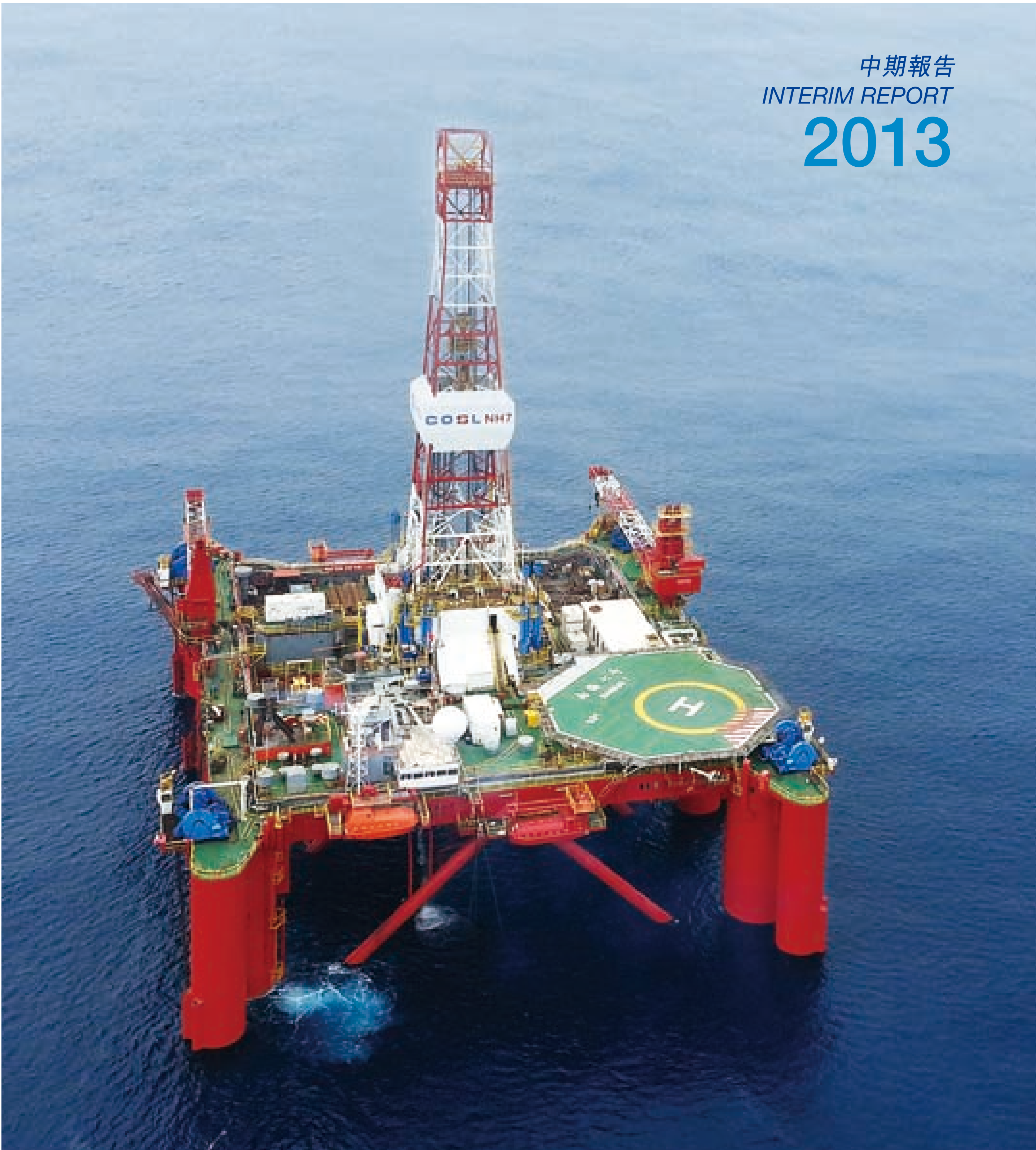
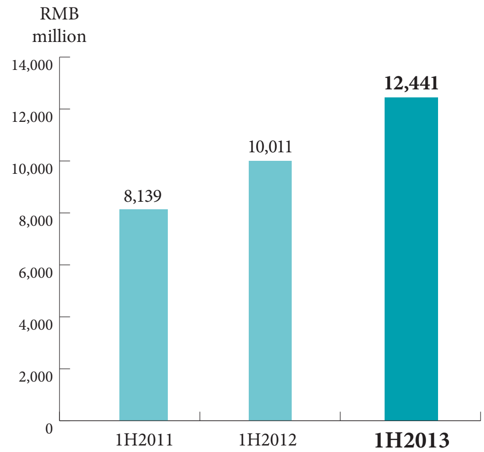
CHINA OILFIELD SERVICES LIMITED
中海油田服務股份有限公司
(Stock Code 股票代號 A 股: 601808 ; H 股: 2883)



