

China Petroleum & Chemical Corporation

The First Quarterly Report for 2019

29 April 2019

Beijing, China

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 (CASs)

RMB million

Items	As of 31 March 2019	As of 31 December 2018	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,813,445	1,592,308	13.9
Total equity attributable to equity shareholders of the Company	739,653	718,355	3.0

RMB million

Items	Three-month period ended 31 March		Changes over the same period of the preceding year (%)
	2019	2018	
Net cash flow from operating activities	(14,609)	12,052	-
Operating income	717,579	621,251	15.5
Net profit attributable to equity shareholders of the Company	14,763	18,770	(21.3)
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	14,370	17,982	(20.1)
Weighted average return on net assets (%)	2.03	2.55	(0.52) percentage points
Basic earnings per share (RMB)	0.122	0.155	(21.3)
Diluted earnings per share (RMB)	0.122	0.155	(21.3)

RMB million

Extraordinary items	During the reporting period	
	(income)/expenses	RMB million
Net loss on disposal of non-current assets		64
Donations		3
Government grants		(870)
Gains on holding and disposal of various investments		20
Other extraordinary income and expenses, net		285
Subtotal		(498)
Tax effect		126
Total		(372)
Attributable to:		
Equity shareholders of the Company		(393)
Minority interests		21

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

RMB million

Items	RMB million		Changes from the end of the preceding year to the end of the reporting period (%)
	As of 31 March 2019	As of 31 December 2018	
Total assets	1,813,445	1,592,308	13.9
Total equity attributable to owners of the Company	738,578	717,284	3.0

RMB million

Items	Three-month period ended 31 March		Changes over the same period of the preceding year (%)
	2019	2018	
Net cash generated from operating activities	(14,609)	12,052	-
Operating profit	24,841	29,218	(15.0)
Net profit attributable to owners of the Company	15,468	19,306	(19.9)
Basic earnings per share (RMB)	0.128	0.159	(19.5)
Diluted earnings per share (RMB)	0.128	0.159	(19.5)
Return on net assets (%)	2.09	2.59	(0.50) percentage points

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 486,896, including 481,107 holders of domestic A shares and 5,789 holders of overseas H shares.			
Top ten shareholders				
Name of shareholder	Total number of shares held	Percentage (%)	Number of shares subject to pledge or lock-ups	Nature of shareholder
China Petrochemical Corporation	82,709,227,393	68.31	0	State-owned share
HKSCC (Nominees) Limited ¹	25,392,285,486	20.97	Unknown	H share
	2,609,312,057	2.16	0	A share
	1,252,427,354	1.03	0	A share
	999,101,462	0.83	0	A share
	947,604,254	0.78	0	A share
	322,037,900	0.27	0	A share
005L CT001	259,205,354	0.21	0	A share
005L FH002	240,956,971	0.20	0	A share
	143,442,801	0.12	0	A share

Note1 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.

Statement on the connected relationship or acting in concert among the aforementioned shareholders:

Apart from 005L CT001 and 005L FH002 which were both administrated by , Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned shareholders.

2.3 Review of operating results

In the first quarter of 2019, the global economy experienced weak growth momentum while economy maintained stable growth with gross domestic product (GDP) up by 6.4%. International oil prices recovered from low level at the end of last year, domestic refined oil products prices were adjusted in a timely manner. Domestic demand for natural gas grew rapidly with apparent consumption up by 11%. Refined oil products market, with ample supply, witnessed strong competition. Demand for chemicals increased steadily.

Adhering to the general principle of making progress while maintaining stability and the requirements for high-quality development, we will accelerate the strategic plan of our phased goals for year 2020

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cialised development, market-based operation, international layout and
ake great efforts in optimising operation, expanding market, reducing costs,
controlling risks, deepening reform and reinforcing management.

In accordance with CASs, net profit attributable to equity shareholders of the Company was RMB 14.763 billion in the first quarter, down by 21.3% over the same period of last year. In accordance with IFRS, net profit attributable to equity shareholders of the Company was RMB 15.468 billion, down by 19.9% compared with the same period of last year.

