East Gas Pipeline	58,478	5,292	1,637	-	-	6,929	16%	-	-	Self
Other		256,906	79,173	(81,483)	(7,078)	247,518		5,099	1,489	
		282,442	86,087	(83,349)	(7,078)	278,102		5,237	1,559	
Less: Provision for impairment		(117)				(105)				
		282,325				277,997				

For the six months ended June 30, 2014, the capitalised interest expense amounted to RMB 1,559 (for the six months ended June 30, 2013: RMB 1,949). The annual interest rates used to determine the capitalised amount are 5.76%.

(All amounts in RMB millions unless otherwise stated)

18 INTANGIBLE ASSETS

	December 31, 2013	Addition	Reduction	June 30, 2014
Cost				
Land use rights	53,240	865	(68)	54,037
Patents	4,069	2	(7)	4,064
Other (i)	24,782	1,290	(25)	26,047
Total	82,091	2,157	(100)	84,148
Accumulated amortisation				
Land use rights	(7,531)	(786)	6	(8,311)
Patents	(2,537)	(135)	7	(2,665)
Other	(8,737)	(1,070)	22	(9,785)
Total	(18,805)	(1,991)	35	(20,761)
Intangible assets, net				
Land use rights	45,709			45,726
Patents	1,532			1,399
Other	16,045			16,262
Total	63,286			63,387
Provision for impairment	(694)	-	4	(690)
Net book value	62,592			62,697

(i) Other intangible assets principally include non-proprietary technology and trademark use right etc.

Amortisation provided on intangible assets for the six months ended June 30, 2014 was RMB 1,979.

Research and development expenditures for the six months ended June 30, 2014 amounted to RMB 7,768 (for the six months ended June 30, 2013: RMB 7,843), which have been recognised in profit or loss.

19 GOODWILL

Goodwill primarily relates to the acquisition of Singapore Petroleum Company and Petroineos Trading Limited, completed in 2009 and 2011 respectively.

20 LONG-TERM PREPAID EXPENSES

	December 31, 2013	Addition	Reduction	June 30, 2014
Advance lease payments (i)	17,255	1,506	(1,261)	17,500
Other	9,169	475	(1,018)	8,626
Total	26,424	1,981	(2,279)	26,126

(i) Advance lease payments are principally for use of land sub-leased from entities other than the PRC land authorities.

(All amounts in RMB millions unless otherwise stated)

Amortisation provided on long-term prepaid expenses for six months ended June 30, 2014 was RMB 2,180.

21 PROVISION FOR ASSETS

	December 31, 2013	Addition	Reduction		June 30, 2014
			Reversal	Write-off	
Bad debts provision	3,039	24	(48)	(22)	2,993
Including:					
Bad debts provision for accounts receivable	496	24	(34)	(17)	469
Bad debts provision for other receivables	2,526	-	(14)	(5)	2,507
Bad debts provision for advances to suppliers	17	-	-	-	17
Provision for declines in the value of inventories	631	69	(24)	(132)	544
Provision for impairment of available-for-sale financial assets	378	5	-	(22)	361
Provision for impairment of long-term equity investments	188	69	-	-	257
Provision for impairment of fixed assets	31,432	-	-	(387)	31,045
Provision for impairment of oil and gas properties	12,171	4	-	-	12,175
Provision for impairment of construction in progress	117	-	-	(12)	105
Provision for impairment of intangible assets	694	-	-	(4)	690
Total	48,650	171	(72)	(579)	48,170

22 SHORT-TERM BORROWINGS

	June 30, 2014	December 31, 2013
Pledge - RMB	6	13
Impawn - RMB	726	230
Unsecured - RMB	37,235	35,153
Unsecured - USD	102,232	71,913
Unsecured - JPY	3,100	3,233
Unsecured - Other	410	352
	143,709	110,894

As of June 30, 2014, the above-mentioned pledged RMB borrowings were secured by land use rights with a net book value of RMB 23 (December 31, 2013: fixed assets of a net book value of RMB 8 and land use rights with a net book value of 23) as collateral.

As of June 30, 2014, the above-mentioned impawned RMB borrowings were impawned by notes receivable of a net book value of RMB 646 and stock equity of a net book value of RMB 15 as collateral.

The weighted average interest rate for short-term borrowings as of June 30, 2014 is 2.26% per annum (December 31, 2013: 2.56%).

(All amounts in RMB millions unless otherwise stated)

23 NOTES PAYABLE

As of June 30, 2014, notes payable mainly represented commercial acceptance. As of December 31, 2013, notes payable mainly represented bank acceptance. All notes payable are matured within one year.

24 ACCOUNTS PAYABLE

As of June 30, 2014, accounts payable included amounts payable to shareholders who hold 5% or more of the voting rights in the Company RMB 71,842 (December 31, 2013: RMB 101,553).

As of June 30, 2014, accounts payable aged over one year amounted to RMB 28,811 (December 31, 2013: RMB 30,449), and mainly comprised of payables to several suppliers and were not settled.

25 ADVANCES FROM CUSTOMERS

As of June 30, 2014, advances from customers included amount payable to shareholders who hold 5% or more of the voting rights in the Company RMB 1,016 (December 31, 2013: RMB 675).

26 EMPLOYEE COMPENSATION PAYABLE

	December 31, 2013	Addition	Reduction	June 30, 2014
Wages, salaries and allowances	1,906	37,304	(34,343)	4,867
Staff welfare	1	4,180	(2,334)	1,847
Social security contributions	770	12,174	(11,996)	948
Including: Medical insurance	544	3,243	(3,092)	695
Basic endowment insurance	118	6,253	(6,238)	133
Unemployment insurance	32	555	(548)	39
Work-related injury insurance	25	291	(290)	26
Maternity insurance	13	155	(155)	13
Housing provident funds	71	3,545	(3,520)	96
Labour union funds and employee education funds	2,039	1,387	(837)	2,589
Other	49	90	(95)	44
	4,836	58,680	(53,125)	10,391

As of June 30, 2014, employee benefits payable did not contain any balance in arrears.

(All amounts in RMB millions unless otherwise stated)

27 TAXES PAYABLE

	June 30, 2014	December 31, 2013
Income tax payable	12,474	16,013
Consumption tax payable	8,220	10,405
Crude oil special gain levy payable	18,263	19,237
Other	19,482	24,063
	58,439	69,718

28 OTHER PAYABLES

As of June 30, 2014, other payables included amounts payable to shareholders who hold 5% or more of the voting rights in the Company RMB 4,216 (December 31, 2013: RMB 1,255).

As of June 30, 2014, other payables mainly comprised deposits and payments made on behalf, and other payables aged over one year amounted to RMB 9,428 (December 31, 2013: RMB 8,802).

29 PROVISIONS

	December 31, 2013	Addition	Reduction	June 30, 2014
Assets retirement obligations	94,531	3,939	(418)	98,052

Assets retirement obligations are related to oil and gas properties.

30 CURRENT PORTION OF NON-CURRENT LIABILITIES

	June 30, 2014	December 31, 2013
Long-term borrowings due within one year		
Guarantee - RMB	63	18
Guarantee - USD	26	39
Guarantee - Other	20	19
Impawn – USD	-	2,134
Unsecured - RMB	34,698	46,632
Unsecured - USD	5,170	18,010
Unsecured - Other	21	21
	39,998	66,873
Debentures payable due within one year	20,000	15,000
	59,998	81,873

The above-mentioned guaranteed borrowings due within one year were mainly guaranteed by CNPC and its subsidiaries.

(All amounts in RMB millions unless otherwise stated)

The five largest long-term borrowings due within one year:

	Starting date	Termination date	Currency	Rate	June 30, 2014 Foreign currency	June 30, 2014 RMB	December 31, 2013 Foreign currency	December 31, 2013 RMB
China Petroleum Finance Co., Ltd.	October 20, 2011	September 19, 2014	RMB	5.81%	-	10,000	-	10,000
China Petroleum Finance Co., Ltd.	October 20, 2011	September 19, 2014	RMB	5.81%	-	10,000	-	10,000
China Petroleum Finance Co., Ltd.	December 6, 2011	November 25, 2014	RMB	4.89%	-	10,000	-	10,000
China Petroleum Finance Co., Ltd.	January 1, 2013	April 11, 2015	USD	LIBOR plus 2.90%	489	3,006	489	2,978
Bank of China Limited	June 1, 2012	June 1, 2015	USD	LIBOR plus 2.00%	275	1,692	400	2,439
						34,698		35,417

31 LONG-TERM BORROWINGS

	June 30, 2014	December 31, 2013
Guarantee - RMB	3,290	3,695
Guarantee - USD	221	245
Guarantee - Other	106	112
Impawn - RMB	237	179
Impawn - USD	2,953	5,182
Unsecured - RMB	243,267	230,843
Unsecured - USD	50,437	38,155
Unsecured - Other	160	170
	300,671	278,581
Less: Long-term borrowings due within one year (Note 30)	(39,998)	(66,873)
	260,673	211,708

The above-mentioned guaranteed borrowings were mainly guaranteed by CNPC and its subsidiaries.

The above-mentioned impawned RMB borrowings were impawned by stock equity of a net book value of RMB 168, the above-mentioned impawned USD borrowings were impawned by time deposit of USD 500 million.

(All amounts in RMB millions unless otherwise stated)

The maturities of long-term borrowings at the dates indicated are analysed as follows:

	June 30, 2014	December 31, 2013
Between one and two years	46,846	40,900
Between two and five years	136,958	120,445
After five years	76,869	50,363
	260,673	211,708

The weighted average interest rate for long-term borrowings as of June 30, 2014 is 4.34% (December 31, 2013: 4.37%).

The fair values of long-term borrowings amounted to RMB 290,405 (December 31, 2013: RMB 267,435). The fair values are based on discounted cash flows using applicable discount rates based upon the prevailing market rates as at balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned borrowings).

