CHINA PETROLEUM & CHEMICAL CORP
Form 6-K
April 01, 2010

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
The Securities Exchange Act of 1934

For the month of March, 2010

CHINA PETROLEUM & CHEMICAL CORPORATION
22 Chaoyangmen North Street,
Chaoyang District, Beijing, 100728
People's Republic of China
Tel: (8610) 59960114

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F ü Form 40-F _____

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes _____ No ü

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): 82-__________.)

N/A

This Form 6-K consists of:

The annual report for the year ended December 31, 2009, of China Petroleum & Chemical Corporation (the "Registrant"), made by the Registrant on March 26, 2010.

CONTENTS

This annual report includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. The Company's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties. The Company makes the forward-looking statements referred to herein as at 26 March 2010 and unless required by regulatory authorities, the Company undertakes no obligation to update these statements.

IMPORTANT: THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS OF CHINA PETROLEUM & CHEMICAL CORPORATION ("SINOPEC CORP.") AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT WARRANT THAT THERE ARE NO MATERIAL OMISSIONS FROM, OR MISREPRESENTATIONS OR MISLEADING STATEMENTS CONTAINED IN THIS ANNUAL REPORT, AND JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS ANNUAL REPORT. THERE IS NO OCCUPANCY OF NON-OPERATING FUNDS BY THE SUBSTANTIAL SHAREHOLDERS OR OTHER CONNECTED PARTIES, AND NO EXTERNAL GUANRANTEE THAT VIOLATES DECISION-MAKING PROCEDURES IS MADE. MR. CHEN XIAOJIN, DIRECTOR OF SINOPEC CORP., COULD NOT ATTEND THE FIFTH MEETING OF THE FOURTH SESSION OF THE BOARD FOR REASONS OF OFFICIAL DUTIES. MR. CHEN XIAOJIN AUTHORISED MR. YE QING TO VOTE ON HIS BEHALF IN RESPECT OF THE RESOLUTIONS PUT FORWARD IN THE MEETING OF THE BOARD. MR. SU SHULIN, CHAIRMAN OF THE BOARD, MR. WANG TIANPU, VICE CHAIRMAN AND PRESIDENT AND MR. WANG XINHUA, CHIEF FINANCIAL OFFICER AND HEAD OF THE CORPORATE FINANCE DEPARTMENT WARRANT THE AUTHENTICITY AND COMPLETENESS OF THE FINANCIAL STATEMENTS CONTAINED IN THIS ANNUAL REPORT. THE AUDIT COMMITTEE OF SINOPEC CORP. HAS REVIEWED THIS ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009.

THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 OF SINOPEC CORP. AND ITS SUBSIDIARIES (THE "COMPANY") PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("ASBE"), AND INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") HAVE BEEN AUDITED BY KPMG HUAZHEN AND KPMG RESPECTIVELY, AND BOTH FIRMS HAVE ISSUED STANDARD UNQUALIFIED OPINIONS ON THE ANNUAL FINANCIAL STATEMENTS CONTAINED IN THIS ANNUAL REPORT.

Exploration and Production	Refining	Marketing and Distribution	Chemicals

COMPANY PROFILE

Sinopec Corp. is a company established in China and listed in Hong Kong, New York, London and Shanghai with integrated energy and chemical operations. The principal operations of the Company include:

- exploring for and developing, producing and trading crude oil and natural gas
- processing crude oil into refined oil products, producing refined oil products and trading, transporting, distributing and marketing refined oil products
- producing, distributing and trading petrochemical products

The Company's competitive strengths are mainly reflected in:

- its leading market position in the production and sales of refined oil products in China
- its status as the largest petrochemical products producer in China
- its strategic market position in China's highest economic growth areas

its well-established, highly efficient and cost effective sales and distribution network

its integrated business structure with strong resistance against industry cyclical risks

its well-recognised brand and excellent reputation

The Company intends to fully implement its development strategies that are well balanced between the Company's development, contribution to the country, return to shareholders, reward to the society and its employees. Leveraging its advantages in vertical integration of upstream and downstream businesses, the Company will make great efforts to expand the market, explore alternative energy and enhance innovation, so as to develop into a multinational energy and chemical corporation with strong competitiveness.

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PRINCIPAL FINANCIAL DATA AND INDICATORS

1 FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("ASBE")

(1) Principal financial data

Items	For the years ended 31 December 2009 RMB millions	2008 RMB millions	Change %	2007 RMB millions
Operating income	1,345,052	1,444,291	(6.9)	1,200,997
Operating profit/(loss)	80,202	(28,766)	—	78,083
Profit before taxation	80,076	22,025	263.6	82,817
Net profit attributable to equity shareholders of the Company	61,290	28,445	115.5	55,896
Net profit attributable to equity shareholders of the Company before extraordinary gain and loss	61,258	29,307	109.0	56,438
Net cash flow from operating activities	158,796	74,268	113.8	123,629

Items	At 31 December 2009 RMB millions	2008 RMB millions	Change %	2007 RMB millions
Total assets	866,475	763,297	13.5	740,358
Shareholders' equity attributable to equity shareholders of the Company	377,182	329,300	14.5	308,509

(2) Principal financial indicators

Items	For the years ended 31 December 2009 RMB	2008 RMB	Change %	2007 RMB
Basic earnings per share	0.707	0.328	115.5	0.645
Diluted earnings per share	0.702	0.288	143.8	0.645
Basic earnings per share (before extraordinary gain and loss)	0.707	0.338	109.0	0.651
Fully diluted return on net assets (%)	16.25	8.64	7.61 percentage points	18.12
Weighted average return on net assets (%)	17.25	8.86	8.39 percentage points	19.37
Fully diluted return (before extraordinary gain and loss) on net assets (%)	16.24	8.90	7.34 percentage points	18.29
Weighted average return (before extraordinary gain and loss) on net assets (%)	17.24	9.13	8.11 percentage	19.56

			points	
Net cash flow from operating activities per share	1.832	0.857	113.8	1.426

	At 31 December			
	2009	2008	Change	2007
Items	RMB	RMB	%	RMB
Net assets attributable to equity shareholders of the Company per share	4.350	3.798	14.5	3.558

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(3) Extraordinary items and corresponding amounts

Items	For the year ended 31 December 2009 (Income)/expense RMB millions
Gain on disposal of non-current assets	(211)
Donations	174
Gain on holding and disposal of various investments	(322)
Net (profit)/loss of subsidiaries generated from a business combination involving entities under common control before acquisition date	(62)
Other non-operating income and expenses, net	190
Subtotal	(231)
Tax effect	42
Total	(189)
Attributable to:	
Equity shareholders of the Company	(32)
Minority interests	(157)

(4) Significant changes of items in the financial statements

The table below sets forth reasons for those changes where the fluctuation was more than 30% during the reporting period, or such changes which constituted 5% or more of total assets at the balance sheet date or more than 10% of profit before taxation:

Items	At 31 December 2009 RMB millions	2008 RMB millions	Increase/(decrease) Amount RMB millions	Percentage (%)	Reasons for change
Bills receivable	2,110	3,660	(1,550)	(42.3)	Mainly due to enhanced collection of cash in respond to the in market condition
Accounts receivable	26,592	12,990	13,602	104.7	Mainly due to the increase in scale of operations and crude oil price compared with the end of last year
Other receivables	4,454	20,525	(16,071)	(78.3)	Please refer to Note 9 to the financial statements prepared in accordance with ASBE
Prepayments	3,614	7,610	(3,996)	(52.5)	Mainly due to the decrease in prepayments in connection with construction facilities and purchase deposits
Inventories	141,611	95,979	45,632	47.5	Mainly due to the increase in scale of operations and crude oil price compared with the end of last year
Other current assets	856	287	569	198.3	Mainly due to the increase in the available-for-sale financial assets

Intangible assets	22,862	16,348	6,514	39.8	Please refer to Note 15 to the financial statements prepared accordance with ASBE
Fixed assets	465,182	411,939	53,243	12.9	Please refer to Note 13 to the financial statements prepared in accordance with ASBE
Other non-current assets	1,792	1,013	779	76.9	Mainly due to the increase in the available-for-sale financial assets
Short term loans	34,900	74,415	(39,515)	(53.1)	Mainly due to the Company's adjustment of its debt structure and increase in financing from issuance of bonds
Accounts payable	97,749	56,464	41,285	73.1	Mainly due to the increase in scale of operations and crude oil price which resulted in increase in accounts payable
Employee benefits payable	4,526	1,827	2,699	147.7	Mainly due to the accrual of staff annuity and housing subsidies
Taxes payable	16,489	6,816	9,673	141.9	Please refer to Note 25 to the financial statements prepared in accordance with ASBE
Short-term debentures payable	31,000	15,000	16,000	106.7	Please refer to Note 29 to the financial statements prepared accordance with ASBE
Non-current liabilities due within one year	6,641	19,511	(12,870)	(66.0)	Please refer to Note 27 to the financial statements prepared in accordance with ASBE
Long-term loans	52,065	64,937	(12,872)	(19.8)	Please refer to Note 28 to the financial statements prepared in accordance with ASBE
Debentures payable	93,763	62,207	31,556	50.7	Please refer to Note 29 to the financial statements prepared accordance with ASBE
Other non-current liabilities	2,192	1,403	789	56.2	Mainly due to the increase in deferred income
Operating income	1,345,052	1,444,291	(99,239)	(6.9)	Please refer to MD&A
Operating costs	1,035,815	1,321,030	(285,215)	(21.6)	Please refer to MD&A
Sales taxes and surcharges	132,884	57,214	75,670	132.3	Please refer to Note 35 to the financial statements prepared in accordance with ASBE
Impairment losses	7,453	16,869	(9,416)	(55.8)	Please refer to Note 38 to the financial statements prepared in accordance with ASBE
Loss/(gain) from changes in fair value	365	(4,198)	4,563	Not applicable	Please refer to Note 39 to the financial statements prepared accordance with ASBE
Investment income	3,589	1,452	2,137	147.2	Please refer to Note 40 to the financial statements prepared accordance with ASBE
Non-operating income	1,275	51,911	(50,636)	(97.5)	Please refer to Note 41 to the financial statements prepared in accordance with

