



China Petroleum & Chemical Corporation
The Third Quarterly Report for 2014

October 30, 2014
Beijing, China

1 Important notice

- 1.1 The Board of Directors, the Supervisory Board of China Petroleum & Chemical Corporation (“Sinopec Corp.” or the “Company”) and its directors, supervisors and senior management warrant that there are no material omissions, misrepresentations or misleading statements contained in this report and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report.
- 1.2 The third quarterly report for 2014 (the “Quarterly Report”) was approved at the 21th meeting of the Fifth Session of the Board of Directors of Sinopec Corp.. All the directors attended this meeting.
- 1.3 Mr. Fu Chengyu, Chairman of the Board of Directors, Mr. Li Chunguang, Director and President, Mr. Wang Xinhua, Chief Financial Officer and Mr. Wang Dehua, Head of the Corporate Finance Department of Sinopec Corp. warrant the authenticity, accuracy and completeness of the financial statements contained in the Quarterly Report.
- 1.4 The financial statements in the Quarterly Report were not audited.

2 Basic information of Sinopec Corp.

2.1 Principal Financial Data And Indicators

2.1.1 Principal Financial Data and Indicators Prepared in Accordance with China Accounting Standards for Business Enterprises (“ASBE”)

Units: million Currency: RMB

	As at 30 September 2014	As at 31 December 2013	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,437,590	1,382,916	3.95
Total equity attributable to equity shareholders of the Company	593,823	570,346	4.12

	In the reporting period	From the beginning of the preceding year to the end of the preceding reporting period	Changes over the same period of the preceding year (%)
Net cash flow from operating activities	108,247	79,612	35.97
Operating income	2,115,648	2,139,924	(1.13)
Net profit attributable to equity shareholders of the Company	51,169	51,600	(0.84)
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	49,317	51,302	(3.87)
Weighted average return on net assets (%)	8.71	9.55	(0.84) percentage points
Basic earnings per share(RMB)	0.438	0.445	(1.57)
Diluted earnings per share(RMB)	0.437	0.416	5.05

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Units: million Currency: RMB		
Extraordinary items and corresponding amounts	Three-month periods ended 30 September (gain)/loss	Nine-month periods ended 30 September (gain)/loss
Loss on disposal of non-current assets	229	790
Donations	23	69
Government grants	(804)	(1,594)
Gain on holding and disposal of various investments	(2,159)	(2,496)
Other extraordinary income and expenses, net	303	716
Subtotal	(2,408)	(2,515)
Tax effect	602	629
Total	(1,806)	(1,886)
Equity shareholders of the Company	(1,776)	(1,852)
Minority interests	(30)	(34)

2.1.2 Principal financial data and indicators prepared in accordance with International Financial Reporting standards (“IFRS”)

Units: million Currency: RMB			
	As at 30 September 2014	As at 31 December 2013	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,437,590	1,382,916	3.95
Equity attributable to owners of the Company	592,357	568,803	4.14

	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013	Changes over the same period of the preceding year (%)
Net cash generated from operating activities	108,247	79,612	35.97
Operating profit	76,364	78,288	(2.46)
Net profit attributable to owners of the Company	51,798	52,300	(0.96)
Basic earnings per share(RMB)	0.444	0.451	(1.55)
Diluted earnings per share(RMB)	0.442	0.422	4.74
Return on net assets (%)	8.74	9.44	(0.70) percentage points

2.1.3 Differences between net profit of the Company for the third quarter of 2014 under ASBE and IFRS and shareholder’s equity under ASBE and IFRS as at the end of the reporting period.

Refer to part 4.3 of the financial statement.

2.2 Total number of shareholders and top ten shareholders at the end of the reporting period

Total number of shareholders at the end of the reporting period	Total number of shareholders was 658,779, including 652,381 holders of domestic A shares and 6,398 holders of overseas H shares.				
Top ten shareholders (Top ten shareholders holding shares without selling restrictions)					
Name of shareholders	Total number of shares held	Changes of shareholdings ⁴	Percentage (%)	Number of shares subject to pledge or lock-ups	Nature of shareholder
China Petrochemical Corporation	85,720,671,101	57,722,243	73.39	0	A share
HKSCC (Nominees) Limited ¹	25,372,287,378	106,319	21.72	unknown	H share
国泰君安证券股份有限公司 ²	338,300,836	(77,499)	0.29	0	A share
中国证券金融股份有限公司 ³	290,856,856	49	0.25	0	A share
南方东英资产管理有限公司－南方富时中国 A50ETF	106,289,872	44,394,764	0.09	0	A share
卡塔尔控股有限责任公司－自有资金	89,996,185	0	0.08	0	A share
GIC PRIVATE LIMITED	62,332,890	62,332,890	0.05	0	A share
摩根士丹利投资管理公司－摩根士丹利中国 A 股基金	42,661,188	42,661,188	0.04	0	A share
中国工商银行－上证 50 交易型开放式指数证券投资基金	41,041,994	(12,157,829)	0.04	0	A share
中国建设银行－银华核心价值优选股票型证券投资基金	34,299,943	34,299,943	0.03	0	A share

Note:

1. Sinopec Century Bright Capital Investment Limited, overseas wholly-owned subsidiary of China Petrochemical Corporation, holds 553,150,000 H shares, which is included in the total number of the shares held by HKSCC Nominees Limited.
2. As of the end of this reporting period, 国泰君安证券股份有限公司 holds shares of Sinopec Corp. through self-run security account, securities lending special account and refinancing guarantee account.
3. As of the end of this reporting period, 中国证券金融股份有限公司 holds shares of Sinopec Corp. through its self-run securities account.
4. As compared with the number of shares as at 31 December 2013.

2.3 Review of operating results

In the first three quarters of 2014, China's economic growth slowed down with GDP up 7.4% over the same period last year. Domestic apparent consumption of oil products grew by 2.8%, with strong increase in gasoline and kerosene consumption and a decline in diesel consumption. Domestic consumption of ethylene equivalent grew by 5.9%. International crude oil price slumped sharply in the third quarter after a slight rebound in the first half. Domestic gasoline and diesel prices were timely adjusted following the international crude price, among which the third quarter saw 5 consecutive price cuts. The Chinese government further adjusted the natural gas price, raising the city gate price cap for non-residential existing gas. The competitions from the imported chemical products and the increase of newly added domestic production capacity posed great challenges to domestic producers, with chemical profit margins decreasing but rebounding slightly in the third quarter.