The five largest long-term borrowings:

					June 30, 2014		December 31, 2013	
	Starting date	Termination date	Currency	Rate	Foreign currency	RMB	Foreign currency	RMB
China Petroleum Finance Co., Ltd.	January 2, 2014	March 23, 2020	RMB	4.80%	-	20,000	-	-
China Petroleum Finance Co., Ltd.	February 28, 2013	February 20, 2018	RMB	4.53%	-	20,000	-	20,000
China Petroleum Finance Co., Ltd.	September 26, 2012	September 7, 2018	RMB	4.70%	-	20,000	-	20,000
China Petroleum Finance Co., Ltd.	January 3, 2014	March 14, 2022	RMB	4.84%	-	20,000	-	-
China Petroleum Finance Co., Ltd.	February 28, 2013	February 28, 2018	USD	3.00%	2,133	14,219	1,301	7,931
						94,219		47,931

(All amounts in RMB millions unless otherwise stated)

32 DEBENTURES PAYABLE

Debentures' Name	Issue date	Term of debentures	Annual interest rate%	December 31, 2013	Addition	Reduction	June 30, 2014
2009 PetroChina Company Limited third tranche medium-term notes	May 26, 2009	5 - year	3.35	15,000	-	(15,000)	-
2010 PetroChina Company Limited first tranche medium-term notes	February 5, 2010	7 - year	4.60	11,000	-	-	11,000
2010 PetroChina Company Limited second tranche medium-term notes (i)	May 19, 2010	7 - year	3.97	20,000	-	-	20,000
2010 PetroChina Company Limited third tranche medium-term notes	May 19, 2010	5 - year	3.97	20,000	-	-	20,000
2012 PetroChina Company Limited Corporate Debentures first tranche-5 years	November 22, 2012	5 - year	4.55	16,000	-	-	16,000
2012 PetroChina Company Limited Corporate Debentures first tranche-10 years	November 22, 2012	10 - year	4.90	2,000	-	-	2,000
2012 PetroChina Company Limited Corporate Debentures first tranche-15 years	November 22, 2012	15 - year	5.04	2,000	-	-	2,000
2013 PetroChina Company Limited Corporate Debentures first tranche-5 years	March 15, 2013	5 - year	4.47	16,000	-	-	16,000
2013 PetroChina Company Limited Corporate Debentures first tranche-10 years	March 15, 2013	10 - year	4.88	4,000	-	-	4,000
Other				154	500	(23)	631
				106,154	500	(15,023)	91,631
Less: Debentures payable due within one year				(15,000)			(20,000)
				91,154			71,631

(i) The 2010 second tranche medium-term notes has a term of 7 years, with an option to determine the interest rate for the issuer and a put option for the investors at the end of the fifth year.

The above-mentioned debentures were issued at the par value, without premium or discount.

(All amounts in RMB millions unless otherwise stated)

The fair values of the debentures amounted to RMB 93,556 (December 31, 2013: RMB 101,280). The fair values are based on discounted cash flows using an applicable discount rate which is based on the prevailing market rates as at the balance sheet date of the Group's availability of financial instruments (terms and characteristics similar to the above-mentioned debentures payable).

33 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities before offset are listed as below:

(a) Deferred tax assets

	June 30, 2014		December 31, 2013	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for impairment of assets	7,550	34,545	8,016	36,282
Wages and welfare	1,196	5,583	804	3,688
Carry forward of losses	17,066	149,958	15,615	136,099
Other	19,317	69,829	16,930	69,577
	45,129	259,915	41,365	245,646

(b) Deferred tax liabilities

	June 30, 2014		December 31, 2013	
	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences
Depreciation and depletion of fixed assets and oil and gas properties	38,754	152,773	40,393	159,595
Other	4,553	21,884	4,833	29,971
	43,307	174,657	45,226	189,566

Deferred tax assets and liabilities after offset are listed as below:

	June 30, 2014	December 31, 2013
Deferred tax assets	15,111	11,226
Deferred tax liabilities	13,289	15,087

34 SHARE CAPITAL

	June 30, 2014	December 31, 2013
H shares	21,099	21,099
A shares	161,922	161,922
	183,021	183,021

(All amounts in RMB millions unless otherwise stated)

The assets and liabilities injected by CNPC in 1999 had been valued by China Enterprise Appraisal Co, The net assets injected by CNPC had been exchanged for 160 billion state-owned shares of the Company with a par value of RMB 1.00 yuan per share. The excess of the value of the net assets injected over the par value of the state-owned shares had been recorded as capital surplus.

Pursuant to the approval of China Securities Regulatory Commission, on April 7, 2000, the Company issued 17,582,418,000 foreign capital stock with a par value of RMB 1.00 yuan per share, in which 1,758,242,000 shares were converted from the prior state-owned shares of the Company owned by CNPC.

The above-mentioned foreign capital stock represented by 13,447,897,000 H shares and 41,345,210 ADS (each representing 100 H shares), were listed on the Stock Exchange of Hong Kong Limited and the New York Stock Exchange Inc. on April 7, 2000 and April 6, 2000, respectively.

The Company issued an additional 3,196,801,818 new H shares with a par value of RMB 1.00 yuan per share on September 1, 2005. CNPC also converted 319,680,182 state-owned shares it held into H shares and sold them concurrently with PetroChina's issuance of new H shares.

The Company issued 4,000,000,000 A shares with a par value of RMB 1.00 yuan per share on October 31, 2007. The A shares were listed on the Shanghai Stock Exchange on November 5, 2007.

Following the issuance of the A shares, all the existing state-owned shares issued before November 5, 2007 held by CNPC have been registered with the China Securities Depository and Clearing Corporation Limited as A shares.

35 CAPITAL SURPLUS

	December 31, 2013	Addition	Reduction	June 30, 2014
Capital premium	73,181	-	(10)	73,171
Other capital surplus				
Capital surplus under the old CAS	40,955	-	-	40,955
Changes in fair values of available-for-sale financial assets	173	-	(10)	163
Other	1,367	181	-	1,548
	115,676	181	(20)	115,837

36 SURPLUS RESERVES

	December 31, 2013	Addition	Reduction	June 30, 2014
Statutory surplus reserves	175,011	-	-	175,011
Discretionary surplus reserves	40	-	-	40
	175,051	-	-	175,051

(All amounts in RMB millions unless otherwise stated)

Pursuant to the Company Law of PRC, the Company's Articles of Association and the resolution of Board of Directors, the Company is required to transfer 10% of its net profit to a Statutory Surplus Reserves. Appropriation to the Statutory Surplus Reserves may be ceased when the fund aggregates to 50% of the Company's registered capital. The Statutory Surplus Reserves may be used to make good previous years' losses or to increase the capital of the Company upon approval.

The Discretionary Surplus Reserves is approved by a resolution of shareholders' general meeting after Board of Directors' proposal. The Company may convert its Discretionary Surplus Reserves to make good previous years' losses or to increase the capital of the Company upon approval. The Company has not extracted Discretionary Surplus Reserves for the six months ended June 30, 2014 (for the six months ended June 30, 2013: None).

37 UNDISTRIBUTED PROFITS

	For the six months ended June 30, 2014
Undistributed profits at beginning of the period	664,136
Add: Net profit attributable to equity holders of the Company	68,122
Less: Ordinary share dividends payable	(28,835)
Other	13
Undistributed profits at end of the period	703,436

Authorised by May 22, 2014 shareholders' meeting, the Board of Directors decided to distribute interim dividends in respect of 2014 of RMB 0.16750 yuan per share, amounting to a total of RMB 30,656, according to the issued 183,021 million shares.

38 MINORITY INTERESTS

Minority interests attributable to minority shareholders of subsidiaries

	June 30, 2014	December 31, 2013
CNPC Exploration and Development Company Limited	49,980	49,363
PetroKazakhstan Inc.	3,667	3,288
KunLun Energy Company Limited	16,317	15,943
PetroChina Northwest United Pipeline Company Limited	30,236	30,416
Other	37,331	38,048
	137,531	137,058

(All amounts in RMB millions unless otherwise stated)

39 OPERATING INCOME AND COST OF SALES

	Group	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Income from principal operations (a)	1,135,380	1,082,637
Income from other operations (b)	18,588	18,459
	1,153,968	1,101,096

	Group	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Cost of sales from principal operations (a)	847,882	819,387
Cost of sales from other operations (b)	18,432	18,375
	866,314	837,762

Income from the Group's five largest customers for the six months ended June 30, 2014 was RMB 161,454, representing 14% of the Group's total operating income.

	Company	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Income from principal operations (a)	676,753	646,764
Income from other operations (b)	13,601	13,732
	690,354	660,496

	Company	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Cost of sales from principal operations (a)	492,739	479,255
Cost of sales from other operations (b)	13,755	13,641
	506,494	492,896

Income from the Company's five largest customers for the six months ended June 30, 2014 was RMB 82,397, representing 12% of the Company's total operating income.