Exploration and Production: With the recovery of oil price, the Company fully implemented the action plan of redoubling efforts in oil and gas exploration and production. Measures were taken to accelerate the formation of an integrated value chain of natural gas business including production, supply, storage and marketing and continuously reduce cost and expenditure on all fronts. Tangible results were achieved in maintaining oil production and increasing gas output. In exploration, we reinforced preliminary exploration in new areas and strengthened integrated detailed evaluation in mature fields, which led to new discoveries in Jiyang Depression and Sichuan basins. In crude oil development, we made a full-fledged push to build profitable production capacity, deepen the structural adjustment of mature fields, reduce natural decline rate and ensure steady production. In natural gas development, we constantly pushed forward capacity building in Hangjinqi of Neimongol, west Sichuan Depression and Weirong gas fields. We accelerated construction of natural gas production, supply, storage and marketing system and promoted a coordinated growth along the value chain.

In the first quarter, the oil and gas production of the Company was 113.46 million barrels of oil equivalent, up by 1.9% over the same period of last year, among which domestic crude oil increased by 0.2% while natural gas increased by 6.7%, compared with the same period of last year. Exploration and Production Segment realised an operating profit of RMB 2.143 billion from previous loss.

Exploration and Production	Unit	Three-month period ended 31 March		Changes (%)
		2019	2018	
Oil and gas production ²	million boe	113.46	111.33	1.9
Crude oil production	million barrels	70.81	71.35	(0.8)
China	million barrels	61.55	61.43	0.2
Overseas	million barrels	9.26	9.92	(6.7)
Natural gas production	billion cubic feet	255.79	239.83	6.7
Realised crude oil price	USD/barrel	57.66	59.8	(3.6)
Realised natural gas price	USD/thousand cubic feet	7.07	6.28	12.6

Note2 Conversion: for domestic production of crude oil, 1 tonne = 7.10 barrels; for overseas production of crude oil, 1 tonne=7.21 barrels; for production of natural gas, 1 cubic meter = 35.31 cubic feet.

Refining: The Company adjusted the product mix in response to market demand by increasing production of gasoline and jet fuel. Diesel-to-gasoline ratio further declined to 1.01. We comprehensively optimised our production plans, moderately increased the export of oil products and realized stable operation at high utilisation rate. At the meantime, we implemented bunker fuel quality upgrading plan. In the first quarter, refinery throughput grew by 2.7% and refined oil products production grew by 3.8%, among which gasoline up by 5.9% and kerosene up by 6.6% over the same period of last year. Refining Segment realised an operating profit of RMB 11.963 billion.

Refining ³	Unit	Three-month period ended 31 March		Changes (%)
		2019	2018	
Refinery throughput	million tonnes	61.78	60.16	2.7
Gasoline, diesel and kerosene production	million tonnes	39.44	37.98	3.8
Gasoline	million tonnes	15.87	14.98	5.9
Diesel	million tonnes	16.03	15.93	0.6
Kerosene	million tonnes	7.54	7.07	6.6
Light chemical feedstock	million tonnes	10.07	9.94	1.3
Light product yield	%	76.14	76.22	(0.08) Percentage points
Refining yield	%	94.76	95.23	(0.47) Percentage points

Note3 Including 100% production of domestic joint ventures.

Marketing and Distribution: We brought our advantages of integrated business and distribution network into full play. Through increasing marketing efforts and a flexible and targeted marketing strategy to maintain sustained growth in total domestic sales volume and retail business scale. The Company upgraded distribution network to further strengthen our existing advantages. Vehicle natural gas market was further expanded. Self-owned brands development ensured steady development of non-fuel business. In the first quarter, total sales volume of refined oil products was 49.74 million tonnes with an increase of 5.4%, among which domestic sales volume up by 5.2% and retail business scale up by 2.5% over the same period of last year. The Marketing and Distribution Segment realised an operating profit of RMB 7.866 billion.