We focused on quality and profitability based on safety and reliable operations. To achieve sound operation results, we continued to deepen our reforms, accelerate structural adjustment, reinforce our management, plan properly for business operations, strive to reduce the costs and expenses and enhance energy conservation and efficiency. In accordance with the ASBE, net profit attributable to equity shareholders of the Company was RMB 51.169 billion in the first three quarters, down 0.84% over the same period last year. In accordance with the IFRS, net profit attributable to equity shareholders of the Company was RMB 51.798 billion in the first three quarters, down 0.96% over the same period last year.

Exploration and Production: In exploration, we focused on oil and gas commercial discoveries, optimised exploration areas and made further discoveries in Tarim basin, Sichuan basin and Erdos basin. In development, we strengthened our efforts in progressive exploration and reservoir evaluation, implemented 5 oil and gas development projects in Zhungar, Tahe and east Shengli. In natural gas development, projects in Yuanba, Daniudi and middle-shallow layer of west Sichuan as well as Fuling shale gas project were under progress smoothly. During the first three quarters, the oil and gas production of the Company reached 357.41 million barrels of oil equivalent, up by 8.05%, out of which crude oil output increased by 7.66% and natural gas increased by 9.14%, compared with the same period last year. Influenced by the factors such as the falling of price and rising cost, the operating profit of Exploration and Production Segment recorded RMB 41.748 billion, down by 10.69%, compared with the same period last year.

Refining: We actively adjusted the product mix in response to changes in domestic oil products demand, produced more gasoline, jet fuel and high value-added products. We actively promoted the quality upgrading of refined oil products, significantly increased the output of GB V gasoline and GB IV standard diesel, optimised resource allocation and reduced processing costs of crude oil. We took advantage of specialized marketing and intensified the sales of LPG, petroleum wax and asphalt. In the first three quarters of 2014, refinery throughput and refined oil products increased by 0.94% and 3.67% respectively over the same period last year, in which gasoline up by 12.08%, jet fuel up by 19.70% and diesel down by 4.75%. The operating profit of Refining Segment recorded RMB 11.102 billion, up by 66.80% compared with the same period last year.

Marketing and Distribution: We accelerated the restructuring and reform of marketing business and had completed the auditing, assets evaluation and signing the capital injection agreements. In light of sufficient market supply and strong competition, we focused on resource allocation, increased the sales of premium products significantly and adjusted our marketing strategies to expand the scale of the retail business. Focusing on customer base, we implemented the differentiated marketing strategy and provided tailor-made services. For the cross promotion of fuel and non-fuel business, we promoted market-oriented and specialized development of non-fuel business, and enhanced the value-creation capability of the sales network. In the first three quarters, total sales volume of refined oil products reached 138 million tonnes, up by 2.61% over the same period last year. Total domestic sales volume of refined oil products reached 126 million tonnes, up by 1.91%, of which retail volume reached 86.56 million tonnes, representing an increase of 2.05%. Sales of non-fuel business reached RMB 11.45 billion, an increase of 15.00% compared with the same period last year. The operating profit of the Marketing and Distribution

Segment was RMB 26.439 billion, representing a decrease of 2.20% over the same period last year.

Chemicals Segment: Faced with new domestic chemical capacities coming on stream, increase of the imported chemical products and stronger competition, we actively optimised our feedstock mix, processed more low-cost light feedstock to reduce cost. We promoted product mix and strengthened research, development, production and marketing of new products; we optimised the facilities utilization rate, and shut down non-profitable units. Meanwhile, we optimised the marketing strategies, intensified customer services. In the first three quarters, ethylene production reached 7.858 million tonnes, up by 6.22% over the same period last year, and chemical sales volume was 47.335 million tonnes, up by 2.17%. The total operating losses of the Chemicals Segment was RMB 3.516 billion, of which the third quarter made a turn-around and recorded RMB 0.452 billion operating profit.

Summary of Principal Operating Results for the First Three Quarters

		For nine-month period ended 30 September		Changes (%)
Operating data	Unit	2014	2013	
Exploration and production				
Oil and gas production ¹	million boe	357.41	330.79	8.05
Crude oil production	million barrels	268.87	249.73	7.66
China	million barrels	232.51	232.19	0.14
Overseas	million barrels	36.36	17.54	107.30
Natural gas production	billion cubic feet	530.80	486.34	9.14
China	billion cubic feet	527.75	486.34	8.51
Overseas	billion cubic feet	3.05	-	-
Realized crude oil price	USD/barrel	94.72	95.11	(0.41)
Realized natural gas price	USD/thousand cubic feet	7.05	6.15	14.63
Refining ⁴				
Refinery throughput	million tonnes	175.83	174.19	0.94
Gasoline, diesel and kerosene production	million tonnes	108.99	105.13	3.67
Gasoline	million tonnes	38.13	34.02	12.08
Diesel	million tonnes	55.50	58.27	(4.75)
Kerosene	million tonnes	15.37	12.84	19.70
Light chemical feedstock	million tonnes	29.70	28.68	3.56
Light products yield	%	76.65	76.15	0.50 percentage points
Refining yield	%	94.66	94.71	(0.05) percentage points
Marketing and Distribution				
Total sales of refined oil products	million tonnes	138.15	134.64	2.61
Total domestic sales volume of refined oil products	million tonnes	125.66	123.30	1.91
Retail	million tonnes	86.56	84.82	2.05
Direct sales and Wholesale	million tonnes	39.10	38.48	1.61
Total number of Sinopec-branded service station ²	stations	30,386	30,536	(0.49)
Company-operated	stations	30,373	30,523	(0.49)

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Operating data	Unit	For nine-month period ended 30 September		Changes (%)
		2014	2013	
Annualized average throughput per station ³	tonnes/station	3,799	3,699	2.70
Chemicals⁴				
Ethylene	thousand tonnes	7,858	7,398	6.22
Synthetic resin	thousand tonnes	10,748	10,223	5.14
Synthetic rubber	thousand tonnes	725	715	1.40
Monomers and polymers for synthetic fiber	thousand tonnes	6,253	6,849	(8.70)
Synthetic fiber	thousand tonnes	986	1,049	(6.01)

Note:

1. Conversion: for domestic production of crude oil, 1 tonne = 7.1 barrels, for overseas production of crude oil, 1 tonne=7.20 barrels, for production of natural gas, 1cubic meter = 35.31 cubic feet.
2. The number of service stations in 2013 was the number as at 31 December 2013.
3. Throughput per service station data was annualized.
4. Including 100% production of joint ventures.