(All amounts in RMB millions unless otherwise stated)

(a) Income and cost of sales from principal operations

	Group			
	For the six months ended June 30, 2014		For the six months ended June 30, 2013	
	Income	Cost	Income	Cost
Exploration and Production	392,628	216,611	378,551	201,143
Refining and Chemicals	423,287	349,859	432,845	372,064
Marketing	978,367	944,217	937,037	909,175
Natural gas and Pipeline	133,504	129,692	104,340	107,241
Head Office and Other	195	81	156	45
Intersegment elimination	(792,601)	(792,578)	(770,292)	(770,281)
Total	1,135,380	847,882	1,082,637	819,387

	Company			
	For the six months ended June 30, 2014		For the six months ended June 30, 2013	
	Income	Cost	Income	Cost
Exploration and Production	308,133	214,428	295,082	204,077
Refining and Chemicals	411,169	339,551	431,521	368,683
Marketing	427,613	402,336	435,065	414,972
Natural gas and Pipeline	103,530	108,996	77,665	83,849
Head Office and Other	67	54	28	22
Intersegment elimination	(573,759)	(572,626)	(592,597)	(592,348)
Total	676,753	492,739	646,764	479,255

(b) Income and cost of sales from other operations

	Group			
	For the six months ended June 30, 2014		For the six months ended June 30, 2013	
	Income	Cost	Income	Cost
Sale of materials	3,569	3,231	3,774	3,683
Other	15,019	15,201	14,685	14,692
Total	18,588	18,432	18,459	18,375

	Company			
	For the six months ended June 30, 2014		For the six months ended June 30, 2013	
	Income	Cost	Income	Cost
Sale of materials	2,270	1,971	2,513	2,316
Other	11,331	11,784	11,219	11,325
Total	13,601	13,755	13,732	13,641

(All amounts in RMB millions unless otherwise stated)

40 TAX AND LEVIES ON OPERATIONS

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Business tax	199	627
City maintenance and construction tax	6,941	6,705
Educational surcharge	4,713	4,538
Consumption tax	49,543	49,976
Resource tax	13,422	14,191
Crude oil special gain levy	35,976	37,073
Other	4,560	6,825
	115,354	119,935

41 SELLING EXPENSES

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Employee compensation costs	9,597	9,147
Depreciation, depletion and amortisation	3,628	3,372
Transportation expense	7,540	7,192
Lease, packing and warehouse storage expenses	3,356	3,263
Other	5,573	4,619
	29,694	27,593

42 GENERAL AND ADMINISTRATIVE EXPENSES

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Employee compensation costs	14,373	13,776
Depreciation, depletion and amortisation	3,792	3,360
Repair expense	4,001	4,821
Lease, packing and warehouse storage expenses	2,393	2,389
Safety fund	3,416	3,456
Other taxes	4,047	3,876
Technology service expense	4,180	3,989
Other	6,063	6,989
	42,265	42,656

(All amounts in RMB millions unless otherwise stated)

43 FINANCE EXPENSES

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Interest expense	12,554	10,735
Less: Interest income	(1,040)	(717)
Exchange losses	4,863	2,474
Less: Exchange gains	(2,952)	(2,034)
Other	667	529
	14,092	10,987

44 ASSET IMPAIRMENT LOSSES

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Impairment losses for bad debts provision	(48)	(27)
Impairment losses for declines in the value of inventories	45	220
Impairment losses for available-for-sale financial assets	5	-
	2	193

45 INVESTMENT INCOME

	Group	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Gain on available-for-sale financial assets	259	344
Share of profit of associates and jointly controlled entities	6,062	4,359
Gain on disposal of associates and jointly controlled entities	7	21
Other (loss) / gain	(32)	54
	6,296	4,778

For the six months ended June 30, 2014 the investment income from the top 5 long-term equity investments accounted for using the equity method which accounted for the highest proportion of the Group's profit before taxation was RMB 6,801 (for the six months ended June 30, 2013: RMB 4,123).

(All amounts in RMB millions unless otherwise stated)

	Company	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Gain on available-for-sale financial assets	215	311
Share of profit of associates and jointly controlled entities	3,962	(3,422)
Dividends declared by subsidiaries	29,678	32,614
Gain on disposal of associates and jointly controlled entities	8	-
Gain / (loss) on disposal of subsidiaries	497	(1)
Other gain / (loss)	4	(1)
	34,364	29,501

For the six months ended June 30, 2014 the investment income from the top 5 long-term equity investments accounted for using the equity method which accounted for the highest proportion of the Company's profit before taxation was RMB 3,874 (for the six months ended June 30, 2013: RMB 1,045).

46 NON-OPERATING INCOME AND EXPENSES

(a) Non-operating income

	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Amounts included in non-recurring profit/loss items for the six months ended June 30, 2014
Gains on disposal of fixed assets and oil and gas properties	108	39	108
Government grants (i)	5,174	4,762	1,421
Gain on disposal of certain pipeline net assets and operations	-	24,822	-
Other	582	475	582
	5,864	30,098	2,111

(i) Comprises proportionate refund of import value-added tax relating to the import of natural gas (including liquefied natural gas) provided by the PRC government.

(All amounts in RMB millions unless otherwise stated)

(b) Non-operating expenses

	For the six months ended June 30, 2014	For the six months ended June 30, 2013	Amounts included in non-recurring profit/loss items for the six months ended June 30, 2014
Loss on disposal of fixed assets and oil and gas properties	100	504	100
Fines	10	131	10
Donation	80	91	80
Extraordinary loss	37	56	37
Other	2,466	2,303	2,466
	2,693	3,085	2,693

47 TAXATION

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Income taxes	27,151	22,559
Deferred taxes	(5,490)	(1,355)
	21,661	21,204

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the corporate income tax rate in the PRC applicable to the Group as follows:

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Profit before taxation	95,714	93,761
Tax calculated at a tax rate of 25%	23,929	23,440
Prior year tax return adjustment	613	(2)
Effect of income taxes from international operations in excess of taxes at the PRC statutory tax rate	844	1,357
Effect of preferential tax rate	(5,395)	(6,195)
Tax effect of income not subject to tax	(2,241)	(613)
Tax effect of expenses not deductible for tax purposes	3,911	3,217
Taxation	21,661	21,204

(All amounts in RMB millions unless otherwise stated)

48 EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2014 and June 30, 2013 have been computed by dividing profit attributable to owners of the Company by the 183,021 million shares issued and outstanding during the period.

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

49 OTHER COMPREHENSIVE INCOME

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Fair value loss from available-for-sale financial assets, net of tax	(12)	(23)
Share of the other comprehensive income / (loss) of associates and jointly controlled entities accounted for using the equity method	43	(162)
Sub-total	31	(185)
Currency translation differences	(1,016)	(7,114)
Other comprehensive income	(985)	(7,299)

50 NOTES TO CONSOLIDATED AND COMPANY CASH FLOWS

(a) Reconciliation from the net profit to the cash flow operating activities

	Group		Company	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Net profit	74,053	72,557	70,060	70,744
Add: Impairment / (reversal) of asset, net	2	193	(42)	170
Depreciation and depletion of fixed assets and oil and gas properties	80,593	72,328	52,040	47,781
Amortisation of intangible assets	1,979	1,698	1,715	1,451
Amortisation of long-term prepaid expenses	2,180	1,867	1,903	1,622
(Gain) /loss on disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	(14)	461	(51)	459
Capitalised exploratory costs charged to expense	7,346	6,600	7,143	6,326
Safety fund reserve	3,185	2,827	2,692	2,287
Finance expense	11,514	10,018	11,650	10,569
Investment income	(6,296)	(4,778)	(33,856)	(29,501)
(Decrease) / increase in deferred taxation	(5,490)	(1,355)	(1,771)	758
(Increase) / decrease in inventories	(6,202)	1,262	(2,776)	1,970
Increase in operating receivables	(38,316)	(51,581)	(17,358)	(52,966)
Increase / (decrease) in operating payables	8,950	(10,040)	7,512	(329)
Net cash from operating activities	133,484	102,057	98,861	61,341

(All amounts in RMB millions unless otherwise stated)

(b) Net increase in cash and cash equivalents

	Group		Company	
	For the six months ended June 30, 2014	For the six months ended June 30, 2013	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Cash at end of the period	89,475	150,092	65,279	116,855
Less: Cash at beginning of the period	(51,407)	(43,395)	(27,484)	(11,574)
Add: Cash equivalents at end of the period	-	-	-	-
Less: Cash equivalents at beginning of the period	-	-	-	-
Increase in cash and cash equivalents	38,068	106,697	37,795	105,281

(c) Cash and cash equivalents

	Group		Company	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Cash at bank and on hand	92,213	57,250	65,279	27,484
Less: Time deposits with maturities over 3 months	(2,738)	(5,843)	-	-
Cash and cash equivalents at end of the period	89,475	51,407	65,279	27,484

51 SEGMENT REPORTING

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Exploration and Production, Refining and Chemicals, Marketing, and Natural Gas and Pipeline. On the basis of these operating segments, the management of the Company assesses the segmental operating results and allocates resources. Sales between operating segments are conducted principally at market prices. Additionally, the Group has presented geographical information based on entities located in regions with similar risk profile.

The Exploration and Production segment is engaged in the exploration, development, production and marketing of crude oil and natural gas.

The Refining and Chemicals segment is engaged in the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, and derivative petrochemical products and other chemical products.

(All amounts in RMB millions unless otherwise stated)

The Marketing segment is engaged in the marketing of refined products and trading business.

The Natural Gas and Pipeline segment is engaged in the transmission of natural gas, crude oil and refined products and the sale of natural gas.

The Head Office and Other segment relates to cash management and financing activities, the corporate center, research and development, and other business services supporting the operating business segments of the Group.

The accounting policies of the operating segments are the same as those described in Note 4 - "Principal Accounting Policies and Accounting Estimates".