Marketing and Distribution	Unit	Three-month period ended 31 March		Changes (%)
		2019	2018	
Total sales volume of refined oil products	million tonnes	49.74	47.21	5.4
Total domestic sales of refined oil products	million tonnes	45.61	43.35	5.2
Retail	million tonnes	30.20	29.46	2.5
Direct sales & Distribution	million tonnes	15.41	13.89	10.9
Throughput per station ⁴	tonnes	3,939	3,846	2.4

Unit: stations	As of 31 March 2019	As of 31 December 2018	Changes from the end of last year to the end of the reporting period (%)
Total number of Sinopec-branded service stations	30,671	30,648	0.1
Number of company-operated stations	30,665	30,642	0.1

Note4 Throughput per station was annualised.

Chemicals: The Company followed effective supply. We persistently fine-tuned chemical feedstock mix to lower cost. The Company strengthened the links among R&D, production, marketing and customer, and maximised production of high-end products output tailored to market demands. The ratio of new and specialty products in synthetic resin reached 63.6% and differential ratio of synthetic fibre reached 90.3%. We enhanced the dynamic optimisation of facilities and product chain, and improved the utilisation and production scheduling based on market demand. We reinforced the capacity structural adjustment by constructing several key projects actively. The Company promoted targeted marketing and servicing to further expand our business. In the first quarter, ethylene production reached 3.049 million tonnes, up by 1.8% and chemical sales volume was 23.373 million tonnes, up by 14.3% over the same period of last year. The Chemicals Segment realised an operating profit of RMB 6.953 billion.

**Three-month
period ended 31 March**

Chemicals⁵

Unit

3 Significant events

3.1 Significant changes in major items contained in the consolidated financial statements prepared in accordance with CASs and the reasons for such changes.

Items of Consolidated Balance Sheet	As of 31 March 2019	As of 31 December 2018	Increase/(Decrease)		Main reasons for changes
			Amount	Percentage	
	RMB million	RMB million	RMB million	%	
Financial assets held for trading	16,872	25,732	(8,860)	(34.4)	Receipt of the structured deposits at maturity
Derivative financial assets	4,977	7,887	(2,910)	(36.9)	Decrease in loss position and increase in profitable position of derivative hedging financial instruments
Derivative financial liabilities	3,078	13,571	(10,493)	(77.3)	
Long-term deferred expenses	7,489	15,659	(8,170)	(52.2)	Decrease in long-term deferred expenses under <i>New Leases Standard</i>
Right-of-use assets	206,743	-	206,743	-	New item under <i>New Leases Standard</i>
Lease liabilities	182,765	-	182,765	-	
Short-term loans	72,757	44,692	28,065	62.8	Increase in short-term loans
Taxes payable	35,875	87,060	(51,185)	(58.8)	Due to the time difference of tax payment, part of the unpaid tax from the end of last year had been paid during this reporting period
Other comprehensive income	(930)	(6,774)	5,844	(86.3)	Cash flow hedging and foreign currency translation differences

Items of Consolidated Income Statement	Three-month period ended 31 March		Increase/(Decrease)		Main reasons for changes
	2019	2018	Amount	Percentage	
	RMB Million	RMB Million	RMB Million	%	
Financial Expense	2,330	455	1,875	412.1	Increase in Financial Expense under <i>New Leases Standard</i>
Investment income	1,285	3,355	(2,070)	(61.7)	Decrease in profit of associates and joint ventures
Minority interests	3,708	5,752	(2,044)	(35.5)	Decrease in profit of some subsidiaries
(Losses)/gains from changes in fair value	(2,226)	126	(2,352)	-	Increase in fair value loss on derivative financial instruments not qualified as hedging
Asset disposal income/(loss)	(64)	227	(291)	-	Income in 2018 is mainly due to gain from the disposal of land from subsidiary

**Items of consolidated cash
flow statement**

**Three-month period
ended 31 March**

3.2 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
Dai Houliang
29 April, 2019