Capital expenditure: The Company's capital expenditures were RMB 69.387 billion in the first three quarters of 2014.

Capital expenditure for exploration and production segment was RMB 37.226 billion, mainly for the construction of oil and gas production capacity in Shengli oilfield, Tahe oilfield, Yuanba marine facies gas field, and Daniudi gas field in northern China, etc.; development of Fuling shale gas in Chongqing; LNG projects and natural gas pipeline construction in Shandong and Guangxi provinces, etc..

Capital expenditure for refining segment was RMB 11.016 billion, mainly for refinery revamping and quality upgrading projects in Shijiazhuang, Yangzi, Tahe and Jiujiang.

Capital expenditure for the chemicals segment was RMB 9.415 billion, mainly for product mix adjustment projects in Qilu acrylonitrile, Maoming polypropylene and the construction of other basic chemical projects, the acquisition of equity interest in Ningdong coal chemical project, and investment in ZhongAn coal chemical project.

Capital expenditure for the marketing and distribution segment was RMB 9.671 billion, mainly for revamping service (gas) stations and for construction of oil product pipeline and depots, as well as the safety risks rectification and vapor recovery.

Capital expenditure for corporate and others was RMB 2.059 billion, mainly for R&D facilities and IT projects.

3 Significant events

3.1 Significant changes in major items contained in the consolidated financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises (“ASBE”) and the reasons for such changes.

Items of Consolidated Balance Sheet	30 September 2014	31 December 2013	Increase/(decrease)		Major reasons for changes
			Amount	Percentage	
	RMB millions	RMB millions	RMB millions	(%)	
Cash at bank and on hand	20,919	15,101	5,818	38.5	Mainly due to the increase of cash at bank balance of Sinopec International Petroleum Exploration & Production Corporation and Sinopec (Hong Kong) Limited, and the cash received from the disposal of China Gas stock.
Accounts receivable	93,511	68,466	25,045	36.6	Mainly due to the increase of accounts receivable balance from Unipet and Sinopec (Hong Kong) Limited trade transaction.
Prepayments	6,035	4,216	1,819	43.1	Mainly due to increased prepayments for customs deposits of Unipet and Sinopec Pipeline Transport & Storage Company.
Short-term loans	170,640	108,121	62,519	57.8	Mainly due to the increased short term borrowings in US Dollars.
Non-current liabilities due within one year	12,306	45,749	(33,443)	(73.1)	Mainly due to the repayment of RMB 3.5 billion corporate bond, RMB 30 billion bonds with warrants, and HKD 11.7 billion convertible bonds. And parts of the long-term debentures reclassified to the non-current liabilities due within one year.
Specific reserve	2,108	1,556	552	35.5	Mainly due to the increased balance of safety production fund at the end of the reporting period.

Items of consolidated income statement	For nine-month period ended 30 September 2014	For nine-month period ended 30 September 2013	Increase/(decrease)		Main reason for changes
			Amount	Percentage	
	RMB millions	RMB millions	RMB millions	(%)	
Financial expenses	8,539	5,463	3,076	56.3	Mainly due to the fluctuation of RMB exchange rate, the exchange losses in this reporting period were RMB 1.01 billion as compared with a gain of RMB 1.22 billion over the same period last year.
Impairment losses	1,130	34	1,096	3223.5	Mainly due to the provision for the impairment of fixed assets from some subsidiaries.
Gain from changes in fair value	(2,032)	1,567	(3,599)	-	Mainly due to losses from fair value changes of the corporate convertible bonds of the reporting period, compared to the gains over the same period last year.
Investment income	6,252	1,538	4,714	306.5	Mainly due to increase of the investment income on associates and joint ventures over the same period last year, and the

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					disposal of China Gas stock.
Non-operating expenses	2,189	1,486	703	47.3	Mainly due to increased loss from disposal of no-current assets over the same period last year.
Other comprehensive income	(1,299)	152	(1451)	-	Mainly due to the transferring of accumulated fair value changes of available-for-sale financial assets from the other comprehensive income as a result of disposal of China Gas stock.

Items of consolidated cash flow statement	For nine-month period ended 30 September 2014	For nine-month period ended 30 September 2013	Increase/(decrease)		Main reason for changes
	RMB millions	RMB millions	Amount	Percentage	
	RMB millions	RMB millions	RMB millions	RMB millions	
Net cash flows from operation activities	108,247	79,612	28,635	36.0	Mainly due to the decrease of the occupation of the working capital over the same period last year.
Net cash flows from financing activities	(16,372)	43,866	(60,238)	-	Mainly due to the decreased borrowings and the issuance of new H shares last year.

3.2 Analysis of the significant event progress, influence and resolution

Restructuring of marketing segment

Sinopec Marketing Co., Ltd. (“Marketing Co.”), a wholly-owned subsidiary of Sinopec Corp., has entered into the Capital Injection Agreement with 25 domestic and foreign investors on 12 September 2014, pursuant to which investors will subscribe for 29.99% shareholding interest in Marketing Co. for an aggregate amount of RMB107.094 billion in cash (including amount in U.S. dollar equivalent). For further details, please refer to the announcement published in the China Securities Journal, Shanghai Securities News and Securities Times by the Company dated 15 September 2014.

3.3 Status of fulfilment of commitments undertaken by the Company, shareholder and actual controller.

(1) As at the date of this quarterly report, the major commitments made by China Petrochemical Corporation include:

- i compliance with the connected transaction agreements;
- ii solving the issues regarding legality of the certificates for the land use rights and certificates for the property ownership rights within a specified period of time;
- iii implementation of the Re-organization Agreement (for definition, please refer to prospectus in relation to the offering of H shares);
- iv granting licenses for intellectual property rights;
- v avoiding the competition with the Company;
- vi abandonment of business competition and conflict of interests with Sinopec Corp.