					ASBE
Income tax expense/(benefit)	16,076	(2,846)	18,922	Not applicable	Please refer to Note 43 to the financial statements prepared in accordance with ASBE
Minority interests	2,710	(3,574)	6,284	Not applicable	Mainly due to the increase in net profit from controlling subsidiaries

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2 FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Unit: RMB millions

	For the years ended 31 December				
Items	2009	2008	2007	2006	2005
Turnover, other operating revenues and other income	1,345,052	1,495,148	1,205,860	1,061,588	824,005
Operating profit	84,431	26,336	85,496	81,250	71,517
Profit before taxation	80,568	22,116	82,847	79,073	68,090
Profit attributable to equity shareholders of the Company	61,760	28,525	55,914	53,773	43,743
Basic earnings per share (RMB)	0.712	0.329	0.645	0.620	0.505
Diluted earnings per share (RMB)	0.708	0.289	0.645	0.620	0.505
Return on capital employed (%)	11.13	5.15	11.66	12.58	12.50
Return on net assets (%)	16.44	8.70	18.16	20.30	19.31
Net cash generated from operating activities per share (RMB)	1.754	0.767	1.368	1.060	0.903

Unit: RMB millions

	At 31 December				
Items	2009	2008	2007	2006	2005
Non-current assets	676,562	613,774	556,610	471,413	400,160
Net current liabilities	112,139	121,258	88,772	76,364	32,285
Non-current liabilities	165,570	143,974	134,616	107,815	110,195
Non-controlling interests	23,192	20,653	25,325	22,323	31,174
Total equity attributable to equity shareholders of the Company	375,661	327,889	307,897	264,911	226,506
Net assets per share (RMB)	4.333	3.782	3.551	3.055	2.612
Adjusted net assets per share (RMB)	4.254	3.690	3.471	2.982	2.552
Debt/equity ratio*(%)	27.96	27.94	28.10	27.53	31.34

* Debt/equity ratio = long-term loans/(total equity attributable to equity shareholders of the Company+ long-term loans) x 100%

3 MAJOR DIFFERENCES BETWEEN THE AUDITED FINANCIAL STATEMENTS PREPARED UNDER ASBE AND IFRS

(1) Analysis of the effects of major differences between the net profit under ASBE and profit for the year under IFRS

		For the years ended 31 December	
		2009	2008
		RMB millions	RMB millions
Net profit under ASBE		64,000	24,871
Adjustments:			
	Revaluation of land use rights	30	30
	Government grants	462	61
	Tax effects of the above adjustments	(8)	(6)
Profit for the year under IFRS		64,484	24,956

(2) Analysis of the effects of major differences between the shareholders' equity under ASBE and total equity under IFRS

		At 31 December	
		2009	2008
		RMB millions	RMB millions
Shareholders' equity under ASBE		400,585	350,166
Adjustments:			
	Revaluation of land use rights	(982)	(1,012)
	Government grants	(1,042)	(912)
	Tax effects of the above adjustments	292	300
Total equity under IFRS		398,853	348,542

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF PRINCIPAL SHAREHOLDERS

1 CHANGES IN THE SHARE CAPITAL OF SINOPEC CORP.

Unit: 10,000 Shares

	Before change		Increase/(decrease)					After change	
	Number	Percentage %	New share issued	Bonus issued	Conversion from reserve	Others	Sub-total	Number	Percentage %
Shares with selling restrictions	5,708,780.0	65.84	—	—	—	(5,708,780.0)	(5,708,780.0)	—	—
1 State-owned shares	5,708,780.0	65.84	—	—	—	(5,708,780.0)	(5,708,780.0)	—	—
2 State-owned legal person shares	—	—	—	—	—	—	—	—	—
3 Shares held by other domestic investors	—	—	—	—	—	—	—	—	—
4 Shares held by foreign investors	—	—	—	—	—	—	—	—	—
Shares without selling restrictions	2,961,463.9	34.16	—	—	—	5,708,780.0	5,708,780.0	8,670,243.9	100.00
1 RMB ordinary shares	1,283,415.1	14.80	—	—	—	5,708,780.0	5,708,780.0	6,992,195.1	80.65
2 Foreign shares listed domestically	—	—	—	—	—	—	—	—	—
3 Foreign shares listed overseas	1,678,048.8	19.35	—	—	—	—	—	1,678,048.8	19.35
4 Others	—	—	—	—	—	—	—	—	—
Total Shares	8,670,243.9	100.00	—	—	—	—	—	8,670,243.9	100.00

Note: Percentage of individual items may not add up to total figure due to rounding.

2 CHANGES IN SHARES WITH SELLING RESTRICTIONS

Unit:10,000 Shares

Name of shareholders	Number of shares with selling restriction at beginning of the year	Number of shares released from selling restriction during the	Increase of shares with selling restriction during the year	Number of shares with selling restriction of the year	Reason of selling restriction	Date when restriction expired

		year				
China Petrochemical Corporation	5,708,780.0	5,708,780.0	—	—	A Share reform	October 16, 2009

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3 NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF PRINCIPAL SHAREHOLDERS

Number of shareholders of Sinopec Corp. as at 31 December 2009 was 769,563, including 762,493 holders of A Shares and 7,070 holders of H Shares. The public float of Sinopec Corp. satisfied the requirement of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited.

(1) Top ten shareholders

Unit: 10,000 Shares

Name of Shareholders	Nature of shareholders	As a percentage of total shares in issue at the end of reporting period %	Number of shares held at the end of reporting period	Number of Change from 2008 to 2009	Number of pledges or lock-ups
China Petrochemical Corporation	State-owned	75.84	6,575,804.4	—	—
HKSCC (Nominees) Limited	H Shares	19.23	1,667,527.7	(1,240.5)	N/A
China Life Insurance Corp. Dividend Individual Dividend-005L-FH002 Shanghai	A Shares	0.30	25,678.2	20,695.5	—
Guotai Junan Securities Co., Ltd.	A Shares	0.29	25,448.4	(12,342.2)	—
Bosera Thematic Sector Securities Investment Fund	A Shares	0.09	7,500.0	—	—
Changsheng Tongqing Separately-traded Stock Fund	A Shares	0.07	6,002.7	New shareholder	—
Shanghai Investment & Morgan China Premium Securities Investment Fund	A Shares	0.05	4,400.0	(582.7)	—
Shanghai Stock Exchange Tradable Open-ended Index 50 Fund	A Shares	0.05	3,955.4	(1,879.2)	—
Fortune SGAM Selected Sectors Fund	A Shares	0.04	3,609.0	359.2	—
China AMC GARP Fund	A Shares	0.04	3,546.1	New shareholder	—

Statement on the connected party relationship or acting in concert among the above mentioned shareholders:

We are not aware of any connected party relationship or acting in concert among or between the top ten shareholders, except that Shanghai Stock Exchange Tradable Open-ended Index 50 Fund and ChinaAMC GARP Fund are managed by China Asset Management Co., Ltd.

(2) Information disclosed by the shareholders of H Shares according to the Securities and Futures Ordinance

Name of shareholders	Capacity of interests held	Number of share interests held or regarded as held	As a approximate percentage

			of Sinopec Corp.'s interests (H Share) (%)
JPMorgan Chase & Co.	Beneficial owner	92,587,846(L)	0.6%(L)
		42,595,972(S)	0.3%(S)
	Investment manager	722,073,136(L)	4.3%(L)
		0(S)	0.0%(S)
	Custodian corporation	692,206,787(L)	4.1%(L)
		0(S)	0.0%(S)
Blackrock, Inc.	Interest of corporation controlled by the substantial shareholder	1,210,021,640(L)	7.2%(L)
		26,000(S)	0.0%(S)

Note: (L): Long position, (S): Short position

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4 CHANGES IN THE CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

There was no change in the controlling shareholders or the de facto controller of Sinopec Corp. during the reporting period.

(1) Controlling shareholder
The controlling shareholder of Sinopec Corp. is China Petrochemical Corporation. Established in July 1998, China Petrochemical Corporation is a state authorised investment organisation and a state-owned company. Its registered capital is RMB 130.6 billion, and the legal representative is Mr. Su Shulin. Through reorganisation in 2000, China Petrochemical Corporation injected its principal petroleum and petrochemical business into Sinopec Corp. and retained certain petrochemical facilities and small-scale refineries. It provides well-drilling services, well logging services, downhole operation services, services in connection with manufacturing and maintenance of production equipment, engineering construction, utility services including water and power and social services.