(1) Operating segments

(a) Segment information as of and for the six months ended June 30, 2014 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	399,366	426,545	984,685	134,963	1,010	1,946,569
Less: Intersegment revenue	(315,670)	(338,949)	(126,953)	(10,844)	(185)	(792,601)
Revenue from external customers	83,696	87,596	857,732	124,119	825	1,153,968
Segment expenses (i)	(225,924)	(138,156)	(644,691)	(35,918)	(8,938)	(1,053,627)
Segment result	102,499	(1,985)	8,560	(730)	(8,003)	100,341
Unallocated expenses						(7,798)
Operating profit						92,543
Segment assets	1,221,533	349,432	415,694	516,209	1,572,209	4,075,077
Other assets						15,111
Elimination of intersegment balances (ii)						(1,663,907)
Total assets						2,426,281
Segment liabilities	468,872	146,908	213,639	167,591	695,180	1,692,190
Other liabilities						71,728
Elimination of intersegment balances (ii)						(650,732)
Total liabilities						1,113,186
Depreciation, depletion and amortisation	61,429	10,469	5,751	6,231	872	84,752
Asset impairment losses	3	(12)	15	(4)	-	2
Capital expenditure	69,507	5,956	1,283	13,932	423	91,101

(All amounts in RMB millions unless otherwise stated)

(b) Segment information as of and for the six months ended June 30, 2013 is as follows:

	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
Revenue	385,456	436,437	943,248	105,583	664	1,871,388
Less: Intersegment revenue	(306,684)	(338,619)	(119,068)	(5,845)	(76)	(770,292)
Revenue from external customers	78,772	97,818	824,180	99,738	588	1,101,096
Segment expenses (i)	(217,068)	(164,673)	(609,023)	(28,292)	(8,890)	(1,027,946)
Segment result	99,582	(14,251)	3,528	(7,305)	(8,404)	73,150
Unallocated expenses						(6,402)
Operating profit						66,748
Segment assets	1,132,115	351,528	404,990	459,702	1,584,989	3,933,324
Other assets						12,549
Elimination of intersegment balances (ii)						(1,604,458)
Total assets						2,341,415
Segment liabilities	417,187	140,294	215,577	169,258	745,354	1,687,670
Other liabilities						67,210
Elimination of intersegment balances (ii)						(646,995)
Total liabilities						1,107,885
Depreciation, depletion and amortisation	54,294	9,298	5,319	6,262	720	75,893
Asset impairment losses	(21)	185	32	(3)	-	193
Capital expenditure	76,446	4,440	1,625	25,160	536	108,207

(i) Segment expenses include operating costs, tax and levies on operations, and selling, general and administrative expenses.

(ii) Elimination of intersegment balances represents elimination of intersegment accounts and investments.

(2) Geographical information

Revenue from external customers	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Mainland China	746,477	733,032
Other	407,491	368,064
	1,153,968	1,101,096

Non-current assets (i)	June 30, 2014	June 30, 2013
Mainland China	1,680,156	1,547,028
Other	219,743	197,882
	1,899,899	1,744,910

(i) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

52 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Parent Company

(a) General information of parent company

CNPC, the immediate parent of the Company, is a state-controlled enterprise directly controlled by the PRC government.

	Type of legal entity	Place of incorporation	Legal representative	Principal activities
China National Petroleum Corporation	State-owned and state-controlled enterprises	PRC	Zhou Jiping	Oil and gas exploration and development, refining and petrochemical, oil product marketing, oil and gas storage and transportation, oil trading, engineering and technical services and petroleum equipment manufacturing etc.

(b) Equity interest and voting rights of parent company

	June 30, 2014		December 31, 2013	
	Equity interest %	Voting rights %	Equity interest %	Voting rights %
China National Petroleum Corporation	86.51	86.51	86.51	86.51

(2) Subsidiaries

Details about subsidiaries and related information are disclosed in Note 6(1).

(3) Nature of Related Parties that are not controlled by the Company

Names of related parties	Relationship with the Company
Dalian West Pacific Petrochemical Co., Ltd.	Associate
China Marine Bunker (Petrochina) Co., Ltd.	Jointly controlled entity
Arrow Energy Holdings Pty Ltd.	Jointly controlled entity
PetroChina United Pipelines Company Limited	Jointly controlled entity
CNPC Bohai Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
CNPC Oriental Geophysical Exploration Co., Ltd.	Fellow subsidiary of CNPC
CNPC Chuanqing Drilling Engineering Co., Ltd.	Fellow subsidiary of CNPC
Daqing Petroleum Administrative Bureau	Fellow subsidiary of CNPC
Liaohe Petroleum Exploration Bureau	Fellow subsidiary of CNPC
China Petroleum Pipeline Bureau	Fellow subsidiary of CNPC
CNPC Transportation Co., Ltd.	Fellow subsidiary of CNPC
CNPC Material Company	Fellow subsidiary of CNPC
China Petroleum Finance Co., Ltd. (the “CP Finance”)	Fellow subsidiary of CNPC
China National Oil and Gas Exploration and Development Corporation	Fellow subsidiary of CNPC
China National United Oil Corporation	Fellow subsidiary of CNPC

(4) Summary of Significant Related Party transactions

(a) Related party transactions with CNPC and its subsidiaries:

On August 25, 2011, on the basis of Comprehensive Product and Services Agreement amended in 2008, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which took effect on January 1, 2012. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by the CNPC and its subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, the actual cost incurred or the agreed contractual price.

On August 25, 2011, based on the Land Use Rights Leasing Contract signed in 2000, the Company and CNPC entered into a Supplemental Land Use Rights Leasing Contract which took effect on January 1, 2012. The Supplemental Land Use Rights Leasing Contract provides for the lease of land covering an aggregate area of approximately 1,783 million square meters located throughout the PRC at a maximum annual fee (exclusive of tax and government charges) of RMB 3,892. The Supplemental Land Use Rights Leasing Contract will expire at the same time as the Land Use Rights Leasing Contract. The area and total fee payable for the lease of all such property may, after three years, be adjusted with the Company's operating needs and by reference to market price.

On August 25, 2011, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effective thereafter. Under this contract, buildings covering an aggregate area of 734,316 square meters were leased at an average annual fee of RMB 1,049 yuan per square meter. The Revised Building Leasing Contract will expire at the same time as the Building Leasing Agreement. The area and total fee payable for the lease of all such property may, after three years, be adjusted with the Company's operating needs and by reference to market price which the adjusted prices will not exceed.

(All amounts in RMB millions unless otherwise stated)

	Notes	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Sales of goods and services rendered to CNPC and its subsidiaries	(1)	52,709	44,392
Purchase of goods and services from CNPC and its subsidiaries:			
Fees paid for construction and technical services	(2)	48,787	61,256
Fees for production services	(3)	63,926	70,295
Social services charges	(4)	1,365	1,463
Ancillary services charges	(5)	1,942	1,801
Material supply services	(6)	2,715	3,509
Financial services			
Interest income	(7)	362	331
Interest expense	(8)	7,877	8,056
Other financial service expense	(9)	348	537
Rents and other payments made under financial leasing	(10)	102	93
Rental paid to CNPC	(11)	1,591	1,554
Purchases of assets from CNPC and its subsidiaries	(12)	515	159

Notes:

(1) Primarily crude oil, natural gas, refined products, chemical products and the supply of water, electricity, gas, heat, measurement, quality inspection, etc.

(2) Construction and technical services comprise geophysical survey, drilling, well cementing, logging, well testing, oil testing, oilfield construction, refineries and chemical plants construction, engineering design and supervision, repair of equipment, etc.

(3) Production services comprise the repair of machinery and equipments, supply of water, electricity and gas, provision of services such as communications, transportation, fire fighting, asset leasing, environmental protection and sanitation, maintenance of roads, manufacture of replacement parts and machinery, etc.

(4) Social services comprise mainly security service, education, hospitals, preschool, etc.

(5) Ancillary services comprise mainly property management and provision of training centres, guesthouses, canteens, public shower rooms, etc.

(6) Material supply services comprise mainly purchase of materials, quality control, storage of materials and delivery of materials, etc.

(7) The bank deposits in CNPC and fellow CNPC subsidiaries as of June 30, 2014 were RMB 32,243 (December 31, 2013: RMB 16,839).

(8) The loans from CNPC and fellow CNPC subsidiaries including short-term borrowings, long-term borrowings due within one year and long-term borrowings as of June 30, 2014 were RMB 322,933 (December 31,2013: RMB 327,478).

(9) Other financial service expense primarily refers to expense of insurance and other services.

(10) Rents and other payments made under financial leasing represent the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the financial leasing agreements entered into by the Group and CNPC and its fellow subsidiaries.

(11) Rental was paid for the operating lease of land and buildings at the prices prescribed in the Building and Land Use Rights leasing contract with CNPC.

(12) Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment.

(All amounts in RMB millions unless otherwise stated)

(b) Related party transactions with associates and jointly controlled entities:

The transactions between the Group and its associates and jointly controlled entities are conducted at government-prescribed prices or market prices.

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
(a) Sales of goods		
- Crude Oil	2,384	2,761
- Refined products	32,440	15,207
- Chemical products	290	271
- Natural gas	-	74
(b) Sales of services	20	26
(c) Purchases of goods	27,268	8,740
(d) Purchases of services	325	409

(5) Commissioned loans

The Company and its subsidiaries commissioned CP Finance and other financial institutions to provide loans to each other, charging interest in accordance with the prevailing interest rates. Loans between the Company and its subsidiaries have been eliminated in the consolidated financial statements. As of June 30, 2014, the eliminated commissioned loans totalled RMB 95,804, including short-term loans of RMB 83,459, loans due within one year of RMB 1,618 and long-term loans of RMB 10,727.

(6) Guarantees

CNPC and its subsidiaries provided guarantees of part of loans for the Group, see Note 30 and Note 31.

(7) Receivables and payables with related parties

(a) Receivables from related parties

	June 30, 2014	December 31, 2013
CNPC and its subsidiaries		
Accounts receivable	7,146	5,685
Other receivables	896	2,366
Advances to suppliers	9,329	2,641
Other non-current assets	17,416	15,049
Associates and jointly controlled entities		
Accounts receivable	2,601	2,277
Other receivables	2	3
Advances to suppliers	306	523
Other non-current assets	6,431	4,018

As of June 30, 2014, the provisions for bad debts of the receivables from related parties amounted RMB 17 (December 31, 2013: RMB 18).

As of June 30, 2014, the receivables from related parties represented 23% (December 31, 2013: 24%) of total receivables.