The details of the above-mentioned commitments were included in the prospectus in relation to the offering of A shares of Sinopec Corp., which was published in China Securities Journal, Shanghai Securities News and Securities Times on 22 June 2001;

- vii On 27 October 2010, Sinopec Corp. disclosed through a public announcement

that, considering the major refining business of China Petrochemical Corporation has been injected into Sinopec Corp., China Petrochemical Corporation undertook to dispose of its minor remaining refining business within 5 years to eliminate the competition with Sinopec Corp. in terms of the refining business.

- viii On 15 March 2012, Sinopec Corp. disclosed in an announcement that, China Petrochemical Corporation undertakes to take Sinopec Corp. as the sole platform of its ultimate integration among the businesses such as exploration and production of oil and gas, oil refining, chemicals and sale of petroleum products. China Petrochemical Corporation will dispose its minor remaining chemicals business within the next five years in order to avoid the competition with Sinopec Corp. in this respect. On 29 April 2014, Sinopec Corp. disclosed in an announcement that, it received an undertaking from China Petrochemical Corporation that, given that China Petrochemical Corporation engages in the same or similar businesses as Sinopec Corp. with regard to the exploration and production of overseas petroleum and natural gas, China Petrochemical Corporation hereby grants a ten-year option to the Sinopec Corp, which includes (i) after a thorough analysis from political, economic and other perspectives, Sinopec Corp. is entitled to require China Petrochemical Corporation to sell its overseas oil and gas assets owned as at the date of the undertaking and still in its possession upon Sinopec Corp.'s exercise of the option to Sinopec Corp.; (ii) in relation to the overseas oil and gas assets acquired by China Petrochemical Corporation after the issuance of the undertaking, within ten years after the completion of such acquisition, after a thorough analysis from political, economic and other perspectives, Sinopec Corp. is entitled to require China Petrochemical Corporation to sell its equity interests in these assets to Sinopec Corp. China Petrochemical Corporation undertakes to transfer the assets as required by Sinopec Corp. under aforesaid item (i) and (ii) to Sinopec Corp., provided that the exercise of such option complies with the applicable laws and regulations, contractual obligations and other procedural requirements.

For details in relation to the above-mentioned undertaking, please refer to the announcement published in the China Securities Journal, Shanghai Securities News and Securities Times by the Company dated 29 April 2014. As at the date of this quarterly report, Sinopec Corp. was not aware of any breach of the above-mentioned major commitments by the aforesaid shareholder.

- (2) As at the date of this quarterly report, Sinopec Corp. has no commitments with regard to results, assets injection or assets restructure which have not been fulfilled yet, nor did Sinopec Corp. make any earnings prediction for such assets or projects.

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

Not applicable

3.5 Effects of the implementation of the new accounting standards on the consolidated financial statements

In 2014, the Ministry of Finance promulgated ASBE No. 39 through 41 regarding Fair Value Measurement, Joint Arrangement and Disclosure of Interests in Other Entities, and amended ASBE No. 2, No. 9, No. 30, No. 33 and No. 37 regarding Long-Term Equity Investments, Employee Compensation, Presentation of Financial Statements, Consolidated Financial Statements and Presentation of Financial Instruments. The above accounting standards became effective from 1 July 2014 except for No. 37 Presentation of Financial Instruments which shall be implemented for the 2014 annual consolidated financial statements. Except for the effects disclosed below, the above newly promulgated and amended accounting standards have no significant effect on the consolidated financial statements of Sinopec Corp..

- (i) The effect of the amendment of ASBE No. 2- Long-Term Equity Investments

ASBE No. 2-Long-Term Equity Investments has amended the scope of long-term equity investments such that after the amendment, long-term equity investments include only those over which enterprises are able to exercise control or significant influence over the investees as well as equity investments in joint ventures. For equity investments where enterprises do not have control, joint control or significant influence over the investees and for which these equity investments whose prices are not quoted in an active market and their fair value cannot be reliably measured, ASBE No. 22—Recognition and Measurement of Financial Instruments shall be applied. All the entities applying ASBE shall apply the above amended standard from 1 July 2014. Sinopec Corp. reclassified equity investments from long-term equity investments to available-for-sale financial assets in accordance with the requirements of the foregoing amended accounting standard. As at 30 September 2014, the reclassified equity investments amounting to 1,494 million (as at 31 December 2013: 1,760 million), which are stated in the balance sheet at cost less impairment losses.

(ii) The effect of the amendment of ASBE No. 30- Presentation of Financial Statements
ASBE No. 30-Presentation of Financial Statements and the corresponding Application Guidance sets out the presentation of other comprehensive income in the balance sheet and income statement. According to the amended accounting standard, enterprises shall present in the income statement items making up other comprehensive income in an accounting period, distinguishing between those items that will not be subsequently reclassified to the income statement and those items that will be reclassified to income statement when specific conditions are met and the balance of other comprehensive income shall be presented as a line item in balance sheet. All the entities applying ASBE shall apply the above amended accounting standard from 1 July 2014. Sinopec Corp. presents other comprehensive income in consolidated income statement and presents other comprehensive income as separate line item in balance sheet accordingly. The other comprehensive income of Sinopec Corp. for the nine-month period ended 30 September 2014 and earlier periods comprised primarily items that can be reclassified subsequently to profit or loss when specific conditions are met. During the nine-month period ended 30 September 2014, the balance in other comprehensive income of Sinopec Corp. is -1,299 million (for the nine-month period ended 30 September 2013: 152 million). As at 30 September 2014, the balance in other comprehensive income of Sinopec Corp. is -892 million. (As at 31 December 2013, the balance of other comprehensive income of Sinopec Corp. is 407 million, as a result of the deduction of capital reserve amounted to 2,466 million and the deduction of foreign currency translation differences amounted to -2,059 million.) Besides, Sinopec Corp. made some reclassifications which have no significant effects on the consolidated financial statements of Sinopec Corp..