(2) Except for HKSCC (Nominees) Limited, no other legal person shareholders hold 10% or more of the shares of Sinopec Corp.

(3) Basic information of the de facto controller
China Petrochemical Corporation is the de facto controller of Sinopec Corp.

(4) Diagram of the equity and controlling relationship between Sinopec Corp. and its de facto controller

5 ISSUANCE AND LISTING OF SECURITIES

Please refer to “Significant Events” of this annual report.

CHAIRMAN'S STATEMENT

Su Shulin, Chairman

Dear Shareholders:

On behalf of the Board of Directors, I would like to express our sincere gratitude to all our shareholders and the public for their care and support.

In 2009, the global financial crisis and intense market competition posed severe challenges to the Company’s production and operations. In particular, the beginning of the year witnessed plummeting price and demand for petroleum and petrochemical products, and a harsh contraction in E&P segment profits, while the refining, petrochemical and marketing businesses were faced with high inventories. Despite the challenges, the Company achieved impressive results by taking a series of proactive measures including vigorous efforts to develop new markets, targeted management for refinement on details, as well as structural adjustments, and so on.

The E&P business maintained crude output volume with reduced costs and expenses while the price of crude remained sluggish. It increased exploration input for potential traps, and also invested resources in technological research and development for tertiary oil recovery from challenging reserves. As the international crude price gradually recover, the E&P segment realized good results and enhanced the sustainability of its business.

Fully leveraging its capability to accommodate various crude feeds, the refineries endeavoured to expand throughput by running at almost full capacity since the second quarter of 2009. In the meantime, the refining segment introduced process optimization initiatives across several functions, from crude procurement and resource allocation, to inventory and logistics management, and product mix adjustment, thus generating better profits.

In the chemicals business, the Company made more efforts to expand the market, and enhanced the integration of R&D throughout the production plan. It also continued to improve customer service and strengthened strategic alliances with key customers. Despite the unfavorable market environment, the majority of chemical plants operated at full capacity since March 2009, delivering excellent performance.

Capitalizing on the well-established marketing network, logistics systems and strong brand, the Company’s marketing business successfully expanded its operational scale in an over-supplied domestic market by adopting innovative marketing approaches, flexible promotional programs and customer-oriented after-sales service. In addition, the non-fuel business grew significantly, driving up non-fuel business revenue and realized good operational results.

Over the course of the past year, China’s macro-economy gradually recovered, and a fuel pricing policy paired with tax and fee reform were implemented in the domestic market. The Company’s four business segments all achieved good operating performance, resulting from our effective counter-measures to the economic crisis, as well as from advantages gained from our integrated upstream, midstream and downstream business model. In 2009, the Company’s total turnover, other operating income and other revenues, reached RMB 1,345.052 billion, down 10% year-on-year. In accordance with the Chinese Accounting Standards for Business Enterprises (“ASBE”), net profit attributable to equity holders of the Company was RMB 61.29 billion, up by 115.5% year-on-year. Under the International Financial Reporting Standards (“IFRS”), profit attributable to the equity holders of the Company was RMB 61.76 billion, up by 116.5% year-on-year. Both structure and quality of assets of the Company were constantly improved with the net assets up 14.6% year-on-year. In 2009, taxes and fees paid by the Company to the central and local governments totalled RMB179.05 billion. With the above achivevments, both economic returns and social responsibilities have been well fulfilled by the Company. The Board of Directors recommended a full year dividend of RMB 0.18 per share for 2009. The final dividend for 2009 was RMB 0.11 per share after deducting the interim dividend of RMB 0.07 per share.

In 2009, the Company further improved its corporate governance. The Company successfully completed the rotation and succession of members to the Board of Directors and the Board of Supervisors, and also appointed members to the executive management team. The Company revised the "Articles of Association" and laid a solid foundation for standardized operations. Thanks to the strong support from its independent shareholders, the Company completed adjustment on the continuing connected transactions for the period from 2010 to 2012. In addition, continued efforts were made in strengthening refined management and internal controls to shape a unique management model and push its corporate governance to a higher level. In line with the Company's strategic targets for corporate development, the Outline of Corporate Culture Development was crafted to establish harmonious corporate values to support the continued sustainable development of the Company.

In 2009, in accordance with the strategy focusing on "Resources, Markets, Integration and Internationalization", the new Board made a three-year development plan for the Company from 2009 to 2011 and established its future development direction and corporate goals. In accordance with the new plan, the Company increased its capital expenditure to RMB 110.013 billion in 2009, which was primarily allocated to expand resources, increase reserve and output and to expand the market as well.

A number of key projects, including Sichuan-to-the-East China Gas Project, Tianjin one-million-ton-per-year ethylene project and Zhenhai one-million-ton-per-year ethylene project, etc., have been completed or put into operation. The building of storage and transportation facilities for oil and chemical products progressed smoothly. These achievements have facilitated structural adjustments and product quality upgrading in major refineries.

Sinopec International Petroleum Exploration & Production Co., Ltd. was established, a concrete step made in the Company's overseas expansion in the oil and gas business. In addition to enhancing our business position as a supplier of premium clean fuels to the public, the Company also played an important role in domestic industry restructuring and regional economic development by contracting major equipment from and entering into a joint research and development program with domestic manufacturers,

The Company has always attached great importance to social and environmental issues in order to ensure sustainable development . We have fully implemented the HSE management system and adopted a variety of methods in energy saving and emission reduction in particular CO2 emission reduction, so as to promote a low-carbon economy. Thanks to the company-wide initiatives in producing clean products through clean production processes, the Company's comprehensive energy consumption per RMB 10,000 turnover came down to 0.72 tonnes of standard coal, realizing the energy saving target in its 11th Five-Year Plan one year ahead of schedule.

In 2009, the Company carried out a series of employee-focused programs with practical steps taken to improve the quality of the employee canteen and the health check system, as well as a general safety campaign called "I Safe". In addition, we are actively participating in public welfare activities, including poverty relief and Tibet aid programs, sponsorship of "China Lifeline Express Fund," and donations to Hope schools and disaster relief programs to help local communities recover from recent events and raise the living standards in disaster- and poverty-stricken areas.

We attribute the Company's achievements to the trust and support of all our shareholders and all walks of society, as well as to the hard work and concerted efforts of the Board of Directors, the Board of Supervisors, the management team and all employees. Therefore, on behalf of the Board of Directors, I would like to express my heartfelt gratitude for the support and perseverance of all parties involved.

Looking into 2010, the world economy is anticipated to continue its recovery from the crisis, while the Chinese economy is expected to continue to grow at a relatively fast rate driving up the demand for petroleum and petrochemical products, all these present opportunities for the development of the Company. However, we are still confronted with challenges from the high international crude price, and incremental refining and chemical capacities at home and abroad which may lead to fierce competition in the marketplace.

Nevertheless, we are gratified to see that through years of development, the Company has continuously reinforced its reserve basis with natural gas business becoming a new area of profit growth. We are also gratified to see that the structure of refineries and chemical complexes have been constantly optimized with extended marketing networks. At the same time our business in overseas markets are expanding significantly. Additionally, our people, management team and individuals alike, are positive and well-prepared for market competitions, through continuous innovation and savvy management tactics. Therefore, this session of the Board of Directors is confident about our future growth.

In accordance with the market conditions and the strategic development goals of the Company, our capital expenditure for 2010 is expected to reach approximately RMB 112 billion. We'll make more efforts in exploration and development activities to enhance the upstream reserve base. We'll invest in further optimization of the locations of our refining capacities, promote structrual adjustment, produce high value-added products and increase their proportion in the refining business. Moreover, we'll enhance our competitive advantage and improve our capabilities in expanding markets, and improve our marketing network. The Company will continue to invest in technological innovation conducive to clean energy production and R&D on new energies, and such transform will pave the way for a sustainable development of the Company into the future.

My fellow members of the Board of Directors and I believe that the Company will achieve greater development with the support of all of our shareholders and the concerted efforts of the Board of Directors, the Board of Supervisors, the management team and all employees. We will continuously stride forward to become an internationally competitive energy and chemical company, and to reward our shareholders, employees and the whole society with excellent performance from sustainable and effective growth.

Su Shulin
Chairman

Beijing, China
March 26, 2010

BUSINESS REVIEW AND PROSPECTS

Mr. Wang Tianpu, President

BUSINESS REVIEW

In 2009, Chinese economy was seriously impacted by the global financial crisis. The Chinese government implemented a stimulus package to promote the economic growth and carried out proactive fiscal policy and moderately easy monetary policy, thereby giving an impetus to the growth of Chinese economy and maintaining a GDP growth of 8.7%. The Company's business environment underwent significant and profound changes in 2009. At the beginning of the year, petroleum and petrochemical products witnessed a sharp drop in market demand and prices on a year-on-year basis. However, the market demand gradually recovered and the price went up accordingly after the first quarter. The Company spared no efforts in exploring market, reinforcing precision management and improving structure adjustment according to market condition, which not only guaranteed the stable growth in upstream, mid-stream and downstream production and operation, but also realized satisfactory profits.