4 Appendix

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

Consolidated Balance Sheet

as at 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	At 31 March 2019	At 31 December 2018
Current assets:		
Cash at bank and on hand	168,386	167,015
Financial assets held for trading	16,872	25,732
Derivative financial assets	4,977	7,887
Bills receivable and accounts receivable	80,464	64,879
Prepayments	8,231	5,937
Other receivables	19,682	25,312
Inventories	219,830	184,584
Other current assets	20,671	22,774
Total current assets	539,113	504,120
Non-current assets:		
Long-term equity investments	147,471	145,721
Other equity instrument investments	1,447	1,450
Fixed assets	605,388	617,812
Construction in progress	138,584	136,963
Right-of-use assets	206,743	-
Intangible assets	102,913	103,855
Goodwill	8,657	8,676
Long-term deferred expenses	7,489	15,659
Deferred tax assets	19,451	21,694
Other non-current assets	36,189	36,358
Total non-current assets	1,274,332	1,088,188
Total assets	1,813,445	1,592,308
Current liability:		
Short-term loans	72,757	44,692
Derivative financial liabilities	3,078	13,571
Bills payable and accounts payable	218,170	192,757
Contract liabilities	129,199	124,793
Employee benefits payable	7,948	7,312
Taxes payable	35,875	87,060
Other payables	73,293	77,463
Non-current liabilities due within one year	35,284	17,450
Total current liabilities	575,604	565,098
Non-current liabilities:		

Long-term loans	63,763	61,576
Debentures payable	31,727	31,951
Lease liabilities	182,765	-
Provisions	43,256	42,800
Deferred tax liabilities	6,520	5,948
Other non-current liabilities	27,716	27,276
Total non-current liabilities	355,747	169,551
Total liabilities	931,351	734,649
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Balance Sheet
as at 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	At 31 March 2019	At 31 December 2018
Current assets		
Cash at bank and on hand	72,019	82,879
Financial assets held for trading	14,500	22,500
Bills receivable and accounts receivable	37,788	30,145
Prepayments	3,541	2,488
Other receivables	54,463	57,432
Inventories	50,273	45,825
Other current assets	17,174	15,835
Total current assets	249,758	257,104
Non-current assets		
Long-term equity investments	290,891	289,207
Other equity instrument investments	395	395
Fixed assets	294,743	302,082
Construction in progress	50,708	51,598
Right-of-use assets	118,892	-
Intangible assets	8,492	8,571
Long-term deferred expenses	2,492	2,480
Deferred tax assets	9,634	11,021
Other non-current assets	7,591	9,145
Total non-current assets	783,838	674,499
Total assets	1,033,596	931,603
Current liabilities		
Short-term loans	22,701	3,961
Derivative financial liabilities	-	967
Bills payable and accounts payable	85,760	84,418
Contract liabilities	4,239	4,230

Total liabilities	490,388	394,407
Pe be ab b f		
Share capital	121,071	121,071
Capital reserve		

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
I. Operating income	717,579	621,251
II. Total Operating costs	693,152	594,063

Company		
(ii) Minority interests	3,708	5,752
VI. Other comprehensive income	3,759	(1,485)
<i>Items that may not be reclassified subsequently to profit or loss:</i>	1	-
Changes in fair value of other equity instrument investments	1	-
<i>Items that may be reclassified subsequently to profit or loss:</i>	3,758	(1,485)
Other comprehensive income that can be converted into profit or loss under the equity method	66	148
Cash flow hedges reserve	4,853	785
Foreign currency translation differences	(1,161)	(2,418)
VII. Total comprehensive income	22,230	23,037
Attributable to:		
Equity shareholders of the Company	19,029	17,990
Minority interests	3,201	5,047
VIII. Earnings per share:		
(i) Basic earnings per share (RMB/Share)	0.122	0.155
(ii) Diluted earnings per share (RMB/Share)	0.122	0.155

Dai Houliang
Chairman

Ma Yongsheng
President

Wang Dehua
Chief Financial Officer

Income Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
I Operating income	249,978	241,136
Less: Operating costs	191,844	184,696
Taxes and surcharges	40,952	40,067
Selling and distribution expenses	754	693