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

By order of the Board

Chairman

Fu Chengyu

Beijing, PRC, 30 October 2014

4. Appendix

4.1 Quarterly financial statements prepared under China Accounting Standards for Business Enterprises

Consolidated Balance Sheet

as at 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	As at 30 September 2014	As at 31 December 2013
Current assets:		
Cash at bank and on hand	20,919	15,101
Bills receivable	24,455	28,771
Accounts receivable	93,511	68,466
Prepayments	6,035	4,216
Other receivables	11,536	13,165
Inventories	232,087	221,906
Other current assets	17,573	21,385
Total current assets	406,116	373,010
Non-current assets:		
Available-for-sale financial assets	1,605	3,730
Long-term equity investments	77,270	75,318
Fixed assets	439,940	442,488
Construction in progress	172,493	160,630
Oil and gas properties	223,398	227,107
Intangible assets	68,250	60,263
Goodwill	6,255	6,255
Long-term deferred expenses	13,894	11,961
Deferred tax assets	5,610	4,141
Other non-current assets	22,759	18,013
Total non-current assets	1,031,474	1,009,906
Total assets	1,437,590	1,382,916
Current liabilities:		
Short-term loans	170,640	108,121
Bills payable	3,813	4,526
Accounts payable	207,130	202,724
Advances from customers	86,797	81,079
Employee benefits payable	3,463	818
Taxes payable	34,821	35,888

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Other payables	63,751	82,917
Short-term debentures payable	10,000	10,000
Non-current liabilities due within one year	12,306	45,749
Total current liabilities	592,721	571,822
Non-current liabilities:		
Long-term loans	56,990	46,452
Debentures payable	89,854	99,138
Provisions	27,785	26,080
Deferred tax liabilities	8,776	7,977
Other non-current liabilities	10,484	8,187
Total non-current liabilities	193,889	187,834
Total liabilities	786,610	759,656
Shareholders' equity:		
Share capital	116,795	116,565
Capital reserve	37,803	36,947
Other comprehensive income	(892)	407
Specific reserve	2,108	1,556
Surplus reserves	190,337	190,337
Retained earnings	247,672	224,534
Total equity attributable to shareholders of the Company	593,823	570,346
Minority interests	57,157	52,914
Total shareholders' equity	650,980	623,260
Total liabilities and shareholders' equity	1,437,590	1,382,916

Fu Chengyu

Chairman

(Legal representative)

Li Chunguang

President

Wang Xinhua

Chief Financial Officer

Wang Dehua

*Head of accounting
department*

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Balance Sheet

as at 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	As at 30 September 2014	As at 31 December 2013
Current assets:		
Cash at bank and on hand	7,884	6,732
Bills receivable	764	2,064
Accounts receivable	23,711	32,620
Prepayments	4,098	5,237
Other receivables	204,575	52,652
Inventories	89,939	138,882
Other current assets	14,217	19,888
Total current assets	345,188	258,075
Non-current assets:		
Available-for-sale financial assets	91	2,844
Long-term equity investments	178,984	164,545
Fixed assets	230,106	332,885
Construction in progress	94,544	123,059
Oil and gas properties	196,138	200,412
Intangible assets	8,796	49,282
Long-term deferred expenses	2,401	9,602
Other non-current assets	3,068	3,518
Total non-current assets	714,128	886,147
Total assets	1,059,316	1,144,222
Current liabilities:		
Short-term loans	62,495	23,215
Bills payable	2,166	2,443
Accounts payable	88,403	152,007
Advances from customers	3,288	73,909
Employee benefits payable	1,197	489
Taxes payable	24,845	29,291
Other payables	182,362	132,446
Short-term debentures payable	10,000	10,000
Non-current liabilities due within one year	11,464	44,379
Total current liabilities	386,220	468,179

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Non-current liabilities:		
Long-term loans	45,613	44,692
Debentures payable	68,461	77,961
Provisions	24,183	22,729
Deferred tax liabilities	1,425	1,105
Other non-current liabilities	1,927	1,982
Total non-current liabilities	141,609	148,469
Total liabilities	527,829	616,648
Shareholders' equity:		
Share capital	116,795	116,565
Capital reserve	47,147	46,121
Other comprehensive income	963	2,123
Specific reserve	797	1,226
Surplus reserves	190,337	190,337
Retained earnings	175,448	171,202
Total shareholders' equity	531,487	527,574
Total liabilities and shareholders' equity	1,059,316	1,144,222

Fu Chengyu

Chairman

(Legal representative)

Li Chunguang

President

Wang Xinhua

Chief Financial Officer

Wang Dehua

Head of accounting department

Consolidated Income Statement

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 30 September 2014	Three-month periods ended 30 September 2013	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
I. Total operating income	759,476	724,680	2,115,648	2,139,924
Including: Operating income	759,476	724,680	2,115,648	2,139,924
II. Total operating costs	737,141	695,121	2,048,659	2,068,317
Including: Operating costs	655,680	613,887	1,803,729	1,827,437
Sales taxes and surcharges	48,183	47,947	141,950	142,398
Selling and distribution expenses	11,672	11,361	33,732	32,172
General and administrative expenses	16,852	18,077	51,291	51,452
Financial expenses	2,000	2,171	8,539	5,463
Exploration expenses, including dry holes	2,736	1,717	8,288	9,361
Impairment losses	18	(39)	1,130	34
Add: Gain/(Loss) from changes in fair value	42	830	(2,032)	1,567
Investment income	4,000	630	6,252	1,538
III. Operating profit	26,377	31,019	71,209	74,712
Add: Non-operating income	836	688	2,207	1,845
Less: Non-operating expenses	588	608	2,189	1,486
IV. Profit before taxation	26,625	31,099	71,227	75,071
Less: Income tax expense	5,716	7,634	17,624	20,102
V. Net profit	20,909	23,465	53,603	54,969
Attributable to:				
Equity shareholders of the Company	19,739	22,183	51,169	51,600
Minority interests	1,170	1,282	2,434	3,369
VI. Earnings per share:				
(i) Basic earnings per share (RMB)	0.169	0.191	0.438	0.445
(ii) Diluted earnings per share (RMB)	0.169	0.177	0.437	0.416
VII. Total other comprehensive income	(2,489)	(191)	(1,299)	152
Items that may be reclassified subsequently to profit or loss				

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Cash flow hedges	(687)	(111)	(551)	(29)
Available-for-sale financial assets	(1,908)	0	(1,281)	890
Share of other comprehensive income of associates/jointly controlled entities	115	42	151	(199)
Foreign currency translation differences	(11)	(122)	380	(510)
Other	2	0	2	0
VIII.Total comprehensive income	18,420	23,274	52,304	55,121
Attributable to:				
Equity shareholders of the Company	17,243	22,062	49,695	51,923
Minority interests	1,177	1,212	2,609	3,198