1 Review of Market Environment

(1) Crude oil market

In 2009, international crude oil price rebounded after reaching the bottom. In the first quarter, international crude oil price remained low. However, the price climbed substantially since the month of May, fluctuating between US$ 60/bbl to US$ 80/bbl. The annual average spot price of Brent was US$ 61.5/bbl, with a year-on-year drop of 36.6%. Price trend of domestic crude oil was in line with the international markets.

(2) Refined oil products market

Domestic demand in domestic oil products market gradually increased in 2009. However, due to the sufficient supply, the market competition was fierce. With the rapid growth of domestic economy and substantial increase in domestic automobile consumption, the apparent consumption of oil products rose quarter by quarter. According to statistics, in 2009, apparent domestic consumption of oil products (inclusive of gasoline, diesel and kerosene) was 207 million tonnes, with a year-on-year increase of 0.9%.

(3) Chemicals market

Chinese central government's stimulus package promoted the consumption of chemical products in relevant industries in 2009, and boosted the demand in domestic chemical products market. According to the Company's statistics, the apparent domestic consumption of synthetic resin, synthetic fiber and synthetic rubber registered a year-on-year increase of 21.5%, 12.6% and 22.3% respectively. The apparent domestic consumption of ethylene equivalent increased by 8% compared with the previous year. Domestic prices of chemical products gradually recovered from a low level.

2 PRODUCTION AND OPERATION

(1) Exploration and Production

In 2009, the Company further implemented oil-and-gas resource strategy by reducing cost and fees instead of trimming production when oil price was low. The Company increased exploration input and reinforced trap reservoir. New breakthroughs were made in Leikoupo Formation in northeast Sichuan. The exploration in Tuoputai area of Tahe realized great achievement. New findings were acquired through explorating new layers in eastern matured fields and new blocks in the west. In 2009, the Company completed 14,515 kilometers of 2D seismic and 11,069 square kilometers of 3D seismic exploration, and drilled 570 exploration wells with a total footage of 1,643 kilometers. Addition of proved oil and gas reserve was 293.25 mmboe. As to development, Sichuan-East China Gas Project started trial operation. Construction of Songnan Gas Field with an annual capacity of 1 billion cubic meters was completed and put into operation. Meanwhile, the Company intensified its efforts and input in scientific and technological research of tertiary oil recovery and reserves that are difficult to recover, and enhanced single-well capacity and recovery rate, resulting in stable increase of oil and gas output. In addition to the steady increase in crude oil output in the matured fields in east China, the production in the newly-developed western fields, represented by Tahe Oil Field, increased substantially.

Summary of Operations of Exploration and Production Segment

	2009	2008	2007	Change from 2008 to 2009 (%)
Crude oil production (mmbbls)	301.15	296.80	291.67	1.5
Natural gas production (bcf)	299.01	293.07	282.59	2.0
Newly added proved reserve of crude oil (mmbbls)	280.19	114.02	20.67	145.7
Newly added proved reserve of natural gas (bcf)	78.38	921.60	3,756.67	(91.5)
Proved reserve of crude oil (mmbbls)	2,820	2,841	3,024	(0.7)
Proved reserve of natural gas (bcf)	6,738.70	6,959.31	6,330.81	(3.2)
Proved reserve of oil and gas (mmboe)	3,943	4,001	4,079	(1.4)

Summary of Production and Operations of Shengli Oil Field

	2009	2008	2007	Change from 2008 to 2009 (%)
Crude oil production (mmbbls)	197.63	196.96	196.68	0.3
Natural gas production (bcf)	24.72	27.19	27.68	(9.1)
Newly added proved reserve of crude oil (mmbbls)	171.29	116.48	75.68	47.4
Newly added proved reserve of natural gas (bcf)	22.06	(36.04)	42.00	—
Proved reserve of crude oil (mmbbls)	2,124	2,151	2,231	(1.3)
Proved reserve of natural gas (bcf)	261.73	264.39	327.63	(1.0)
Proved reserve of oil and gas (mmboe)	2,167	2,195	2,286	(1.3)

Note: Crude oil is converted at 1 tonne to 7.1 barrels, and natural gas is converted at 1 cubic meter to 35.31 cubic feet.

(2) Refining

In 2009, fully tapping its refineries potentials after revamping and upgrading the existing facilities to take in different grades of crude, the Company expanded its refinery throughput and export volumn. Refining facilities had run at full capacity since the second quarter. The Company adhered to diversification of crude oil sources to lower the procurement cost. The Company adjusted the product mix to increase the production of gasoline and jet fuel and expanded sales of asphalt, LPG and petroleum coke. The Company actively expanded its processing business for the third parties. Construction of refining facilities of Fujian and Tianjin refining and chemical integration projects and the oil products quality upgrading projects were completed and brought into production. In 2009, the Company processed 183 million tonnes of crude oil, representing an increase of 6.7% over the previous year, and produced 114 million tonnes of oil products, up 5.9% over the previous year.

Sources of Crude oil — Unit: million tonnes

	2009	2008	2007	Change from 2008 to 2009 (%)
Internal supply	31.90	30.88	30.83	3.3
PetroChina Company Ltd.	7.05	6.13	6.89	15.0
CNOOC Ltd.	6.49	7.55	7.42	(14.0)
Import	138.07	127.98	116.87	7.9
Total	183.51	172.54	162.01	6.4

Summary of Production and Operations of Refining Segment

	2009	2008note 1	2007	Change from 2008 to 2009 (%)
Crude oil throughput (million tonnes)	182.62	171.14	164.00	6.7
Gasoline, diesel and kerosene production (million tonnes)	113.69	107.37	98.28	5.9
Of which: Gasoline (million tonnes)	34.43	29.65	26.55	16.1
Diesel (million tonnes)	68.86	69.74	63.41	(1.3)
Kerosene (million tonnes)	10.39	7.99	8.32	30.0
Light chemical feedstock (million tonnes)	26.87	23.12	24.00	16.2
Light products yield (%)	75.54	74.75	74.48	0.79 percentage point
Refinery yield (%)	94.53	94.05	93.95	0.48 percentage point

Note: 1. The data of 2007 and 2008 was restated for the acquisition of Qingdao Petrochemical.
2. Refinery throughput is converted at 1 tonne to 7.35 barrels.

(3) Marketing and Distribution

In 2009, faced with intense competition in domestic market, the Company gave full play to its matured marketing network, logistics system and brand advantages, took advanced marketing measures and flexible marketing strategy, provided considerate after-sale services, and achieved satisfactory performance. Meanwhile, the Company widely encouraged the use of IC cards and substantially increased non-fuel business. In 2009, the Company sold 124 million tonnes of oil products, a year-on-year increase of 0.8%.

Summary of Operations of Marketing and Distribution Segment

	2009	2008	2007	Change from 2008 to 2009 (%)
Total domestic sales volume of oil products (million tonnes)	124.02	122.98	119.39	0.8
Of which: Retail (million tonnes)	78.90	84.10	76.62	(6.2)
Direct sales (million tonnes)	25.61	19.63	20.17	30.5
Wholesale (million tonnes)	19.52	19.25	22.60	1.4
Average annual throughput per station (tonne/station)	2,715	2,935	2,697	(7.5)
Total number of service stations	29,698	29,279	29,062	1.4
Of which: Company-operated	29,055	28,647	28,405	1.4
Franchised	643	632	657	1.7

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(4) Chemicals

In 2009, the Company made tremendous efforts to explore the market, strengthen the connection among production, sales and research, improve customer services and establish the strategic alliances with major clients. The main chemical production facilities had operated at full capacity since March. Fujian ethylene project was completed and put into production. Tianjin ethylene project achieved mechanical completion. In 2009, the Company produced 6.713 million tonnes of ethylene with a year-on-year increase of 6.7%, and sold 40.8 million tonnes of chemical products.

Summary of Production of Major Chemical Products — Unit: thousand tonnes

	2009	2008	2007	Change from 2008 to 2009 (%)
Ethylene	6,713	6,289	6,534	6.7
Synthetic resin	10,287	9,643	9,660	6.7
Synthetic rubber	884	834	800	6.0
Synthetic fiber monomer and polymer	7,798	7,264	8,018	7.4
Synthetic fiber	1,302	1,260	1,417	3.3
Urea	1,752	1,649	1,565	6.2

Note: 100% production of joint ventures was included.

(5) Research and Development

In 2009, the Company gave full play to the function of scientific and technological innovation as "accelerator" for development and made distinct achievements. Research on exploration target and key technologies for large-scale gas fields in northeast Sichuan substantially contributed to the growth of natural gas reserves. The ultra-low pressure continues reforming technology won 1st-class prize of National Science and Technology Progress Award, marking that Sinopec Corp. has the ability to construct large-scale refineries with its own technologies. The promotion and application of S-Zorb FCC gasoline adsorptive desulfurization technology and gasoline selective hydro-desulfurization technology guaranteed the successful quality upgrading of GB III standard gasoline. Breakthroughs in large scale gas-phase polyethylene technology and other process packages further improved the Chemicals Segment's capability to make development on the strength of the Company's own technologies. The production technologies, including high performance polyethylene fiber dry spinning method, special material for high performance polyethylene town gas pipe and special material for polypropylene bumpers, promoted the adjustment of chemical product mix. New achievements in MTO molecular sieve preparation technology and technology of producing oil from syngas and producing ethylene glycol from syngas rendered new technological support to the strategic development of the Company. Eleven projects were granted National Science and Technology Progress Award, including one for 1st-class prize and 10 for 2nd-class prize. In 2009, the Company applied for 1,570 domestic patents and was granted 605. The Company applied for 135 foreign patents and was granted 37.