Consolidated Cash Flow Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	760,693	707,017
Refund of taxes and levies	760	593
Other cash received relating to operating activities	31,379	16,695
Sub-total of cash inflows	792,832	724,305
Cash paid for goods and services	(625,310)	(561,416)
Cash paid to and for employees	(17,224)	(16,056)
Payments of taxes and levies	(125,101)	(109,547)
Other cash paid relating to operating activities	(39,806)	(25,234)
Sub-total of cash outflows	(807,441)	(712,253)
Net cash flow from operating activities	(14,609)	12,052
II. Cash flows from investing activities:		
Cash received from disposal of investments	9,636	13,342
Cash received from returns on investments	1,288	674
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	24	-
Other cash received relating to investing activities	13,165	21,325
Sub-total of cash inflows	24,113	35,341
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(23,514)	(17,901)
Cash paid for acquisition of investments	(1,793)	(2,241)
Net cash paid for the acquisition of subsidiaries and other business entities	-	(3,188)
Other cash paid relating to investing activities	(24,388)	(13,499)
Sub-total of cash outflows	(49,695)	(

Including: Cash received from minority subsidiaries	94	70
Cash received from borrowings	149,622	126,432
Other cash received relating to financing activities	190	-
Sub-total of cash inflows	149,906	126,502
Cash repayments of borrowings	(118,511)	(118,865)
Cash paid for dividends, profits distribution or interest	(1,396)	(1,173)
F 7 distribution of dividends or profits to minority shareholders	(235)	(390)
Other cash paid relating to financing activities	(630)	(3)
Sub-total of cash outflows	(120,537)	(120,041)
Net cash flow from financing activities	29,369	6,461
IV. Effects of changes in foreign exchange rate	(340)	(455)
V. Net (decrease)/increase in cash and cash equivalents	(11,162)	16,570
Add Initial balance of cash and cash equivalents	111,922	113,218
VI. Ending balance of cash and cash equivalents	100,760	129,788

Dai Houliang
Chairman

Ma Yongsheng
President

Wang Dehua
Chief Financial Officer

Cash Flow Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	280,152	285,228
Refund of taxes and levies	519	445
Other cash received relating to operating activities	757	6,926
Sub-total of cash inflows	281,428	292,599
Cash paid for goods and services	(208,261)	(192,802)
Cash paid to and for employees	(9,274)	(8,515)
Payments of taxes and levies	(76,898)	(75,254)
Other cash paid relating to operating activities	(2,939)	(31,161)
Sub-total of cash outflows	(297,372)	(307,732)
Net cash flow from operating activities	(15,944)	(15,133)
II. Cash flows from investing activities:		
Cash received from disposal of investments	9,285	15,319
Cash received from returns on investments	1,270	2,116
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	3	289
Other cash received relating to investing activities	9,933	12,428
Sub-total of cash inflows	20,491	30,152
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(7,459)	(8,098)
Cash paid for acquisition of investments	(1,376)	(2,316)
Other cash paid relating to investing activities	(10,800)	-
Sub-total of cash outflows	(19,635)	(10,414)
Net cash flow from investing activities	856	19,738
III. Cash flows from financing activities:		
Cash received from borrowings	39,186	25,723
Sub-total of cash inflows	39,186	25,723
Cash repayments of borrowings	(35,016)	(18,654)
Cash paid for dividends or interest	(1,476)	(1,161)
Other cash paid relating to financing activities	(266)	-
Sub-total of cash outflows	(36,758)	(19,815)
Net cash flow from financing activities	2,428	5,908
IV. Effects of changes in foreign exchange rate	-	-
V. Net (decrease)/increase in cash and cash equivalents	(12,660)	10,513

Add Initial balance of cash and cash equivalents	59,120	72,309
VI. Ending balance of cash and cash equivalents	46,460	82,822