(b) Payables to related parties

	June 30, 2014	December 31, 2013
CNPC and its subsidiaries		
Accounts payable	71,842	101,553
Other payables	4,216	1,255
Advances from customers	1,016	675
Notes payable	80	7
Other non-current liabilities	3,000	3,000
Associates and jointly controlled entities		
Accounts payable	2,275	1,544
Other payables	783	107
Advances from customers	286	271

As of June 30, 2014, the payables to related parties represented 22% (December 31, 2013: 28%) of total payables.

(8) Key management personnel compensation

	For the six months ended June 30, 2014 RMB'000	For the six months ended June 30, 2013 RMB'000
Key management personnel compensation	6,110	5,755

53 CONTINGENT LIABILITIES

(1) Bank and other guarantees

At June 30, 2014 and December 31, 2013, the Group did not guarantee any borrowings or others related parties or third parties.

(2) Environmental liabilities

China has adopted extensive environmental laws and regulations that affect the operation of the oil and gas industry. Under existing legislation, however, management believes that there are no probable liabilities, except for the amounts which have already been reflected in the consolidated financial statements, which may have a material adverse effect on the financial position of the Group.

(All amounts in RMB millions unless otherwise stated)

(3) Legal contingencies

Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

(4) Group insurance

The Group has insurance coverage for vehicles and certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents and also employer liabilities insurance. The potential effect on the financial position of the Group of any liabilities resulting from future uninsured incidents cannot be estimated by the Group at present.

54 COMMITMENTS

(1) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land, buildings and equipment. Leases range from one to fifty years and usually do not contain renewal options. Future minimum lease payments as of June 30, 2014 and December 31, 2013 under non-cancellable operating leases are as follows:

	June 30, 2014	December 31, 2013
Within one year	6,375	6,421
Between one and two years	5,184	5,066
Between two and three years	4,881	4,767
Thereafter	83,052	83,450
	99,492	99,704

Operating lease expenses for six months ended June 30, 2014 was RMB 5,251 (for the six months ended June 30, 2013: RMB 4,898).

(2) Capital commitments

As of June 30, 2014, the Group's capital commitments contracted but not provided for were RMB 53,473 (December 31, 2013: RMB 55,743).

(All amounts in RMB millions unless otherwise stated)

(3) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Land and Resources. No payments were incurred for the six months ended June 30, 2014 (for the six months ended June 30, 2013: nil).

Estimated annual payments for the next five years are as follows:

	June 30, 2014
2014	800
2015	800
2016	800
2017	800
2018	800

55 EVENTS AFTER THE BALANCE SHEET DATE

On August 10, 2014, the National Development and Reform Commission promulgated the *Notice of the National Development and Reform Commission Concerning the Adjustment of Prices of Stock Natural Gas Consumed by Non-residential Users* (《國家發展改革委關於調整非居民用存量天然氣價格的通知》) (Fa Gai Jia Ge [2014] No. 1835). Pursuant to the notice, the adjustment of price shall be implemented from September 1, 2014, the citygate prices for the consumption amount in 2012 consumed by non-residential users will be appropriately increased, and that the issuance of the price adjustment mechanism for natural gas consumed by fertilizer makers would be put on hold. No adjustment will be made to the citygate prices for natural gas consumed by residential users. Further actions will be taken to implement the policy in connection with the liberalisation of the sales price of imported liquefied natural gas (LNG) and the ex-factory prices for shale gas, coal-seam gas and coal gas.

This event is conducive to facilitate a sustainable and healthy development of the natural gas operations of the Group and to continue to improve the Group's financial position and operating results in the future.

(All amounts in RMB millions unless otherwise stated)

FINANCIAL STATEMENTS SUPPLEMENTARY INFORMATION

1 NON-RECURRING PROFIT/LOSS ITEMS

	For the six months ended June 30, 2014	For the six months ended June 30, 2013
Net gain / (loss) on disposal of non-current assets	21	(441)
Government grants recognised in the income statement	1,421	641
Net (loss) / gain on disposal of available-for-sale financial assets	(4)	3
Reversal of provisions for bad debts against receivables	48	28
Gain on disposal of certain pipeline net assets and operations	-	24,822
Other non-operating income and expenses	(2,028)	(2,132)
	(542)	22,921
Tax impact of non-recurring profit/loss items	124	(6,977)
Impact of minority interests	(33)	74
Total	(451)	16,018

2 SIGNIFICANT DIFFERENCES BETWEEN IFRS AND CAS

The consolidated net profit for the year under IFRS and CAS were RMB 74,055 and RMB 74,053 respectively, with a difference of RMB 2; the consolidated shareholders' equity at end of period under IFRS and CAS were RMB 1,313,124 and RMB 1,313,095 respectively, with a difference of RMB 29. These differences under the different accounting standards were primarily due to the revaluation of assets other than fixed assets and oil and gas properties revalued in 1999.

During the Restructuring in 1999, a valuation was carried out in 1999 for assets and liabilities injected by CNPC. Valuation results other than fixed assets and oil and gas properties were not recognised in the financial statements prepared under IFRS.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2014 and June 30, 2013

(Amounts in millions)

	Notes	Six months ended June 30	
		2014	2013
		RMB	RMB
TURNOVER	4	1,153,968	1,101,096
OPERATING EXPENSES			
Purchases, services and other		(741,629)	(722,920)
Employee compensation costs		(57,514)	(55,659)
Exploration expenses, including exploratory dry holes		(14,034)	(13,465)
Depreciation, depletion and amortisation		(84,749)	(75,893)
Selling, general and administrative expenses		(36,318)	(36,545)
Taxes other than income taxes	5	(120,120)	(124,364)
Other income, net		3,476	27,610
TOTAL OPERATING EXPENSES		(1,050,888)	(1,001,236)
PROFIT FROM OPERATIONS		103,080	99,860
FINANCE COSTS			
Exchange gain		2,952	2,034
Exchange loss		(4,863)	(2,474)
Interest income		1,040	717
Interest expense		(12,554)	(10,735)
TOTAL NET FINANCE COSTS		(13,425)	(10,458)
SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURES		6,062	4,359
PROFIT BEFORE INCOME TAX EXPENSE	6	95,717	93,761
INCOME TAX EXPENSE	7	(21,662)	(21,204)
PROFIT FOR THE PERIOD		74,055	72,557
OTHER COMPREHENSIVE INCOME RECLASSIFIABLE TO PROFIT OR LOSS:			
Currency translation differences		(1,016)	(7,114)
Fair value loss from available-for-sale financial assets, net of tax		(12)	(23)
Share of the other comprehensive income /(loss) of associates and joint ventures accounted for using the equity method		43	(162)
OTHER COMPREHENSIVE LOSS, NET OF TAX		(985)	(7,299)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		73,070	65,258
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		68,124	65,522
Non-controlling interests		5,931	7,035
		74,055	72,557
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		68,625	58,845
Non-controlling interests		4,445	6,413
		73,070	65,258
BASIC AND DILUTED EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB)	8	0.37	0.36

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As of June 30, 2014 and December 31, 2013

(Amounts in millions)

	Notes	June 30, 2014 RMB	December 31, 2013 RMB
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,645,267	1,648,823
Investments in associates and joint ventures		120,622	116,700
Available-for-sale financial assets		1,916	1,641
Advance operating lease payments		62,719	62,449
Intangible and other non-current assets		68,286	67,270
Deferred tax assets		15,111	11,226
Time deposits with maturities over one year		3,077	3,048
TOTAL NON-CURRENT ASSETS		1,916,998	1,911,157
CURRENT ASSETS			
Inventories	11	233,193	227,017
Accounts receivable	12	83,371	64,027
Prepaid expenses and other current assets		85,075	68,299
Notes receivable		15,540	14,360
Time deposits with maturities over three months but within one year		2,738	5,843
Cash and cash equivalents		89,475	51,407
TOTAL CURRENT ASSETS		509,392	430,953
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	13	393,656	383,004
Income taxes payable		12,474	16,013
Other taxes payable		45,965	53,705
Short-term borrowings	14	203,707	192,767
TOTAL CURRENT LIABILITIES		655,802	645,489
NET CURRENT LIABILITIES		(146,410)	(214,536)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,770,588	1,696,621
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:			
Share capital		183,021	183,021
Retained earnings		708,602	669,300
Reserves		283,828	280,414
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		1,175,451	1,132,735
NON-CONTROLLING INTERESTS		137,673	137,200
TOTAL EQUITY		1,313,124	1,269,935
NON-CURRENT LIABILITIES			
Long-term borrowings	14	332,304	302,862
Asset retirement obligations		98,052	94,531
Deferred tax liabilities		13,369	15,166
Other long-term obligations		13,739	14,127
TOTAL NON-CURRENT LIABILITIES		457,464	426,686
TOTAL EQUITY AND NON-CURRENT LIABILITIES		1,770,588	1,696,621

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2014 and June 30, 2013

(Amounts in millions)

	Six months ended June 30	
	2014	2013
	RMB	RMB
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	74,055	72,557
Adjustments for:		
Income tax expense	21,662	21,204
Depreciation, depletion and amortisation	84,749	75,893
Capitalised exploratory costs charged to expense	7,346	6,600
Safety fund reserve	3,185	2,827
Share of profit of associates and joint ventures	(6,062)	(4,359)
Reversal of provision for impairment of receivables, net	(48)	(27)
Write down in inventories, net	45	220
Impairment of available-for-sale financial assets	5	-
(Gain)/loss on disposal of property, plant and equipment	(8)	465
Gain on disposal of other non-current assets	(9)	(28)
Dividend income	(263)	(341)
Interest income	(1,040)	(717)
Interest expense	12,554	10,735
Changes in working capital:		
Accounts receivable, prepaid expenses and other current assets	(38,316)	(51,581)
Inventories	(6,202)	1,262
Accounts payable and accrued liabilities	12,521	9,698
CASH FLOWS GENERATED FROM OPERATIONS	164,174	144,408
Income taxes paid	(30,690)	(42,351)
NET CASH FLOWS FROM OPERATING ACTIVITIES	133,484	102,057