Fu Chengyu

Chairman

(Legal representative)

Li Chunguang

President

Wang Xinhua

Chief Financial Officer

Wang Dehua

*Head of accounting
department*

Income Statement

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 30 September 2014	Three-month periods ended 30 September 2013	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
I. Operating income	291,470	413,028	961,463	1,196,622
Less: Operating costs	230,906	329,100	762,680	959,695
Sales taxes and surcharges	36,245	37,723	107,105	111,690
Selling and distribution expenses	664	8,992	10,106	25,215
General and administrative expenses	9,690	15,096	34,146	42,530
Financial expenses	2,155	1,897	7,325	5,859
Exploration expenses, including dry holes	2,724	1,707	8,256	9,331
Impairment losses	74	(14)	69	(37)
Add: Gain/(Loss) from changes in fair value	42	793	(2,174)	1,571
Investment income	3,655	3,722	8,476	9,445
II. Operating profit	12,709	23,042	38,078	53,355
Add: Non-operating income	503	569	3,433	1,538
Less: Non-operating expenses	332	518	949	1,289
III. Profit before taxation	12,880	23,093	40,562	53,604
Less: Income tax expense	2,446	4,383	8,285	9,968
IV. Net profit	10,434	18,710	32,277	43,636
V. Total other comprehensive income	(1,794)	41	(1,160)	691
<i>Items that may be reclassified subsequently to profit or loss</i>				
Available-for-sale financial assets	(1,908)	0	(1,309)	890
Share of other comprehensive income in associates	114	41	149	(199)
VI. Total comprehensive income	8,640	18,751	31,117	44,327

Fu Chengyu

Chairman
(Legal representative)

Li Chunguang

President

Wang Xinhua

Chief Financial Officer

Wang Dehua

Head of accounting department

Consolidated Cash Flow Statement

for the nine-month period ended 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million

Currency: RMB

Type: unaudited

Items	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
I.Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	2,322,186	2,358,855
Refund of taxes and levies	1,156	1,189
Other cash received relating to operating activities	25,128	12,909
Sub-total of cash inflows	2,348,470	2,372,953
Cash paid for goods and services	(1,934,384)	(1,987,858)
Cash paid to and for employees	(38,619)	(37,282)
Payments of taxes and levies	(219,233)	(230,593)
Other cash paid relating to operating activities	(47,987)	(37,608)
Sub-total of cash outflows	(2,240,223)	(2,293,341)
Net cash flow from operating activities	108,247	79,612
II.Cash flows from investing activities:		
Cash received from disposal of investments	3,564	186
Cash received from returns on investments	1,443	1,233
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	547	980
Other cash received relating to investing activities	1,367	3,007
Sub-total of cash inflows	6,921	5,406
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(84,649)	(98,012)
Cash paid for acquisition of investments	(8,276)	(28,109)
Other cash paid relating to investing activities	(1,137)	(1,589)
Sub-total of cash outflows	(94,062)	(127,710)
Net cash flow from investing activities	(87,141)	(122,304)
III.Cash flows from financing activities:		
Cash received from borrowings	799,899	875,342
Cash received from capital contributions	2,701	31,709
Including: Cash received from minority shareholders' capital contributions to subsidiaries	2,701	12,303

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Sub-total of cash inflows	802,600	907,051
Cash repayments of borrowings	(782,212)	(827,880)
Cash paid for dividends, profits distribution or interest	(36,742)	(35,283)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(1,337)	(979)
Other cash paid relating to financing activities	(18)	(22)
Sub-total of cash outflows	(818,972)	(863,185)
Net cash flow from financing activities	(16,372)	43,866
IV.Effects of changes in foreign exchange rate	148	419
V.Net increase in cash and cash equivalents	4,882	1,593
Add:Cash and cash equivalents at 1 January	15,046	10,456
VI. Cash and cash equivalents at 30 September	19,928	12,049

Fu Chengyu

Chairman

(Legal representative)

Li Chunguang

President

Wang Xinhua

Chief Financial Officer

Wang Dehua

Head of accounting department

Cash Flow Statement

for the nine-month period ended 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million

Currency: RMB

Type: unaudited

Items	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
I.Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	1,121,329	1,294,294
Refund of taxes and levies	731	935
Other cash received relating to operating activities	73,775	29,796
Sub-total of cash inflows	1,195,835	1,325,025
Cash paid for goods and services	(828,375)	(987,257)
Cash paid to and for employees	(27,988)	(30,674)
Payments of taxes and levies	(153,038)	(179,836)
Other cash paid relating to operating activities	(65,876)	(37,689)
Sub-total of cash outflows	(1,075,277)	(1,235,456)
Net cash flow from operating activities	120,558	89,569
II.Cash flows from investing activities:		
Cash received from disposal of investments	6,841	4,104
Cash received from returns on investments	7,188	9,161
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,210	1,828
Other cash received relating to investing activities	38	66
Sub-total of cash inflows	15,277	15,159
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(65,376)	(68,954)
Cash paid for acquisition of investments	(30,414)	(17,718)
Sub-total of cash outflows	(95,790)	(86,672)
Net cash flow from investing activities	(80,513)	(71,513)
III.Cash flows from financing activities:		
Cash received from borrowings	0	19,406
Cash received from capital contributions	164,353	200,144
Sub-total of cash inflows	164,353	219,550
Cash repayments of borrowings	(169,268)	(207,421)
Cash paid for dividends, profits distribution or interest	(33,978)	(32,748)

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Sub-total of cash outflows	(203,246)	(240,169)
Net cash flow from financing activities	(38,893)	(20,619)
IV.Net increase/(decrease) in cash and cash equivalents	1,152	(2,563)
Add:Cash and cash equivalents at 1 January	6,731	5,467
V. Cash and cash equivalents at 30 September	7,883	2,904

Fu Chengyu

Chairman

(Legal representative)