(6) Health, Safety and Environment

In 2009, the Company maintained its emphasis on coordinated and sustained development among the Company, the society and the environment. The Company implemented the HSE management system across the entire Company, promoted energy saving and emission reduction, developed low-carbon economy, cut carbon dioxide emission by various means and ensured clean production and production of clean products. Compared with previous year, energy intensity per RMB 10,000 output value was 0.72 tce, fulfilling in advance the energy-saving target of the Eleventh Five-Year Plan; industrial water consumption decreased by 3.3%; COD in waste water declined by 3.6%; sulfur dioxide discharge fell by 14%; and the recycling rate of industrial water stood around 95%. Adopting the people-foremost approach, the Company made efforts to improve working conditions such as canteen services and medical examination, and organized themed activities like "I Safe". For further information, please refer to the Sustainable Development Report of the Company.

(7) Cost Reduction

In 2009, the Company kept improving management and operation, and took various measures to reduce cost, such as leveraging the existing logistics system, optimizing resource allocation, cutting transportation costs, reducing procurement cost of crude oil and energy intensity and materials consumption in the production process by optimizing the operation of the facilities. In 2009, the Company effectively saved RMB 3.225 billion in cost. Of the total cost saved, Exploration and Production Segment, Refining Segment, Marketing and Distribution Segment and Chemicals Segment achieved cost saving of RMB 687 million, RMB 969 million, RMB 851 million and RMB 718 million respectively.

(8) Capital Expenditure

In 2009, the Company's total capital expenditure registered RMB 110.013 billion, among which RMB 51.55 billion was used in exploration and development for the purpose of enhancing oil and gas exploration, key production capacity buildup and enlarging producing reserve scale. The Sichuan-East China Gas Project progressed steadily. The newly-built crude oil production capacity registered 5.7 million tonnes per year, and newly-built natural gas capacity stood at 1.205 billion cubic meters per year. The capital expenditure for Refining Segment totaled RMB 15.468 billion, which was mainly used in refined oil quality upgrading, crude adaptability restructuring project in some refineries and construction of new storage facilities and pipeline. The expenditure in Marketing & Distribution Segment was RMB 16.283 billion. With such input, the Company added 1,229 petrol and gas stations in key areas including highways, major cities and newly planned regions, and further accelerated the construction of oil products storage facilities and pipeline. The capital expenditure in Chemicals Segment was RMB 25.207 billion. Fujian, Tianjin and Zhenhai ethylene projects is going to be completed one after another. SBR unit of Sinopec Qilu Company and ethylbenzene/styrene complex unit of Sinopec Anqing Company were completed and put into production. The capital expenditure in Corporate and Others totaled RMB 1.505 billion, which was used for scientific research, construction of ancillary projects and further application of information systems focused on ERP.

BUSINESS PROSPECTS

1 Market Analysis

In 2010, along with the recovery of world economy, demand in international oil market will experience recovery and growth. It is anticipated that the overall oil price in 2010 will be higher that of 2009.

Due to the incremental capacity in the refining and chemical industry, the market competition will remain fierce.

As the basis of Chinese economic recovery is more solid, the policies of boosting domestic demand and improving living standard will continue to take effect. Domestic demand of petroleum, natural gas and chemical products will grow steadily. In coping with the drastic changes caused by the financial crisis, the Company has accumulated valuable experience and considerably enhance its competitiveness.

In 2010, the Company will continue to reinforce internal management, and organize production in line with the market condition, and attach great importance to production and energy conservation. The Company will focus on the following areas:

2 Production and Operation

Exploration and Production: In terms of exploration, the Company will reinforce the precise exploration in new blocks, new layers, new areas and outlying zones in the matured fields, and promote the integration of exploration and development. Research and study of exploration deployment in newly-discovered western fields (mainly Tahe) will be further conducted. The Company will continue to improve initial evaluation in sea area, and push forward the exploration and development of coal bed methane and shale gas. In terms of development, the Company will make efforts to enhance recovery rate and single-well productivity. It will stress design optimization and construction management of development scheme, and organize key capacity buildup meticulously. Efforts will be put forth to ensure safe production and stable operation of Puguang Gas Field and Sichuan-East China Gas Project. Management on overseas oil fields will also be improved. In 2010, the Company plans domestic production at 42.55 million tonnes of crude oil and 12 billion cubic meters of natural gas.

Refining: Tapping its refineries potentials after the revamping of facilities to take in different grades of crude, the Company will optimize procurement and deployment of crude oil, and reduce crude oil cost. The Company will optimize production process and operation, meticulously organize the operation of new and renovated facilities, and emphasize optimized operation of production units, storage and transportation facilities and public utilities. It will comprehensively reinforce energy efficiency management and further improve economic and technical indicators. Greater efforts will be exerted on product mix adjustment and increase the output of gasoline and light chemical feedstock. The Company will promote the sales of lubricant, asphalt and petroleum coke by leveraging its brand advantages. In 2010, the Company plans to process 203 million tonnes of crude oil and produce 121 million tonnes of oil products.

Marketing and Distribution: The Company will rapidly respond to market changes, timely adjust marketing strategy accordingly and strive to enlarge operating scale. Greater efforts will be made to reinforce and expand the end market, and increase the market share of jet fuel and fuel oil. To expand retail sales, the Company will further promote usage of IC card and improve services. It will expand direct sales by perfecting customer service system, and strengthen marketing network by optimizing oil depot arrangement and pushing forward capacity expansion of service stations. Meanwhile, non-fuel business will be promoted. In 2010, the Company plans 129 million tonnes of domestic sales of oil products.

Chemicals: Adopting a market-oriented approach and focused on profitability, the Company will exert great efforts to organize production and expand the market. Production and management will be optimized so as to guarantee safe and stable operation. Particular emphasis will be laid on key projects including, Tianjin and Zhenhai ethylene projects to ensure that these projects progress well and will be commissioned smoothly. The Company will promote development of new products and adjustment of product mix to increase the output of products that are well received by the market and the products with high added value. It will reinforce customer management and substantially improve strategic cooperation. It will enhance its performance in technology services to create higher value for customers. It will deepen integration of production, sales and research to pursue maximize profit. In 2010, the Company plans to produce 8.69 million tonnes of ethylene.

Technology and Development: Following the guideline of seamlessly articulating research, development, commercialization and promotion, the Company will focus on the research of oil and gas exploration and development at home and abroad, and further enhance reserve development rate, recovery rate and single-well productivity. In addition, new technology of processing lower quality crude oil and heavy oil will be developed. The production technology of GB IV standard oil products will be further optimized. The production technology of GB V standard oil products will be accelerated. The Company will render support to the development of production technology of high value-added products, and reinforce the research on processing and application technology of synthetic resin. R&D of alternative energy and low-carbon technologies will be sped up. R&D, production and technological service on catalysts will be intensified. Research on application technology of oil products storage and marketing will be launched.

Capital Expenditure: In 2010, the Company will continue to follow the principle of taking profitability and core projects as the priority of investment. The investment management procedures will be strictly controlled and the project construction will be meticulously managed. The total planned capital expenditure is RMB 112 billion, among which the capital expenditure for Exploration and Production Segment is RMB 53.3 billion. The Company will carefully organize the commissioning of Puguang Gas Field and safe operation of the Sichuan-East China Gas Project. The exploration and capacity buildup of Tahe and Shengli oil fields and Puguang and Erdos gas fields will be the focus of efforts. The capital expenditure for Refining Segment will be RMB 22.3 billion. The emphasis will be put on the strategic locations of refining capacity buildup. The Company will push forward the construction of refining capacity steadily, promote revamping projects focused on taking in lower quality crude oil as feedstock, complete quality upgrading of oil products at low cost, and improve the construction of crude oil dock and transportation & delivery system. The expenditure for Marketing and Distribution Segment will reach RMB 14 billion. Efforts will be concentrated on construction and acquisition of petrol and gas stations in key areas including highways, major cities and newly planned zones. Pipeline construction will be accelerated. Sales network of oil products will be improved. The capital expenditure for Chemicals Segment will be RMB 20 billion. The construction of Zhenhai ethylene project will be completed. The construction of Wuhan ethylene, Yanshan butyl rubber and other projects will be promoted steadily. The capital expenditure for Corporate and Others is planned at RMB 2.4 billion.

In 2010, Sinopec will stick to the scientific outlook of development, improve precision management, actively adjust structure, substantially explore the market, enhance profitability and strive to gain new achievements in production and operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S AUDITED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES. PART OF THE FINANCIAL DATA PRESENTED IN THIS SECTION IS DERIVED FROM THE COMPANY'S AUDITED FINANCIAL STATEMENTS THAT WE HAVE PREPARED IN ACCORDACE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS"), UNLESS OTHERWISE STATED.