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended June 30, 2014 and June 30, 2013

(Amounts in millions)

	Six months ended June 30	
	2014	2013
	RMB	RMB
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(129,733)	(134,069)
Acquisition of investments in associates and joint ventures	(1,008)	(1,168)
Acquisition of available-for-sale financial assets	(300)	-
Advance payments on long-term operating leases	(1,356)	(2,858)
Acquisition of intangible assets and other non-current assets	(718)	(1,753)
Purchase of non-controlling interests	-	(35)
Proceeds from disposal of property, plant and equipment	6,162	38,511
Proceeds from disposal of other non-current assets	93	349
Interest received	500	1,208
Dividends received	5,334	2,486
Decrease/ (increase) in time deposits with maturities over three months	3,120	(1,474)
NET CASH FLOWS USED FOR INVESTING ACTIVITIES	(117,906)	(98,803)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(218,203)	(218,868)
Repayments of long-term borrowings	(75,337)	(8,167)
Interest paid	(12,433)	(10,667)
Dividends paid to non-controlling interests	(3,890)	(4,204)
Dividends paid to owners of the Company	(945)	-
Increase in short-term borrowings	250,345	210,313
Increase in long-term borrowings	82,512	124,217
Capital contribution from non-controlling interests	1,278	12,716
Repayments of capital from non-controlling interests	(5)	-
Decrease in other long-term obligations	(1,109)	(531)
NET CASH FLOWS FROM FINANCING ACTIVITIES	22,213	104,809
TRANSLATION OF FOREIGN CURRENCY	277	(1,366)
Increase in cash and cash equivalents	38,068	106,697
Cash and cash equivalents at beginning of the period	51,407	43,395
Cash and cash equivalents at end of the period	89,475	150,092

The accompanying notes are an integral part of these interim financial statements.

PETROCHINA COMPANY LIMITED
UNAUDITED CONSOLIDATED INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2014 and June 30, 2013

(Amounts in millions)

	Attributable to Owners of the Company				Non-controlling Interests	Total Equity
	Share Capital	Retained Earnings	Reserves	Subtotal		
	RMB	RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2013	183,021	603,808	277,181	1,064,010	116,738	1,180,748
Total comprehensive income for the six months ended June 30, 2013	-	65,522	(6,677)	58,845	6,413	65,258
Special reserve-safety fund reserve	-	-	2,296	2,296	22	2,318
Dividends	-	(23,985)	-	(23,985)	(3,930)	(27,915)
Acquisition of subsidiaries	-	-	-	-	121	121
Purchase of non-controlling interests in subsidiaries	-	-	-	-	(35)	(35)
Capital contribution from non-controlling interests	-	-	(6)	(6)	12,722	12,716
Disposal of subsidiaries	-	-	1	1	(87)	(86)
Other	-	20	(53)	(33)	420	387
Balance at June 30, 2013	183,021	645,365	272,742	1,101,128	132,384	1,233,512
Balance at January 1, 2014	183,021	669,300	280,414	1,132,735	137,200	1,269,935
Total comprehensive income for the six months ended June 30, 2014	-	68,124	501	68,625	4,445	73,070
Special reserve-safety fund reserve	-	-	2,785	2,785	32	2,817
Dividends	-	(28,835)	-	(28,835)	(5,270)	(34,105)
Capital contribution from non-controlling interests	-	-	(10)	(10)	1,288	1,278
Capital reduction of subsidiaries	-	-	-	-	(5)	(5)
Disposal of subsidiaries	-	-	-	-	(21)	(21)
Other	-	13	138	151	4	155
Balance at June 30, 2014	183,021	708,602	283,828	1,175,451	137,673	1,313,124

The accompanying notes are an integral part of these interim financial statements.

1 ORGANISATION AND PRINCIPAL ACTIVITIES

PetroChina Company Limited (the "Company") was established as a joint stock company with limited liability on November 5, 1999 by China National Petroleum Corporation ("CNPC") as the sole proprietor in accordance with the approval Guo Jing Mao Qi Gai [1999] No. 1024 "Reply on the approval of the establishment of PetroChina Company Limited" from the former State Economic and Trade Commission of the People's Republic of China ("China" or "PRC"). CNPC restructured ("the Restructuring") and injected its core business and the related assets and liabilities into the Company. CNPC is a wholly state-owned company registered in China. The Company and its subsidiaries are collectively referred to as the "Group".

The Group is principally engaged in (i) the exploration, development and production and marketing of crude oil and natural gas; (ii) the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products; (iii) the marketing of refined products and trading business; and (iv) the transmission of natural gas, crude oil and refined products and the sale of natural gas (Note 15).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated interim condensed financial statements ("interim financial statements") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" ("IAS 34").

The accounting policies and methods of computation applied in the preparation of the interim financial statements are consistent with those of the consolidated financial statements for the year ended December 31, 2013, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The interim financial statements as of June 30, 2014 and for the six months ended June 30, 2014 and June 30, 2013 included herein are unaudited but reflect, in the opinion of the Board of Directors, all adjustments (which generally includes only normal recurring adjustments) necessary to properly prepare the interim financial statements, in all material respects, in accordance with IAS 34. The results of operations for the six months ended June 30, 2014 are not necessarily indicative of the results of operations expected for the year ended December 31, 2014.

Costs that are incurred unevenly during the financial year are accrued or deferred in the interim financial statements only if it would be also appropriate to accrue or defer such costs at the end of the financial year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The matters described below are considered to be the most critical in understanding the estimates and judgements that are involved in preparing the Group's interim financial statements.

(a) Estimation of oil and natural gas reserves

Estimates of oil and natural gas reserves are key elements in the Group's investment decision-making. They are also an important element in testing for impairment. Changes in proved oil and natural gas reserves, particularly proved developed reserves, will affect unit-of-production depreciation, depletion and amortisation recorded in the Group's consolidated financial statements for property, plant and equipment related to oil and gas production activities. A reduction in proved developed reserves will increase depreciation, depletion and amortisation charges. Proved reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms, evolution of technology or development plans, etc.

(b) Estimation of impairment of property, plant and equipment

Property, plant and equipment, including oil and gas properties, are reviewed for possible impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Determination as to whether and how much an asset is impaired involves management estimates and judgements such as the future price of crude oil, refined and chemical products and the production profile. However, the impairment reviews and calculations are based on assumptions that are consistent with the Group's business plans taking into account current economic conditions. Favourable changes to some assumptions, or not updating assumptions previously made, may allow the Group to avoid the need to impair any assets, whereas unfavourable changes may cause the assets to become impaired.

(c) Estimation of asset retirement obligations

Provision is recognised for the future decommissioning and restoration of oil and gas properties. The amount of the provision recognised is the present values of the estimated future expenditures. The estimation of the future expenditures is based on current local conditions and requirements, including legal requirements, technology, price levels, etc. In addition to these factors, the present values of these estimated future expenditures are also impacted by the estimation of the economic lives of oil and gas properties and estimates of discount rates. Changes in any of these estimates will impact the operating results and the financial position of the Group over the remaining economic lives of the oil and gas properties.

4 TURNOVER

Turnover represents revenues from the sale of crude oil, natural gas, refined products and petrochemical products and from the transmission of crude oil, refined products and natural gas. Analysis of turnover by segment is shown in Note 15.

(Amounts in millions unless otherwise stated)

5 TAXES OTHER THAN INCOME TAXES

	Six months ended June 30	
	2014	2013
	RMB	RMB
Crude oil special gain levy	35,976	37,073
Consumption tax	49,543	49,976
Resource tax	13,422	14,191
Other	21,179	23,124
	120,120	124,364

6 PROFIT BEFORE INCOME TAX EXPENSE

	Six months ended June 30	
	2014	2013
	RMB	RMB
Items credited and charged in arriving at the profit before income tax expense include:		
Credited		
Dividend income from available-for-sale financial assets	263	341
Reversal of provision for impairment of receivables	48	28
Reversal of write down in inventories	24	22
Gain on disposal of certain pipeline net assets and operations	-	24,822
Charged		
Amortisation of intangible and other assets	2,157	1,753
Cost of inventories recognised as expense	852,280	824,297
Provision for impairment of receivables	-	1
Interest expense (Note (i))	12,554	10,735
(Gain) /loss on disposal of property, plant and equipment	(8)	465
Operating lease expenses	5,764	5,618
Research and development expenses	7,768	7,843
Write down in inventories	69	242
Note (i): Interest expense		
Interest expense	14,113	12,684
Less: Amount capitalised	(1,559)	(1,949)
	12,554	10,735

(Amounts in millions unless otherwise stated)

7 INCOME TAX EXPENSE

	Six months ended June 30	
	2014	2013
	RMB	RMB
Current taxes	27,151	22,559
Deferred taxes	(5,489)	(1,355)
	21,662	21,204

In accordance with the relevant PRC income tax rules and regulations, the PRC corporate income tax rate applicable to the Group is principally 25%. Operations of the Group in western regions in China qualified for certain tax incentives in the form of a preferential income tax rate of 15% through the year 2020.

8 BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the six months ended June 30, 2014 and June 30, 2013 have been computed by dividing profit attributable to owners of the Company by the 183,021 million shares issued and outstanding during the period.

There are no potentially dilutive ordinary shares.

9 DIVIDENDS

	Six months ended June 30	
	2014	2013
	RMB	RMB
Interim dividends attributable to owners of the Company for 2014 (note a)	30,656	-
Interim dividends attributable to owners of the Company for 2013 (note c)	-	29,485

(a) As authorised by shareholders in the Annual General Meeting on May 22, 2014, the Board of Directors resolved to distribute interim dividends attributable to owners of the Company in respect of 2014 of RMB 0.16750 yuan per share amounting to a total of RMB 30,656. This dividend is not recognised as liability at the end of the reporting period, as it was declared after the date of the statement of financial position.