Li Chunguang

President

Wang Xinhua

Chief Financial Officer

Wang Dehua

*Head of accounting
department*

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Segment Reporting

for the nine-month period ended 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
Income from principal operations		
Exploration and production		
External sales	51,907	43,206
Inter-segment sales	111,136	120,754
Subtotal	163,043	163,960
Refining		
External sales	136,199	144,518
Inter-segment sales	844,039	825,885
Subtotal	980,238	970,403
Marketing and distribution		
External sales	1,107,473	1,103,348
Inter-segment sales	3,965	4,931
Subtotal	1,111,438	1,108,279
Chemicals		
External sales	272,024	274,601
Inter-segment sales	48,812	41,331
Subtotal	320,836	315,932
Corporate and others		
External sales	519,406	543,744
Inter-segment sales	457,020	473,329
Subtotal	976,426	1,017,073
Elimination of inter-segment sales	(1,464,972)	(1,466,230)
Consolidated income from principal operations	2,087,009	2,109,417
Income from other operations		
Exploration and production	9,546	12,753
Refining	3,686	4,157
Marketing and distribution	8,701	7,631
Chemicals	5,780	5,207
Corporate and others	926	759
Consolidated income from other operations	28,639	30,507
Consolidated operating income	2,115,648	2,139,924
Operating profit/(loss)		

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By segment		
Exploration and production	41,558	46,325
Refining	10,669	6,382
Marketing and distribution	26,517	26,740
Chemicals	(3,671)	(143)
Corporate and others	344	(1,521)
Elimination	111	(713)
Total segment operating profit	75,528	77,070
Investment income/(loss)		
Exploration and production	2,081	158
Refining	(185)	(257)
Marketing and distribution	910	340
Chemicals	143	345
Corporate and others	3,303	952
Total segment investment income	6,252	1,538
Financial expenses	(8,539)	(5,463)
Gain from changes in fair value	(2,032)	1,567
Operating profit	71,209	74,712
Add: Non-operating income	2,207	1,845
Less: Non-operating expenses	2,189	1,486
Profit before taxation	71,227	75,071

4.2 Quarterly financial statements prepared under International Financial Reporting Standards

Consolidated Income Statement

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 30 September 2014	Three-month periods ended 30 September 2013	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
Turnover and other operating revenues				
Turnover	748,845	713,483	2,087,009	2,109,417
Other operating revenues	10,631	11,197	28,639	30,507
Subtotal	759,476	724,680	2,115,648	2,139,924
Operating expenses				
Purchased crude oil, products and operating supplies and expenses	(632,067)	(592,209)	(1,731,856)	(1,763,065)
Selling, general and administrative expenses	(16,398)	(17,651)	(50,133)	(49,642)
Depreciation, depletion and amortization	(22,567)	(20,067)	(65,800)	(59,036)
Exploration expenses, including dry holes	(2,736)	(1,717)	(8,288)	(9,361)
Personnel expenses	(13,614)	(13,702)	(40,368)	(38,545)
Taxes other than income tax	(48,183)	(47,947)	(141,950)	(142,398)
Other operating income/(expense), net	185	160	(889)	411
Total operating expenses	(735,380)	(693,133)	(2,039,284)	(2,061,636)
Operating profit	24,096	31,547	76,364	78,288
Finance costs				
Interest expense	(2,626)	(2,449)	(8,766)	(7,650)
Interest income	360	377	1,236	969
Net unrealized gain/(loss) on embedded derivative component of the convertible bonds	42	793	(2,180)	1,554
Foreign currency exchange gains/(losses), net	266	(99)	(1,009)	1,218
Net finance costs	(1,958)	(1,378)	(10,719)	(3,909)
Investment income	2,367	32	2,643	82

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Share of profits from associates and joint ventures	1,633	582	3,609	1,456
Profit before taxation	26,138	30,783	71,897	75,917
Tax expense	(5,716)	(7,481)	(17,624)	(20,208)
Profit for the period	20,422	23,302	54,273	55,709
Attributable to:				
Owners of the Company	19,255	22,019	51,798	52,300
Non-controlling interests	1,167	1,283	2,475	3,409
Profit for the period	20,422	23,302	54,273	55,709
Earnings per share				
Basic earnings per share (RMB)	0.165	0.189	0.444	0.451
Diluted earnings per share (RMB)	0.165	0.176	0.442	0.422
Total other comprehensive income	(2,489)	(191)	(1,299)	152
<i>Items that may be reclassified subsequently to profit or loss</i>				
Cash flow hedges	(687)	(111)	(551)	(29)
Available-for-sale financial assets	(1,908)	0	(1,281)	890
Share of other comprehensive income of associates/jointly controlled entities	115	42	151	(199)
Foreign currency translation differences	(11)	(122)	380	(510)
Other	2	0	2	0
Total comprehensive income	17,933	23,111	52,974	55,861
Attributable to:				
Owners of the Company	16,759	21,898	50,324	52,623
Non-controlling interests	1,174	1,213	2,650	3,238

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Consolidated Balance Sheet

as at 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	As at 30 September 2014	As at 31 December 2013
Non-current assets:		
Property, plant and equipment, net	663,338	669,595
Construction in progress	172,493	160,630
Goodwill	6,255	6,255
Interest in associates	29,681	28,444
Interest in joint ventures	47,590	46,874
Available-for-sale financial assets	1,605	3,730
Deferred tax assets	5,610	4,141
Lease prepayments	48,191	43,270
Long-term prepayments and other assets	56,711	46,967
Total non-current assets	1,031,474	1,009,906
Current assets:		
Cash and cash equivalents	19,928	15,046
Time deposits with financial institutions	991	55
Trade accounts receivable	93,511	68,466
Bills receivable	24,455	28,771
Inventories	232,087	221,906
Prepaid expenses and other current assets	35,144	38,766
Total current assets	406,116	373,010
Current liabilities:		
Short-term debts	101,810	109,806
Loans from Sinopec Group Company and fellow subsidiaries	91,136	54,064
Trade accounts payable	207,130	202,724
Bills payable	3,813	4,526
Accrued expenses and other payables	182,878	197,606
Income tax payable	5,954	3,096
Total current liabilities	592,721	571,822
Net current liabilities	(186,605)	(198,812)
Total assets less current liabilities	844,869	811,094
Non-current liabilities:		
Long-term debts	108,055	107,234

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Loans from Sinopec Group Company and fellow subsidiaries	38,789	38,356
Deferred tax liabilities	8,776	7,977
Provisions	27,785	26,080
Other long-term liabilities	12,031	9,821
Total non-current liabilities	195,436	189,468
Total net assets	649,433	621,626
Equity:		
Share capital	116,795	116,565
Reserves	475,562	452,238
Total equity attributable to owners of the Company	592,357	568,803
Non-controlling interests	57,076	52,823
Total equity	649,433	621,626