1 CONSOLIDATED RESULTS OF OPERATIONS

In 2009, the Company's turnover, other operating revenues and other income were RMB 1345.1 billion, and the operating profit was RMB 84.4 billion, representing a decrease of 10.0%, and an increase of 220.6% respectively over the year of 2008. This was mainly due to positive response to international financial crisis. We strove to expand the market, improve marketing and service, optimize material structure and take the advantage of business scale and Integration, which contributed to a good operational result under the circumstances of implementation of reform on pricing mechanism of oil products and relevant taxation and fees policy , and gradually increased demand for chemical products.

The following table sets forth major revenue and expense items in the consolidated income statement of the Company for the indicated periods:

	Years ended 31 December		
	2009	2008	Change
	RMB millions		(%)
Turnover, other operating revenues and other income	1,345,052	1,495,148	(10.0)
Of which: Turnover	1,315,915	1,413,203	(6.9)
Other operating revenues	29,137	31,088	(6.3)
Other income	—	50,857	(100.0)
Operating expenses	(1,260,621)	(1,468,812)	(14.2)
Of which: Purchased crude oil, products, and operating supplies and expenses	(990,459)	(1,286,106)	(23.0)
Selling, general and administrative expenses	(40,500)	(39,392)	2.8
Depreciation, depletion and amortization	(50,487)	(46,321)	9.0
Exploration expenses (including dry holes)	(10,545)	(8,310)	26.9
Personnel expenses	(28,836)	(23,381)	23.3
Taxes other than income tax	(132,884)	(57,214)	132.3
Other operating expenses (net)	(6,910)	(8,088)	(14.6)
Operating profit	84,431	26,336	220.6
Net finance costs	(7,234)	(5,190)	39.4
Investment income and share of profit less losses from associates and jointly controlled entities	3,371	970	247.5
Profit before taxation	80,568	22,116	264.3
Income tax (expense)/benefit	(16,084)	2,840	—
Profit for the year	64,484	24,956	158.4
Attributable to:			
Equity shareholders of the Company	61,760	28,525	116.5
Non-controlling interests	2,724	(3,569)	—

(1) Turnover, other operating revenues and other income

In 2009, the Company's turnover was RMB 1315.9 billion, representing a decrease of 6.9% over 2008. This was mainly due to the decrease in prices of crude oil, refined oil and chemical products over 2008 and expansion of operations of the Company. In addition, the Company received RMB 50.9 billion government subsidy for the strict control of oil products prices in 2008 (listed as other revenues), while no such subsidy has been paid since the reform on pricing, taxation and fees of oil products was put into effect in 2009.

The following table sets forth the Company's external sales volume, average realized prices and the respective rates of change from 2008 to 2009 for the Company's major products:

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne, RMB/thousand cubic meters)		
	Years ended 31 December		Change	Years ended 31 December		Change
	2009	2008	(%)	2009	2008	(%)
Crude oil	4,915	4,394	11.9	2,303	4,190	(45.0)
Natural gas (million cubic meters)	6,486	6,283	3.2	933	911	2.4
Gasoline	39,035	37,732	3.5	6,367	6,409	(0.7)
Diesel	82,344	80,236	2.6	5,092	5,629	(9.5)
Kerosene	11,353	9,216	23.2	3,918	6,063	(35.4)
Basic chemical feedstock	13,272	10,667	24.4	4,359	6,238	(30.1)
Monomer and polymer for synthetic fiber	4,650	3,990	16.5	6,530	8,054	(18.9)
Synthetic resin	8,667	7,827	10.7	8,072	10,094	(20.0)
Synthetic fiber	1,418	1,353	4.8	9,140	10,488	(12.9)
Synthetic rubber	1,116	982	13.6	11,448	16,160	(29.2)
Chemical fertiliser	1,769	1,658	6.7	1,657	1,729	(4.2)

Most of crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production and the remainings were sold to other customers. In 2009, the total revenue from crude oil, natural gas and other upstream products that were sold externally were RMB 19.3 billion, representing a decrease of 26.7% over 2008. The change was mainly due to the decrease in the price of crude oil.

In 2009, the Company's refining segment and marketing and distribution segment sold petroleum products (mainly consisting of refined oil products and other refined petroleum products) to external parties. The external sales revenue realized by these two segments were RMB 874.2 billion, representing a decrease of 6.5% over 2008, accounting for 65.0% of the Company's turnover, other operating revenues and other income. The decrease was mainly due to the decreased prices of refined oil products. The sales revenue of gasoline, diesel and kerosene was RMB 712.3 billion, representing a decrease of 5.0% over 2008, accounting for 81.5% of the total revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 161.9 billion, representing a decrease of 12.8% over 2008, accounting for 18.5% of the total turnover of petroleum products.

The Company's external sales revenue of chemical products was RMB 192.7 billion, representing a decrease of 12.3% over 2008, accounting for 14.3% of its turnover, other operating revenues and other income. This was mainly due to the decrease in the price of chemical products.

(2) Operating expenses

In 2009, the Company's operating expenses were RMB 1260.6 billion, representing a decrease of 14.2% over 2008. The operating expenses mainly consist of the following:

Purchased crude oil, products and operating supplies and expenses were RMB 990.5 billion, representing a decrease of 23.0% over 2008, accounting for 78.6% of the total operating expenses, among which:

l Crude oil purchase expenses were RMB 405.4 billion, representing a decrease of 41.3% over 2008. In 2009, the total throughput of crude oil that was purchased externally was 135.14 million tonnes (excluding the amount processed for third parties), an increase of 0.2% over 2008; average unit cost for processing crude oil purchased externally was RMB 3,000 per tonne, a decrease of 41.5% over 2008.

l Other purchasing expenses were RMB 585.1 billion, representing a decrease of 1.7% over 2008. This was mainly due to the decrease in the cost of gasoline, diesel, kerosene and other feedstock purchased externally.

Selling, general and administrative expenses totaled RMB 40.5 billion, representing an increase of 2.8% over 2008. This was mainly due to the increase in the expenses of community services and culture, education and healthcare and the increase in rental charges of some gas stations.

Depreciation, depletion and amortization expenses were RMB 50.5 billion, representing an increase of 9.0% over the same period of 2008. This was mainly due to the depreciation resulting from the Company's continuously increased investment in property, plant and equipment.

Exploration expenses were RMB 10.5 billion, representing an increase of 26.9% over 2008, which were mostly spent on enhacning exploration activities in such regions as Northeast and West of Sichuan and Erdos.

Personnel expenses were RMB 28.8 billion, representing an increase of 23.3% compared with 2008. This was mainly because the Company accrued the annuity, performance payroll and the housing subsidy for the personnel who joined the Company after 31 December, 1998 subject to related regulations in 2009, while the performance payroll was not accrued due to the decreased profit in 2008.

Taxes other than income tax was RMB 132.9 billion, an increase of 132.3% compared with 2008, and this was mainly due to domestic reform of prices, taxation and fees for oil products, which led to the increase in the consumption tax, urban construction tax and educational surcharge by RMB 101.4 billion over the same period of 2008. In addition, the special oil income levy decreased by RMB 25.7 billion compared with 2008 as a result of the decrease in the price of crude oil.

Other operating expenses were RMB 6.9 billion, representing a decrease of 14.6%, over 2008.

(3) Operating profit was RMB 84.4 billion, representing an increase of 220.6% over 2008.

(4) Net finance costs were RMB 7.2 billion, representing an increase of 39.4% over 2008. Of which, the Company's interest expenses were RMB 7.4 billion, a decrease of RMB 4.5 billion over 2008; the foreign currency exchange gains were RMB 0.4 billion, a decrease of RMB 2.9 billion over 2008. There was also a loss of RMB 0.2 billion arising from the fair value change of embedded financial derivative instruments in convertible bonds as a result of change in H share's stock price, compared with a profit of RMB 3.9 billion caused by the fair value change of embedded financial derivative instruments in convertible bonds in 2008.

(5) Profit before taxation was RMB 80.6 billion, representing an increase of 264.3% over 2008.

(6) Income tax was RMB 16.1 billion, increased by RMB 18.9 billion. The increase was mainly due to substantial growth of profit before taxation over 2008.

(7) Profit attributable to non-controlling interests of the Company was RMB 2.7 billion, an increase of RMB 6.3 billion compared with 2008.

(8) Profit attributable to equity shareholders of the Company was RMB 61.8 billion, representing an increase of 116.5% over 2008.

2 RESULTS OF SEGMENT OPERATION

The Company manages its operations in four business segments, namely exploration and production segment, refining segment, marketing and distribution segment and chemicals segment, and corporate and others. Unless otherwise specified, the inter-segment transactions have not been eliminated from financial data discussed in this section. In addition, the operating revenue data of each segment include "other operating revenues" and "other income" of the segment.

The following table shows the operating revenues by each segment, the contribution of external sales and inter-segment sales as a percentage of operating revenues before elimination of inter-segment sales, and the contribution of external sales as a percentage of consolidated operating revenues (i.e. after elimination of inter-segment sales) for the periods indicated.