(b) Final dividends attributable to owners of the Company in respect of 2013 of RMB 0.15755 yuan per share amounting to a total of RMB 28,835 were approved by the shareholders in the Annual General Meeting on May 22, 2014 and were paid on July 17, 2014.

(c) Interim dividends attributable to owners of the Company in respect of 2013 of RMB 0.16110 yuan per share amounting to a total of RMB 29,485 were paid on October 24, 2013.

(d) Final dividends attributable to owners of the Company in respect of 2012 of RMB 0.13106 yuan per share amounting to a total of RMB 23,985 were approved by the shareholders in the Annual General Meeting on May 23, 2013 and were paid on July 18, 2013.

(Amounts in millions unless otherwise stated)

10 PROPERTY, PLANT AND EQUIPMENT

	RMB
Cost	
At January 1, 2014	2,766,183
Additions	92,253
Disposals or write offs	(15,421)
Currency translation differences	(5,122)
At June 30, 2014	2,837,893
Accumulated depreciation and impairment	
At January 1, 2014	(1,117,360)
Charge for the period	(81,047)
Disposals or write offs	3,064
Currency translation differences	2,717
At June 30, 2014	(1,192,626)
Net book value	
At June 30, 2014	1,645,267

	RMB
Cost	
At January 1, 2013	2,565,001
Additions	99,112
Disposals or write offs	(86,184)
Currency translation differences	(5,496)
At June 30, 2013	2,572,433
Accumulated depreciation and impairment	
At January 1, 2013	(995,113)
Charge for the period	(72,951)
Disposals or write offs	26,310
Currency translation differences	1,146
At June 30, 2013	(1,040,608)
Net book value	
At June 30, 2013	1,531,825

(Amounts in millions unless otherwise stated)

11 INVENTORIES

	June 30, 2014	December 31, 2013
	RMB	RMB
Crude oil and other raw materials	87,748	94,823
Work in progress	18,261	17,529
Finished goods	127,669	115,247
Spare parts and consumables	59	49
	233,737	227,648
Less: Write down in inventories	(544)	(631)
	233,193	227,017

12 ACCOUNTS RECEIVABLE

	June 30, 2014	December 31, 2013
	RMB	RMB
Accounts receivable	83,840	64,523
Less: Provision for impairment of accounts receivable	(469)	(496)
	83,371	64,027

The aging analysis of accounts receivable (net of impairment of accounts receivable) as of June 30, 2014 and December 31, 2013 is as follows:

	June 30, 2014	December 31, 2013
	RMB	RMB
Within 1 year	82,250	63,443
Between 1 and 2 years	844	475
Between 2 and 3 years	208	41
Over 3 years	69	68
	83,371	64,027

The Group offers its customers credit terms up to 180 days.

(Amounts in millions unless otherwise stated)

Movements in the provision for impairment of accounts receivable are as follows:

	Six months ended June 30	
	2014	2013
	RMB	RMB
At beginning of the period	496	585
Provision for impairment of accounts receivable	-	-
Receivables written off as uncollectible	(17)	(1)
Reversal of provision for impairment of accounts receivable	(34)	(25)
Other	24	-
At end of the period	469	559

13 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2014	December 31, 2013
	RMB	RMB
Trade payables	120,588	130,353
Advances from customers	44,918	46,804
Salaries and welfare payable	10,391	4,836
Accrued expenses	21,234	137
Dividends payable	30,287	1,017
Interest payable	1,849	2,861
Construction fee and equipment cost payables	132,109	167,722
Other	32,280	29,274
	393,656	383,004

Other consists primarily of customer deposits.

The aging analysis of trade payables as of June 30, 2014 and December 31, 2013 is as follows:

	June 30, 2014	December 31, 2013
	RMB	RMB
Within 1 year	115,497	125,459
Between 1 and 2 years	2,758	2,756
Between 2 and 3 years	1,122	911
Over 3 years	1,211	1,227
	120,588	130,353

(Amounts in millions unless otherwise stated)

14 BORROWINGS

	June 30, 2014	December 31, 2013
	RMB	RMB
Short-term borrowings excluding current portion of long-term borrowings	143,709	110,894
Current portion of long-term borrowings	59,998	81,873
	203,707	192,767
Long-term borrowings	332,304	302,862
	536,011	495,629

The movements in borrowings are analysed as follows:

	RMB
Balance at January 1, 2014	495,629
Increase in borrowings	332,857
Repayments of borrowings	(293,540)
Currency translation differences	1,065
Balance at June 30, 2014	536,011

The following table sets out the borrowings' remaining contractual maturities at the date of the statement of financial position, which are based on contractual undiscounted cash flows including principal and interest, and the earliest contractual maturity date:

	June 30, 2014	December 31, 2013
	RMB	RMB
Within 1 year	220,017	209,010
Between 1 and 2 years	60,027	72,992
Between 2 and 5 years	223,133	203,330
After 5 years	99,480	59,831
	602,657	545,163

15 SEGMENT INFORMATION

The Group is principally engaged in a broad range of petroleum related products, services and activities. The Group's operating segments comprise: Exploration and Production, Refining and Chemicals, Marketing, and Natural Gas and Pipeline. On the basis of these operating segments, management of the Company assesses the segmental operating results and allocates resources. Sales between operating segments are conducted principally at market prices. Additionally, the Group presents geographical information based on entities located in regions with a similar risk profile.

The Exploration and Production segment is engaged in the exploration, development, production and marketing of crude oil and natural gas.

The Refining and Chemicals segment is engaged in the refining of crude oil and petroleum products, production and marketing of primary petrochemical products, derivative petrochemical products and other chemical products.

The Marketing segment is engaged in the marketing of refined products and the trading business.

The Natural Gas and Pipeline segment is engaged in the transmission of natural gas, crude oil and refined products and the sale of natural gas.

The Head Office and Other segment relates to cash management and financing activities, the corporate center, research and development, and other business services supporting the operating business segments of the Group.

The accounting policies of the operating segments are the same as those described in Note 2 - "Basis of Preparation and Accounting Policies".

(Amounts in millions unless otherwise stated)

The segment information for the operating segments for the six months ended June 30, 2014 and 2013 are as follows:

Six months ended June 30, 2014	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Turnover	399,366	426,545	984,685	134,963	1,010	1,946,569
Less: intersegment sales	(315,670)	(338,949)	(126,953)	(10,844)	(185)	(792,601)
Turnover from external customers	83,696	87,596	857,732	124,119	825	1,153,968
Depreciation, depletion and amortisation	(61,426)	(10,469)	(5,751)	(6,231)	(872)	(84,749)
Profit/ (loss) from operations	102,238	(3,435)	8,146	4,083	(7,952)	103,080
Finance costs:						
Exchange gain						2,952
Exchange loss						(4,863)
Interest income						1,040
Interest expense						(12,554)
Total net finance costs						(13,425)
Share of profit of associates and joint ventures	2,114	16	157	2,558	1,217	6,062
Profit before income tax expense						95,717
Income tax expense						(21,662)
Profit for the period						74,055
Segment assets	1,174,324	348,254	405,108	474,815	1,552,063	3,954,564
Other assets						15,111
Investments in associates and joint ventures	47,405	1,099	10,577	41,394	20,147	120,622
Elimination of intersegment balances (a)						(1,663,907)
Total assets						2,426,390
Segment capital expenditure	69,507	5,956	1,283	13,932	423	91,101
Segment liabilities	468,872	146,908	213,639	167,591	695,180	1,692,190
Other liabilities						71,808
Elimination of intersegment balances (a)						(650,732)
Total liabilities						1,113,266

(Amounts in millions unless otherwise stated)

Six months ended June 30, 2013	Exploration and Production	Refining and Chemicals	Marketing	Natural Gas and Pipeline	Head Office and Other	Total
	RMB	RMB	RMB	RMB	RMB	RMB
Turnover	385,456	436,437	943,248	105,583	664	1,871,388
Less: intersegment sales	(306,684)	(338,619)	(119,068)	(5,845)	(76)	(770,292)
Turnover from external customers	78,772	97,818	824,180	99,738	588	1,101,096
Depreciation, depletion and amortisation	(54,294)	(9,298)	(5,319)	(6,262)	(720)	(75,893)
Profit/ (loss) from operations	98,807	(15,861)	3,428	21,882	(8,396)	99,860
Finance costs:						
Exchange gain						2,034
Exchange loss						(2,474)
Interest income						717
Interest expense						(10,735)
Total net finance costs						(10,458)
Share of profit of associates and joint ventures	2,661	(1)	477	264	958	4,359
Profit before income tax expense						93,761
Income tax expense						(21,204)
Profit for the period						72,557
Segment assets	1,083,253	350,418	394,350	421,414	1,568,842	3,818,277
Other assets						12,549
Investments in associates and joint ventures	49,011	1,029	10,631	38,288	16,147	115,106
Elimination of intersegment balances (a)						(1,604,458)
Total assets						2,341,474
Segment capital expenditure	76,446	4,440	1,625	25,160	536	108,207
Segment liabilities	417,187	140,294	215,577	169,258	745,354	1,687,670
Other liabilities						67,287
Elimination of intersegment balances (a)						(646,995)
Total liabilities						1,107,962

(Amounts in millions unless otherwise stated)

Geographical information

Six months ended June 30,	Turnover		Non-current assets (b)	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Mainland China	746,477	733,032	1,676,783	1,551,980
Other	407,491	368,064	220,111	198,197
	1,153,968	1,101,096	1,896,894	1,750,177

(a) Elimination of intersegment balances represents elimination of intersegment accounts and investments.

(b) Non-current assets mainly include non-current assets other than financial instruments and deferred tax assets.

16 CONTINGENT LIABILITIES

(a) Bank and other guarantees

At June 30, 2014 and December 31, 2013, the Group did not guarantee related parties or third parties any borrowings or others.