Consolidated Statement of Cash Flow

for the nine-month period ended 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million

Currency: RMB

Type: unaudited

Items	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
Net cash generated from operating activities(a)	108,247	79,612
Investing activities		
Capital expenditure	(78,187)	(92,602)
Exploratory wells expenditure	(6,462)	(5,410)
Purchase of investments, investments in associates and investments in joint ventures	(8,276)	(28,109)
Proceeds from disposal of investments and investments in associates	3,564	186
Proceeds from disposal of property, plant, equipment and other non-current assets	547	980
(Increase)/decrease in time deposits with maturities over three months	(936)	361
Interest received	1,166	969
Investment and dividend income received	1,443	1,233
Disposal of derivative financial instruments, net	0	88
Net cash used in investing activities	(87,141)	(122,304)
Financing activities		
Proceeds from bank and other loans	799,899	875,342
Repayments of bank and other loans	(782,212)	(827,880)
Proceeds from issuing shares	0	19,406
Contributions to subsidiaries from non-controlling interests	2,701	12,303
Dividends paid by the Company	(28,031)	(28,067)
Distributions by subsidiaries to non-controlling interests	(1,337)	(979)
Interest paid	(7,374)	(6,237)
Acquisitions of non-controlling interests of subsidiaries	(18)	(22)
Net cash generated from financing activities	(16,372)	43,866
Net increase in cash and cash equivalents	4,734	1,174
Cash and cash equivalents at 1 January	15,046	10,456

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Effect of foreign currency exchange rate changes	148	419
Cash and cash equivalents at 30 September	19,928	12,049

Note to consolidated statement of Cash Flow

(a) Reconciliation of profit before taxation to net cash generated from operating activities

Items	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
Operating activities		
Profit before taxation	71,897	75,917
Adjustments for:		
Depreciation, depletion and amortisation	65,800	59,036
Dry hole costs written off	5,200	4,226
Share of profits from associates and joint ventures	(3,609)	(1,456)
Investment income	(2,643)	(82)
Interest income	(1,236)	(969)
Interest expense	8,766	7,650
Loss/(gain) on foreign currency exchange rate changes and derivative financial instruments	824	(1,206)
Loss on disposal of property, plant, equipment and other non-currents assets, net	790	175
Impairment losses on assets	1,130	34
Unrealised loss/(gain) on embedded derivative component of the convertible bonds, net	2,180	(1,554)
Operating profit before change of operating capital	149,099	141,771
Accounts receivable and other current assets	(22,416)	(21,078)
Increase inventories	(10,175)	(6,865)
Accounts payable and other current liabilities	6,688	(13,783)
Subtotal	123,196	100,045
Income tax paid	(14,949)	(20,433)
Net cash generated from operating activities	108,247	79,612

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Segment Reporting

for the nine-month period ended 30 September 2014

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
Turnover		
Exploration and production		
External sales	51,907	43,206
Inter-segment sales	111,136	120,754
Subtotal	163,043	163,960
Refining		
External sales	136,199	144,518
Inter-segment sales	844,039	825,885
Subtotal	980,238	970,403
Marketing and distribution		
External sales	1,107,473	1,103,348
Inter-segment sales	3,965	4,931
Subtotal	1,111,438	1,108,279
Chemicals		
External sales	272,024	274,601
Inter-segment sales	48,812	41,331
Subtotal	320,836	315,932
Corporate and others		
External sales	519,406	543,744
Inter-segment sales	457,020	473,329
Subtotal	976,426	1,017,073
Elimination of inter-segment sales	(1,464,972)	(1,466,230)
Turnover	2,087,009	2,109,417
Other operating revenues		
Exploration and production	9,546	12,753
Refining	3,686	4,157
Marketing and distribution	8,701	7,631
Chemicals	5,780	5,207
Corporate and others	926	759
Other operating revenues	28,639	30,507
Turnover and other operating revenues	2,115,648	2,139,924

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Result		
Operating profit/(loss)		
By segment		
Exploration and production	41,748	46,744
Refining	11,102	6,656
Marketing and distribution	26,439	27,034
Chemicals	(3,516)	(59)
Corporate and others	480	(1,374)
Elimination	111	(713)
Total segment operating profit	76,364	78,288
Share of profits from associates and joint ventures		
Exploration and production	2,080	158
Refining	(189)	(268)
Marketing and distribution	798	284
Chemicals	(65)	345
Corporate and others	985	937
Aggregate share of profits from associates and joint ventures	3,609	1,456
Investment income		
Exploration and production	1	0
Refining	4	11
Marketing and distribution	112	56
Chemicals	208	0
Corporate and others	2,318	15
Aggregate investment income	2,643	82
Net finance costs	(10,719)	(3,909)
Profit before taxation	71,897	75,917

4.3 Differences between Financial Statements prepared in accordance with the accounting policies complying with ASBE and IFRS (*unaudited*)

Other than the differences in the classifications of certain financial statements captions and the accounting for the items described below, there are no material differences between the Company's consolidated financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, presentation or disclosures. Such information has not been subject to independent audit or review. The major differences are:

(i) Government Grants

Under ASBE, grants from the government are credited to capital reserve if required by relevant governmental regulations. Under IFRS, government grants relating to the purchase of fixed assets are recognised as deferred income and are transferred to the income statement over the useful life of these assets.

(ii) Safety Production Fund

Under ASBE, safety production fund should be recognised in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS, payments are expensed as incurred, or capitalised as fixed assets and depreciated according to applicable depreciation methods.

Effects of major differences between the net profit under ASBE and the profit for the period under IFRS are analyzed as follows:

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Units: million Currency: RMB Type: unaudited

	Nine-month periods ended 30 September 2014	Nine-month periods ended 30 September 2013
Net profit under ASBE	53,603	54,969
Adjustments:		
Government grants (i)	87	84
Safety production fund (ii)	583	656
Profit for the period under IFRS	54,273	55,709

Effects of major differences between the shareholders' equity under ASBE and the total equity under IFRS are analyzed as follows:

	At 30 September 2014	At 31 December 2013
Shareholders' equity under ASBE	650,980	623,260
Adjustments:		
Government grants(i)	(1,547)	(1,634)
Safety production fund (ii)	0	0
Total equity under IFRS	649,433	621,626