	Operating revenues	As a percentage of consolidated operating revenue before elimination of inter-segment sales	As a percentage of consolidated operating revenue after elimination of inter-segment sales

	Years ended 31 December		Years ended 31 December		Years ended 31 December	
	2009	2008	2009	2008	2009	2008
	RMB millions		(%)		(%)	
Exploration and Production Segment						
External salesnote	36,827	45,108	1.6	1.6	2.7	3.0
Inter-segment sales	87,008	151,393	3.7	5.3		
Operating revenues	123,835	196,501	5.3	6.9		
Refining Segment						
External salesnote	99,701	178,183	4.2	6.2	7.4	11.9
Inter-segment sales	603,870	692,520	25.7	24.3		
Operating revenues	703,571	870,703	29.9	30.5		
Marketing and Distribution Segment						
External salesnote	780,719	813,563	33.2	28.5	58.0	54.4
Inter-segment sales	2,372	3,200	0.1	0.1		
Operating revenues	783,091	816,763	33.3	28.6		
Chemicals Segment						
External salesnote	197,332	226,153	8.4	7.9	14.7	15.1
Inter-segment sales	21,125	27,303	0.9	1.0		
Operating revenues	218,457	253,456	9.3	8.9		
Corporate and Others						
External salesnote	230,473	232,141	9.8	8.1	17.2	15.6
Inter-segment sales	291,396	484,343	12.4	17.0		
Operating revenues	521,869	716,484	22.2	25.1		
Operating revenue before elimination of inter-segment sales	2,350,823	2,853,907	100.0	100.0		
Elimination of inter-segment sales	(1,005,771)	(1,358,759)				
Consolidated operating revenues	1,345,052	1,495,148			100.0	100.0

Note: Including other operating revenues and other income.

The following table sets forth the operating revenues, operating expenses and operating profit by each segment before elimination of the inter-segment transactions for the periods indicated, and the rates of change from 2008 to 2009.

		Years ended 31 December		
		2009	2008	Change
		RMB millions		(%)
Exploration and Production Segment				
	Operating revenues	123,835	196,501	(37.0)
	Operating expenses	104,191	129,932	(19.8)
	Operating profit	19,644	66,569	(70.5)
Refining Segment				
	Operating revenues	703,571	870,703	(19.2)
	Operating expenses	680,494	934,338	(27.2)
	Operating profit	23,077	(63,635)	—
Marketing and Distribution Segment				
	Operating revenues	783,091	816,763	(4.1)
	Operating expenses	752,791	778,244	(3.3)
	Operating profit	30,300	38,519	(21.3)
Chemicals Segment				
	Operating revenues	218,457	253,456	(13.8)
	Operating expenses	204,842	266,406	(23.1)
	Operating profit	13,615	(12,950)	—
Corporate and others				
	Operating revenues	521,869	716,484	(27.2)
	Operating expenses	524,074	718,651	(27.1)
	Operating profit	(2,205)	(2,167)	1.8

(1) Exploration and Production Segment

Most of the crude oil and a small portion of the natural gas produced by the exploration and production segment were used for the Company's refining and chemical operations. Most of the natural gas and a small portion of crude oil produced by the Company were sold externally to other customers.

In 2009, the operating revenues of this segment were RMB 123.8 billion, representing a decrease of 37.0% over 2008.This is mainly attributable to the decrease in the selling price of crude oil.

In 2009, this segment sold 40.24 million tonnes of crude oil and 7.03 billion cubic meters of natural gas, representing an increase of 2.1% and 2.2% respectively over 2008. The average realized price of crude oil and natural gas were RMB 2,409 per tonne and RMB 959 per thousand cubic meters respectively, representing a decrease of 43.6% and an increase of 1.9% respectively over 2008.

In 2009, the operating expenses of this segment were RMB 104.2 billion, representing a decrease of 19.8% over 2008. The was mainly due to the decrease of special oil income levy by RMB 25.7 billion over 2008 caused by the decrease of the selling price of crude oil.

In 2009, the unit cash operating cost for oil and gas was RMB 642.6 per tonne, representing an increase of 1.9% over 2008.

In 2009, the segment tried its best to stabilize/increase the production. The segment's operating profit was RMB 19.6 billion, representing a decrease of 70.5% over 2008, which was mainly caused by substantial decline in prices of crude oil year on year.

(2) Refining Segment

Business activities of the refining segment include purchasing crude oil from third parties or from the exploration and production segment of the Company and processing crude oil into refined products, selling gasoline, diesel and kerosene to the marketing and distribution segment of the Company, selling a portion of feedstock oil to the chemicals segment of the Company, and selling other refined petroleum products to both domestic and overseas customers.

In 2009, the operating revenues of this segment was RMB 703.6 billion, representing a decrease of 19.2% against 2008. This was mainly attributable to the decrease in prices of the products.

The following table sets forth the sales volumes, average realized prices and the respective rates of change of the Company's major refined oil products of the segment from 2008 to 2009.

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Years ended 31 December		Change	Years ended 31 December		Change
	2009	2008	(%)	2009	2008	(%)
Gasoline	31,343	28,725	9.1	5,591	5,586	0.1
Diesel	63,095	68,725	(8.2)	4,646	4,934	(5.8)
Chemical feedstock	26,983	23,604	14.3	3,333	5,983	(44.3)
Other refined petroleum products	44,075	41,895	5.2	3,208	4,391	(26.9)

In 2009, the segment's sales revenues of gasoline were RMB 175.2 billion, representing an increase of 9.2% over 2008.

In 2009, the sales revenues of diesel were RMB 293.1 billion, representing a decrease of 13.6% against 2008.

In 2009, the sales revenues of chemical feedstock were RMB 89.9 billion, representing a decrease of 36.3% against 2008.

In 2009, the sales revenues of refined petroleum products other than gasoline, diesel and chemical feedstock were RMB 141.4 billion, representing a decrease of 23.1% against 2008.

In 2009, this segment's operating expenses were RMB 680.5 billion, representing a decrease of 27.2% over the same period of 2008, which is mainly attributable to the decrease of crude oil processing cost caused by decrease of crude oil sales price.

In 2009, the average unit cost of crude oil processed was RMB 2,911 per tonne, representing a decrease of 41.9% against 2008. Refining throughput was 167.08 million tonnes (excluding the volume processed for third parties), representing an increase of 0.9% against 2008. And the total costs of crude oil processed were RMB 486.3 billion, representing a decrease of 41.4% against 2008.

In 2009, the refining margin was RMB 309 per tonne, an increase of RMB 722 per tonne over 2008, mainly due to reform on prices, taxation and fees of oil products carried out in China, and the optimization of production scheme by the company, as well as adjustment in product mix, sustained high load operations, which, as a result, reversed the huge losses made in the past.

In 2009, the unit refining cash operating cost (defined as operating expenses less the purchase cost of crude oil and refining feedstock, depreciation and amortization, taxes other than income tax and other operating expenses, and divided by the throughput of crude oil and refining feedstock) was RMB 136 per tonne, representing an increase of RMB 6.4 per tonne, i.e. 4.9% compared with 2008. This was mainly due to lower quality of crude oil and the higher cost in upgrading oil products quality.

In 2009, the segment's operating profit was RMB 23.1 billion, an increase of RMB 86.7 billion compared with 2008.

(3) Marketing and Distribution Segment

The business of marketing and distribution segment includes purchasing refined oil products from the refining segment and third parties, conducting wholesale and direct sales to domestic customers and retailing, distributing oil products through the segment's retail and distribution network, as well as providing related services.

In 2009, the operating revenues of this segment were RMB 783.1 billion, a decrease of 4.1% compared with 2008.

In 2009, the sales revenues of gasoline, diesel and kerosene were RMB 248.7 billion, RMB 421 billion and RMB 44.4 billion, representing an increase of 2.9% and a decrease of 7.3% and 20.3% respectively compared with 2008.

The following table sets forth the sales volumes, average realized prices, and respective rate of changes of the four major refined oil products categories in 2009 and 2008, including detailed information of retail, distribution and wholesale for gasoline and diesel.

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Years ended 31 December		Changes	Years ended 31 December		Changes
	2009	2008	(%)	2009	2008	(%)
Gasoline	39,067	37,712	3.6	6,366	6,410	(0.7)
Of which: Retail	31,474	29,833	5.5	6,540	6,524	0.3
Distribution	2,377	2,614	(9.1)	5,554	6,013	(7.6)
Wholesale	5,216	5,265	(0.9)	5,687	5,964	(4.6)
Diesel	82,701	80,649	2.5	5,091	5,629	(9.6)
Of which: Retail	41,941	48,894	(14.2)	5,374	5,704	(5.8)
Distribution	28,143	22,313	26.1	4,844	5,561	(12.9)
Wholesale	12,617	9,442	33.6	4,697	5,402	(13.0)
Kerosene	11,330	9,186	23.3	3,919	6,065	(35.4)
Fuel oil	17,894	11,459	56.2	2,952	3,692	(20.1)

The operating expenses of the segment in 2009 was RMB 752.8 billion, representing a decrease of 3.3% over 2008, which was mainly attributable to the reduction of the purchasing costs of gasoline and diesel.