Dai Houliang
Chairman

Ma Yongsheng
President

Wang Dehua
Chief Financial Officer

Segment Reporting

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Income from principal operations		
Exploration and production		
External sales	29,367	20,933
Inter segment sales	22,089	20,269
Subtotal	51,456	41,202
Refining		
External sales	34,002	33,933
Inter segment sales	255,752	252,897
Subtotal	289,754	286,830
Marketing and distribution		
External sales	321,636	310,117
Inter segment sales	965	1,176
Subtotal	322,601	311,293
Chemicals		
External sales	110,990	104,780
Inter segment sales	17,121	15,980
Subtotal	128,111	120,760
Corporate and others		
External sales	205,504	135,500
Inter segment sales	154,677	131,516
Subtotal	360,181	267,016
Elimination of inter segment sales	(450,604)	(421,838)
Consolidated income from principal operations	701,499	605,263
Income from other operations		
Exploration and production	1,821	1,742
Refining	1,251	1,125
Marketing and distribution	8,850	8,892
Chemicals	3,733	3,738

Corporate and others	425	491
Consolidated income from other operations	16,080	15,988
Consolidated operating income	717,579	621,251
Operating profit/(loss)		
By segment		
Exploration and production	1,581	(573)
Refining	11,481	18,549
Marketing and distribution	7,990	8,646
Chemicals	6,827	8,090
Corporate and others	(582)	(1,069)
Elimination	(540)	(6,000)
Total segment operating profit	26,757	27,643
Investment income		
Exploration and production	777	337
Refining	(394)	226
Marketing and distribution	215	646
Chemicals	1,047	1,490
Corporate and others	(360)	656
Total segment investment income	1,285	3,355
Financial expenses	(2,330)	(455)
(Loss)/gain from changes in fair value	(2,226)	126
Loss from asset disposal	(64)	227
Other income	761	594
Operating profit	24,183	31,490
Add: Non-operating income	243	378
Less: Non-operating expenses	416	353
Profit before taxation	24,010	31,515

4.2 Quarterly financial statements prepared under International Financial Reporting Standards %FCOP &

Consolidated Income Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Turnover and other operating revenues		
Turnover	701,499	605,263
Other operating revenues	16,080	15,988
Subtotal	717,579	621,251
Operating expenses		
Purchased crude oil, products and operating supplies and expenses	(572,138)	(474,389)
Selling, general and administrative expenses	(11,575)	(16,708)
Depreciation, depletion and amortization	(25,998)	(25,111)
Exploration expenses, including dry holes	(2,543)	(2,230)
Personnel expenses	(17,361)	(16,861)
Taxes other than income tax	(60,459)	(57,719)
Other operating (expense)/income, net	(2,664)	985
Total operating expenses	(692,738)	(592,033)
Operating profit	24,841	29,218
Finance costs		
Interest expense	(4,301)	(1,989)
Interest income	1,924	1,288
Foreign currency exchange income, net	47	246
Net finance costs	(2,330)	(455)
Investment income	55	217
Share of profits less losses from associates and joint ventures	2,232	3,140
Profit before taxation	24,798	32,120
Income tax expense	(5,539)	(6,993)
Profit for the period	19,259	25,127
Attributable to		
Owners of the Company	15,468	19,306
Non-controlling interests	3,791	5,821
Profit for the period	19,259	25,127
Earnings per share		
Basic earnings per share (RMB)	0.128	0.159
Diluted earnings per share (RMB)	0.128	0.159

Consolidated Statement of Comprehensive Income

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Profit for the period	19,259	25,127
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss (net of tax and after reclassification adjustments):</i>		
Financial assets at fair value through other comprehensive income	1	-
Total items that maynot be reclassified subsequently to profit or loss	1	-
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive income of associates and joint ventures	66	148
Cash flow hedges		