(b) Environmental liabilities

China has adopted extensive environmental laws and regulations that affect the operation of the oil and gas industry. Under existing legislation, however, management believes that there are no probable liabilities, except for the amounts which have already been reflected in the interim financial statements, which may have a material adverse effect on the financial position of the Group.

(c) Legal contingencies

Notwithstanding certain insignificant lawsuits as well as other proceedings outstanding, management believes that any resulting liabilities will not have a material adverse effect on the financial position of the Group.

(d) Group insurance

The Group has insurance coverage for vehicles and certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents and also employer liabilities insurance. The potential effect on the financial position of the Group of any liabilities resulting from future uninsured incidents cannot be estimated by the Group at present.

(Amounts in millions unless otherwise stated)

17 COMMITMENTS

(a) Operating lease commitments

Operating lease commitments of the Group are mainly for leasing of land, buildings and equipment. Leases range from one to fifty years and usually do not contain renewal options. Future minimum lease payments as of June 30, 2014 and December 31, 2013 under non-cancellable operating leases are as follows:

	June 30, 2014	December 31, 2013
	RMB	RMB
No later than 1 year	6,375	6,421
Later than 1 year and no later than 5 years	19,191	19,013
Later than 5 years	73,926	74,270
	99,492	99,704

(b) Capital commitments

At June 30, 2014, the Group's capital commitments contracted but not provided for mainly relating to property, plant and equipment were RMB 53,473 (December 31, 2013: RMB 55,743).

(c) Exploration and production licenses

The Company is obligated to make annual payments with respect to its exploration and production licenses to the Ministry of Land and Resources. No payments were incurred for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB nil).

Estimated annual payments for the next five years are as follows:

	June 30, 2014
	RMB
2014	800
2015	800
2016	800
2017	800
2018	800

18 RELATED PARTY TRANSACTIONS

CNPC, the controlling shareholder of the Company, is a state-controlled enterprise directly controlled by the PRC government.

Related parties include CNPC and its fellow subsidiaries, their associates and joint ventures, other state-owned enterprises and their subsidiaries which the PRC government has control, joint control or significant influence over and enterprises which the Group is able to control, jointly control or exercise significant influence over, key management personnel of the Company and CNPC and their close family members.

(a) Transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group

The Group has extensive transactions with other companies in CNPC and its fellow subsidiaries. Due to these relationships, it is possible that the terms of the transactions between the Group and other members of CNPC and its fellow subsidiaries are not the same as those that would result from transactions with other related parties or wholly unrelated parties.

The principal related party transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group which were carried out in the ordinary course of business, are as follows:

On August 25, 2011, based on the terms of the Comprehensive Products and Services Agreement amended in 2008, the Company and CNPC entered into a new Comprehensive Products and Services Agreement ("the Comprehensive Products and Services Agreement") for a period of three years which took effect on January 1, 2012. The Comprehensive Products and Services Agreement provides for a range of products and services which may be required and requested by either party. The products and services to be provided by CNPC and its fellow subsidiaries to the Group under the Comprehensive Products and Services Agreement include construction and technical services, production services, supply of material services, social services, ancillary services and financial services. The products and services required and requested by either party are provided in accordance with (1) government-prescribed prices; or (2) where there is no government-prescribed price, with reference to relevant market prices; or (3) where neither (1) nor (2) is applicable, the actual cost incurred or the agreed contractual price.

- Sales of goods represent the sale of crude oil, refined products, chemical products and natural gas, etc. The total amount of these transactions amounted to RMB 84,739 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 57,994).

- Sales of services principally represent the provision of services in connection with the transportation of crude oil and natural gas, etc. The total amount of these transactions amounted to RMB 3,104 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 4,737).

- Purchases of goods and services principally represent construction and technical services, production services, social services, ancillary services and material supply services, etc. The total amount of these transactions amounted to RMB 146,328 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 147,473).

(Amounts in millions unless otherwise stated)

· Purchases of assets principally represent the purchases of manufacturing equipment, office equipment and transportation equipment, etc. The total amount of these transactions amounted to RMB 515 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 159).

· Amounts due from and to CNPC and its fellow subsidiaries, associates and joint ventures of the Group included in the following accounts captions are summarised as follows:

	June 30,2014	December 31, 2013
	RMB	RMB
Accounts receivable	9,730	7,945
Prepayments and other receivables	10,533	5,532
Other non-current assets	23,847	19,067
Accounts payable and accrued liabilities	81,614	105,431
Other non-current liabilities	3,000	3,000

· Interest income represents interests from deposits placed with CNPC and its fellow subsidiaries. The total interest income amounted to RMB 362 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 331). The balance of deposits at June 30, 2014 was RMB 32,243 (December 31, 2013: RMB 16,839).

· Purchases of financial services principally represents interest charged on the loans from CNPC and its fellow subsidiaries, insurance fees, etc. The total amount of these transactions amounted to RMB 8,225 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 8,593).

· The borrowings from CNPC and its fellow subsidiaries at 30 June 2014 were RMB 322,933 (December 31, 2013: RMB 327,478).

· Rents and other payments made under financial leasing represent the payable by the Group (including all rents, leasing service fees and prices for exercising purchase options) for the period according to the financial leasing agreements entered into by the Group and CNPC and its fellow subsidiaries. The total rents and other payments made under financial leasing amounted to RMB 102 for the six months ended June 30, 2014 (six months ended June 30, 2013: RMB 93).

(Amounts in millions unless otherwise stated)

On August 25, 2011, based on the Land Use Rights Leasing Contract signed in 2000, the Company and CNPC entered into a Supplemental Land Use Rights Leasing Contract which took effect on January 1, 2012. The Supplemental Land Use Rights Leasing Contract provides for the lease of land covering an aggregate area of approximately 1,783 million square meters located throughout the PRC at a maximal annual fee (exclusive of tax and government charges) of RMB 3,892. The Supplemental Land Use Rights Leasing Contract will expire at the same time as the Land Use Rights Leasing Contract. The area and total fee payable for the lease of all such property may be adjusted with the Company's operating needs and by reference to market price every three years.

On August 25, 2011, based on the Buildings Leasing Contract and Supplemental Building Leasing Agreement, the Company and CNPC entered into a Revised Buildings Leasing Contract which took effect thereafter. Under this contract, buildings covering an aggregate area of 734,316 square meters were leased at an average annual fee of RMB 1,049 yuan per square meter. The Revised Building Leasing Contract will expire at the same time as the Building Leasing Agreement. The area and total fee payable for the lease of all such property may, every three years, be adjusted with the Company's operating needs and by reference to market price which the adjusted prices will not exceed.

(b) Key management compensation

	Six months ended June 30	
	2014	2013
	RMB'000	RMB'000
Emoluments and other benefits	5,716	5,363
Contribution to retirement benefit scheme	394	392
	6,110	5,755

(c) Transactions with other state-controlled entities in the PRC

Apart from transactions with CNPC and its fellow subsidiaries, associates and joint ventures of the Group, the Group has transactions with other state-controlled entities include but not limited to the following:

· Sales and purchases of goods and services,

· Purchases of assets,

· Lease of assets, and

· Bank deposits and borrowings

These transactions are conducted in the ordinary course of the Group's business.

19 EVENTS AFTER THE REPORTING PERIOD

On August 10, 2014, the National Development and Reform Commission promulgated the *Notice of the National Development and Reform Commission Concerning the Adjustment of Prices of Stock Natural Gas Consumed by Non-residential Users* (《國家發展改革委關於調整非居民用存量天然氣價格的通知》) (Fa Gai Jia Ge [2014] No. 1835). Pursuant to the notice, the adjustment of price shall be implemented from September 1, 2014, the citygate prices for the consumption amount in 2012 consumed by non-residential users will be appropriately increased, and that the issuance of the price adjustment mechanism for natural gas consumed by fertilizer makers would be put on hold. No adjustment will be made to the citygate prices for natural gas consumed by residential users. Further actions will be taken to implement the policy in connection with the liberalisation of the sales price of imported liquefied natural gas (LNG) and the ex-factory prices for shale gas, coal-seam gas and coal gas.

This event is conducive to facilitate a sustainable and healthy development of the natural gas operations of the Group and to continue to improve the Group's financial position and operating results in the future.

DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the headquarters of the Company in Beijing upon request by the relevant regulatory authorities and shareholders in accordance with the Articles of Association and the laws and regulations:

1. The financial statements under the hand and seal of the Chairman Mr Zhou Jiping, Vice Chairman and President Mr Wang Dongjin and Chief Financial Officer Mr Yu Yibo of the Company.

2. The original copies of the documents and announcements of the Company published in the newspaper designated by the China Securities Regulatory Commission during the reporting period.

3. The Articles of Association of the Company.

CONFIRMATION FROM THE DIRECTORS AND SENIOR MANAGEMENT

According to the relevant provisions and requirements of the Securities Law of the People's Republic of China and Measures for Information Disclosure of Companies Offering Shares to the Public promulgated by the China Securities Regulatory Commission, as the Directors and senior management of PetroChina Company Limited, we have carefully reviewed the interim report for 2014 and concluded that this interim report truly, objectively and completely represents the business performance of the Company in the first half of 2014, it contains no false representations, misleading statements or material omissions and complies with laws, regulations and the requirements of the China Securities Regulatory Commission.

Signatures of the Directors and senior management:

Zhou Jiping	Liao Yongyuan	Wang Dongjin	Yu Baocai	Shen Diancheng
Liu Yuezhen	Liu Hongbin	Chen Zhiwu	Richard H. Matzke	Lin Boqiang
Zhao Zhengzhang	Sun Longde	Huang Weihe	Xu Fugui	Yu Yibo
Lin Aiguo	Wang Lihua	Wu Enlai	Lv Gongxun	

August 28, 2014

This interim report is prepared in English and Chinese. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

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