In 2009, the segment's unit cash selling expenses of refined oil products per tonne (defined as the operating expenses less the purchasing costs, taxes other than income tax, depreciation and amortization and divided by the sales volume) was RMB163.6/tonne, an increase of 6.8% over 2008, which was primarily attributable to the repair and maintenance expenses for gas station and increase of rental and storage charges.

In 2009, the operating profit of the segment was RMB 30.3 billion, a decrease of 21.3% over 2008, which was basically attributable to smaller price gap resulting from the domestic reform on pricing, taxation and fees of oil products as well as adequate supply and the severe competition in the refined oil products market.

(4) Chemical segment

The segment was involved in purchasing chemical feedstock from the refining segment and third parties, producing, marketing and distributing petrochemical and inorganic chemical products.

The operating revenue of the chemicals segment in 2009 were RMB 218.5 billion, decreased by 13.8% over 2008, which was mainly attributable to the dramatic drop in chemical product sales prices.

The sales amount of the six major categories of chemical products (namely basic organic chemicals, synthetic fiber monomers and polymers for synthetic fiber, synthetic fiber, synthetic rubber and chemical fertilizer) of the segment in 2009 was approximately RMB 201 billion, reduced by 12.7% compared with the same period of the previous year, accounting for 92.0% of the operating revenues of the segment.

The table indicates the sales volumes, average realized prices and rates of change of the six major chemical products of the segment in 2009 and 2008.

	Sales volume (thousand tonne)			Average realised price (RMB/tonne)		
	Years ended 31 December		Changes	Years ended 31 December		Changes
	2009	2008	(%)	2009	2008	(%)
Basic organic chemicals	16,663	13,386	24.5	4,296	6,392	(32.8)
Synthetic resin	8,682	7,845	10.7	8,073	10,097	(20.0)
Monomer and polymers for Synthetic fiber	4,692	4,019	16.7	6,519	8,052	(19.0)
Synthetic fiber	1,418	1,353	4.8	9,140	10,488	(12.9)
Synthetic rubber	1,119	988	13.3	11,448	16,180	(29.3)
Chemical fertilizer	1,769	1,659	6.6	1,657	1,729	(4.2)

The operating expenses of the segment in 2009 was RMB 204.8 billion, representing a decrease of 23.1% over 2008, which was mainly attributable to the decrease of the unit cost of raw materials, resulting in the decrease of raw material costs by RMB 60.1 billion.

The segment proactively expanded the market in 2009, strengthened the integration of manufacturing, sales and research, improved customer services and strengthened strategic alliance with important clients and hence achieved operating profit of RMB 13.6 billion, an increase of RMB26.6 billion over 2008.

(5) Corporate and Others

The business activities of corporate and others mainly consist of import and export business of the Company's Subsidiaries, research and development activities of the Company, and administrative activities of its headquarter.

In 2009, the operating revenue generated from corporate and others was RMB 521.9 billion, representing a decrease of 27.2% over 2008, which was mainly attributable to the decrease in petroleum and petrochemical product prices, leading to the decrease of revenues from crude oil and refined oil trading business of the trading subsidiaries. The operating revenue from trading companies was RMB 520.5 billion.

In 2009, the operating expenses of this segment was RMB 524.1 billion, representing a decrease of 27.1% over 2008, which was mainly attributable to the decrease in its trading companies' purchasing costs. The operating expense from the trading companies was RMB 519.3 billion.

In 2009, the operating losses of this segment were RMB 2.2 billion, flat with that of 2008, of which the operating profit of specialized affiliates like the trading companies amounted to RMB 1.2 billion and the operating loss arising from research affiliates, headquarters and donation activities amounted to RMB 3.4 billion.

3 ASSETS, LIABILITIES, EQUITY AND CASH FLOW

The main fund resources of the Company were operating activities and short and long-term loans, and the fund was primarily used as operating expenditures, capital expenditures and repayment of short and long-term borrowings.

(1) Assets, liabilities and equity

Unit: RMB millions

		At 31 December 2009	At 31 December 2008	Amount of Changes
Total assets		877,842	779,172	98,670
	Current assets	201,280	165,398	35,882
	Non-current assets	676,562	613,774	62,788
Total liabilities		478,989	430,630	48,359
	Current liabilities	313,419	286,656	26,763
	Non-current liabilities	165,570	143,974	21,596
Equity attributable to equity shareholders of the Company		375,661	327,889	47,772
	Share capital	86,702	86,702	—
	Reserves	288,959	241,187	47,772
Minority interests		23,192	20,653	2,539
Total equity		398,853	348,542	50,311

At December 31, 2009, the total assets of the Company were RMB 877.8 billion, an increase of RMB 98.7 billion over that at the end of the previous year, of which:

l The current assets were RMB 201.3 billion, an increase of RMB 35.9 billion over that at the end of the previous year, which was mainly attributable to the dramatic rise in prices of crude oil and other raw materials. The inventories such as crude oil, of the Company increased by RMB 45.6 billion and the accounts receivable of the Company increased by RMB 12.1 billion owing to the rise in prices of oil products and chemical products; in addition, other current assets decreased by RMB 24 billion.

l The non-current assets were RMB 676.6 billion, an increase of RMB 62.8 billion compared with the end of the previous year, which was primarily attributable to the increase of RMB 53.2 billion in property, plant and equipment as a result of the implementation of the annual investment plan as well as RMB 5.1 billion lease prepayment for land use rights.

The total liabilities were RMB 479 billion, an increase of RMB 48.4 billion compared with the end of the previous year, of which:

l The current liabilities were RMB 313.4 billion, an increase of RMB 26.8 billion compared with the end of the previous year, which was mostly attributable to the increase of amounts payable of RMB 41.3 billion and bills payable of RMB 4.4 billion as a result of the rise in prices of raw materials, such as crude oil; and the increase of amounts payables such as accounts received in advance and income tax payable of RMB 17.5 billion; in addition, the Company increased direct financing and cut borrowings by RMB 36.4 billion to adjust debt structure.

l The non-current liabilities were RMB 165.6 billion, an increase of RMB 21.6 billion compared with the end of the previous year, which was mainly attributable to the factors that the Company further adjusted the debt structure, enlarged direct financing and issued medium-term notes of RMB 30 billion.

The equity attributable to shareholders of the Company was RMB 375.7 billion, an increase of RMB 47.8 billion compared with the end of the previous year, which was a rise in reserves.

(2) Cash flow

The following table shows major items of consolidated cash flow statements of 2009 and 2008

Unit: RMB millions

	Years ended 31 December	
Main items of cash flow	2009	2008
Net cash flow from operating activities	152,075	66,517
Net cash flow from investing activities	(116,039)	(110,035)
Net cash flow from financing activities	(34,294)	42,820
Increase/ (decrease) of cash and equivalents	1,742	(698)

The net cash generated from the operating activities of the Company in 2009 was RMB 152.1 billion, an increase of RMB 85.6 billion compared with the end of the previous year, which was mainly attributable to the facts that: the profits before taxation were RMB 80.6 billion, an increase of RMB 58.5 billion year on year, and depreciation, depletion and amortization were RMB 50.5 billion, an increase of RMB 4.2 billion year on year; income tax paid reduced by RMB 17 billion than that of the same period of the previous year.

The net cash used in the investing activities of the Company in 2009 was RMB 116 billion, an increase of RMB 6 billion year on year, which was mainly attributable to the year-on-year increase of the capital expenditures because of the annual investment plan.

The net cash outflow from the financing activities of the Company in 2009 was RMB 34.3 billion, an increase of RMB 77.1 billion year on year. The reasons were: firstly, the Company took the opportunity of the favorable economic conditions, enhanced centralized management of capital, controlled cash occupation in form of current assets and the scale of debt, reduced fund deposition and accelerated turnover of fund to improve the efficiency via using funds saved to repay the loans timely.

(3) Contingent liabilities

Refer to relevant contents in this report "Significant Events" regarding material guarantees and their executions.

(4) Capital expenditures

Refer to the description on capital expenditures, which is provided in "Business Review and Prospects".

(5) Research & development and environmental expenses

Research & development expenses refer to the expenses recognized as expenses during the period. The research & development expenses of the Company in 2009 were RMB 3.816 billion.

The environmental expenses refer to the normal pollutant discharge fees paid by the Company, exclusive of capitalized cost on pollutant processing facilities. In 2009, the company's environmental expenses were RMB 3.196 billion.

(6) Measurement of fair values of financial derivatives and related systems

The Company established and completed a decision-making mechanism, business operation process and internal control regarding financial derivatives accounting and information disclosure.

Items subject to measurement of fair values

Unit: RMB millions

Items	Balance as at 1 January2009	Fair value change recognised in profit and loss during the year	Fair value change recognised in equity during the year	Provision for impairment losses during the reporting period	Balance as at 31 December 2009

Financial assets						
Among which:						
1.	Financial assets at fair value through profit and loss	643	151	—	—	182
	Among which: Derivative financial assets	643	151	—	—	182
2.	Available-for-sale financial assets	154	—	(175)	—	1,461
3.	Cash flow hedges	224	—	111		142
Total financial assets		1,021	151	(64)	—	1,785
Financial liabilities		(546)	(516)	(57)	—	(976)
Investment properties		—	—	—	—	—
Productive biological assets		—	—	—	—	