Consolidated Balance Sheet

as at 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	At 31 March 2019	At 31 December 2018
Non-current assets		
Property, plant and equipment, net	605,380	617,762
Construction in progress	138,584	136,963
Right-of-use assets	206,743	-
Goodwill	8,657	8,676
Interest in associates	90,332	89,537
Interest in joint ventures	57,139	56,184
Financial assets at fair value through other comprehensive income	1,447	1,450
Deferred tax assets	19,451	21,694
Lease prepayments	64,220	64,514
Long-term prepayments and other non-current assets	82,379	91,408
Total non-current assets	1,274,332	1,088,188
Current assets:		
Cash and cash equivalents	100,760	111,922
Time deposits with financial institutions	67,626	55,093
Financial assets at fair value through profit and loss	16,872	25,732
Derivatives financial assets	4,977	7,887
Trade accounts receivable and bills receivable	80,464	64,879
Inventories	219,830	184,584
Prepaid expenses and other current assets	48,584	54,023
Total current assets	539,113	504,120
Current liabilities		
Short-term debts	50,694	29,462
Loans from Sinopec Group Company and fellow subsidiaries	38,661	31,665
Derivatives financial liabilities	3,078	13,571
Trade accounts payable and bills payable	218,170	192,757
Contract liabilities	129,199	124,793
Other payables	131,929	166,151
Income tax payable	3,873	6,699
Total current liabilities	575,604	565,098
Net current liabilities	36,491	60,978
Total assets less current liabilities	1,237,841	1,027,210
Non-current liabilities		

Long-term debts	52,631	51,011
Loans from Sinopec Group Company and fellow subsidiaries	42,859	42,516
Deferred tax liabilities	6,520	5,948

Consolidated Statement of Cash Flows
for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Net cash generated from operating activities(a)	(14,609)	12,052
Investing activities		
Capital expenditure	(21,855)	(17,294)
Exploratory wells expenditure	(1,659)	(607)
Purchase of investments, investments in associates and investments in joint ventures	(1,793)	(2,241)
Payment for acquisition of subsidiary, net of cash acquired	-	(3,188)
Proceeds from disposal of investments and investments in associates, net	9,636	13,342
Proceeds from disposal of property, plant, equipment and other non-current assets	24	-
Increase in time deposits with maturities over three months	(24,388)	(13,445)
Decrease in time deposits with maturities over three months	11,855	21,379
Interest received	1,310	(108)
Investment and dividend income received	1,288	674
Net cash used in investing activities	(25,582)	(1,488)
Financing activities		
Proceeds from bank and other loans	149,622	126,432
Repayments of bank and other loans	(118,511)	(118,865)
Contributions to subsidiaries from non-controlling interests	94	70
Distributions by subsidiaries to non-controlling interests	(319)	(390)
Interest paid	(1,077)	(783)
Cash payments for the principal portion of the lease liability	(440)	-
Finance lease payment	-	(3)
Net cash used in financing activities	29,369	6,461
Net (decrease)/increase in cash and cash equivalents	(10,822)	17,025
Cash and cash equivalents at 1 January	111,922	113,218
Effect of foreign currency exchange rate changes	(340)	(455)
Cash and cash equivalents at 31 March	100,760	129,788

Note to consolidated statement of Cash Flows
for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

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

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Operating activities		
Profit before taxation	24,798	32,120
Adjustments for:		
Depreciation, depletion and amortization	25,998	26,336
Dry hole costs written off	1,836	1,974
Share of profits from associates and joint ventures	(2,232)	(3,140)
Investment income	(55)	(217)
Interest income	(1,924)	(1,288)
Interest expense	4,301	1,989
Loss/(gain) on foreign currency exchange rate changes and derivative financial instruments	1,295	(604)
Loss on disposal of property, plant, equipment and other non-current assets, net	85	-
Impairment reversal on assets	(136)	(13)
Credit impairment losses	19	-
Operating profit before change of operating capital	53,985	57,157
Net change		
Accounts receivable and other current assets	(7,199)	7,815
Increase of inventories	(30,127)	(4,630)
Accounts payable and other current liabilities	(24,314)	(39,182)
Subtotal	(7,655)	21,160
Income tax paid	(6,954)	(9,108)
Net cash generated from operating activities	(14,609)	12,052

Segment Reporting

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Turnover		
Exploration and production		
External sales	29,367	20,933
Inter-segment sales	22,089	20,269
Subtotal	51,456	41,202
Refining		
External sales	34,002	33,933
Inter-segment sales	255,752	252,897
Subtotal	289,754	286,830
Marketing and distribution		
External sales		

Chemicals	6,953	8,452
Corporate and others	(3,544)	(848)
Elimination	(540)	(6,000)
Total segment operating profit	24,841	29,218
Share of profits from associates and joint ventures		
Exploration and production	777	276
Refining	(404)	223
Marketing and distribution	247	641
Chemicals	1,061	1,495
Corporate and others	551	505
Aggregate share of profits from associates and joint ventures	2,232	3,140
Investment income/(losses)		
Exploration and production	(1)	61
Refining	10	3
Marketing and distribution	45	8
Chemicals	1	(6)
Corporate and others	-	151
Aggregate investment income	55	217
Net finance costs	(2,330)	(455)
Profit before taxation	24,798	32,120

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

Other than the differences in the classifications of certain financial statements captions and the accounting statements prepared in accordance with the accounting policies complying with CASs 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 CASs, 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 CASs, 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 CASs and the profit for the period under IFRS are analysed as follows:

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

Items	Three-month periods ended 31 March 2019	Three-month periods ended 31 March 2018
Net profit under CASs	18,471	24,522
Adjustments:		
Government grants (i)	13	14

B
are analysed as follows:

CASs and the total equity under IFRS

RMB million, unaudited

Items	At 31 March 2019	At 31 December 2018
CASs	882,094	857,659
Adjustments:		
Government grants(i)	(1,111)	(1,124)
Total equity under IFRS	880,983	856,535

4.4 Adjustments to financial statements related items due to initial implementation of the New Financial Instruments Standards, New Income Standards, New Lease Standards at the beginning of the year is as below:

Consolidated Balance Sheet

RMB million

Total non-current assets	1,088,188	1,287,518	199,330
Total assets	1,592,308	1,790,872	198,564
Current liability:			
Short-term loans	44,692	44,692	
Derivative financial liabilities	13,571	13,571	
Bills payable and accounts payable	192,757	192,757	
Contract liabilities	124,793	124,793	
Employee benefits payable	7,312	7,312	
Taxes payable	87,060	87,060	
Other payables	77,463	77,463	
Non-current liabilities due within one year	17,450	31,344	13,894
Total current liabilities	565,098	578,992	13,894
Non-current liabilities:			
Long-term loans	61,576	61,576	
Debentures payable	31,951	31,951	
Lease liabilities	-	184,670	184,670
Provisions	42,800	42,800	
Deferred tax liabilities	5,948	5,948	
Other non-current liabilities	27,276	27,276	
Total non-current liabilities	169,551	354,221	184,670
Total liabilities	734,649	933,213	198,564
Equity:			
Share capital	121,071	121,071	
Capital reserve	119,192	119,192	
Other comprehensive income	(6,774)	(6,774)	
Specific reserve	1,706	1,706	
Surplus reserves	203,678	203,678	
Retained earnings	279,482	279,482	
Total equity attributable to shareholders of the Company	718,355	718,355	
Minority interests	139,304	139,304	
	857,659	857,659	
	1,592,308	1,790,872	198,564

Balance Sheet

RMB million

Items	At 31 December 2018	At 1 January 2019	Adjustment
Current assets			
Cash at bank and on hand	82,879	82,879	
Financial assets held for trading	22,500	22,500	
Bills receivable and accounts receivable	30,145	30,145	
Prepayments	2,488	2,488	

Other non-current liabilities	4,332	4,332	
Total non-current liabilities	105,530	217,852	112,322
Total liabilities	394,407	514,183	119,776
Pe be ab □b f			
Share capital	121,071	121,071	
Capital reserve	68,795	68,795	
Other comprehensive income	(485)	(485)	
Specific reserve	989	989	
Surplus reserves	203,678	203,678	