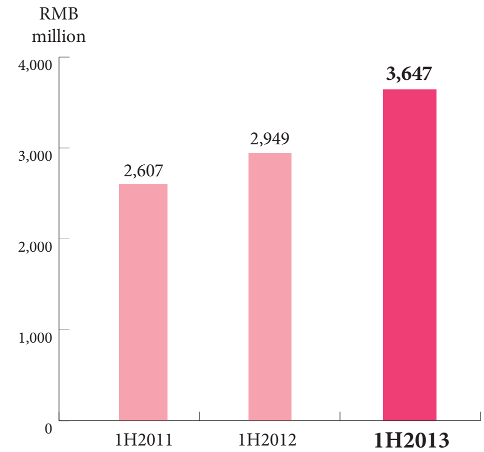
中期報告
INTERIM REPORT
2013

Financial Highlights

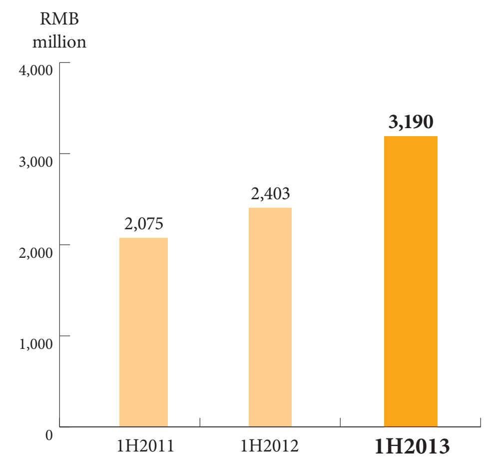
Revenue



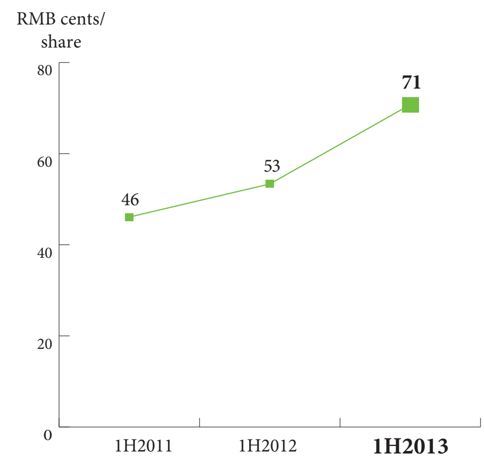
Profit from operations



Profit for the period



Earnings Per Share



Contents

Chief Executive Officer's Report

DEAR SHAREHOLDERS,

In the first half of 2013, the oilfield service industry was driven by the capital expenditures in exploration and development activities by oil companies, resulting in further recovery and steady growth. COSL seized market opportunities to actively explore the market. Through sensible deployment of resources in the PRC and the international market, COSL's position in the PRC market was consolidated and its share in the international market grew continuously. Utilization rate of our equipment further rose and safety and environmental protection remained steady. These brought stable growth in revenue and profit. Here, I would like to present a brief review of the Company's operating results, service capability, international business and other respects.

STABLE GROWTH IN RESULTS

In the first half of the year, 4 main segments of the Company had full operation. Driven by the continuous high utilization rate and newly added capacities of the equipment, the Company achieved encouraging operating results. The revenue reached to RMB12.44 billion, representing an increase by 24.3% over the same period of last year. Operating profit and profit attributable to owners of the Company amounted to RMB3.65 billion and RMB3.18 billion, representing an increase by 23.6% and 32.6% respectively over the same period of last year. Earnings per share amounted to RMB71 cents.

The Company effectively enhanced equipment scale with an approach of "acquisition, leasing and construction", which rapidly captured market share and contributed prominently to the growth in results. Its drilling services segment gained substantial operation capacity from the newly-built semi-submersible drilling rig "COSLPromoter", "Nanhai 7" and the jack-up drilling rig "KANTAN II" on lease, the "Nanhai 8" and the "COSLInnovator", which came on stream at the end of 2012. Furthermore, equipment of drilling rigs maintained a high utilization rate, and had an average calendar day utilization rate of 95.3%, representing a 2.5 percentage points increase over the same period last year. Propelled by the above two factors, the segment achieved a rapid growth and revenue of RMB6.91 billion in the first half of the year, representing an increase of 31.2% over the same period of last year. Driven by the drilling services segment and its new technology, the well services segment recorded an increased operation volume and revenue increased by 26.2% to RMB2.66 billion. By rational deployment of external resources, the marine support and transportation services segment effectively consolidated its market share in the PRC and maintained a high utilization rate of its equipment. Its revenue increased by 14.2% and amounted to RMB1.60 billion. On top of consolidating its market share in the PRC, the geophysical and surveying services segment actively explored the international market in the period and recorded revenue amounted to RMB1.28 billion, representing an increase of 3.0% over the same period of last year.

FURTHER ENHANCING SERVICE CAPABILITY

In the first half of 2013, we were pleased to see an impressive operational performance of a batch of new deep-water equipment including "HYSY 981", "HYSY 720", "HYSY 708", "HYSY 681" and others. They were manifestation of the Company's learning ability in the deep-water technology and its capability of equipment management. In the first half of the year, "HYSY 981" performed satisfactorily and completed operation of five wells; "HYSY 720" once again broke records of 3D operation in South China Sea; the drilling rigs "Nanhai 7" on lease and "Nanhai 8" acquired showed an excellent performance, which further increased the Company's deep-water service capability.

The Company entered into construction contracts of a 12-streamer geophysical vessel and 15 vessels. Recently, it seized a chance and bought 1 semi-submersible drilling rig and 2 375-feet jack-up drilling rigs. We will also sign construction contracts of 1 5,000-feet semi-submersible drilling rig and 2 400-feet jack-up drilling rigs. These will further enhance the Company's equipment structure, service capability and market competitiveness.

In terms of commercialization of technological achievements, a number of new self-developed technologies were successfully applied in production, which enhanced technological service capability of the Company. Commercialization projects such as nuclear magnetic resonance loggers were effectively promoted both in the PRC and other countries with satisfactory effects. High-end loggers, including the Enhanced Reservoir Characteristic Tester (ERCT) and the High Definition Array Induction Logger, began their commercialized manufacturing and operation in offshore of various regions. The water-based drilling fluids to high-temperature and high-pressure well completed operation of 8 wells in East China Sea and South China Sea.

Chief Executive Officer's Report (continued)

CONTINUOUSLY IMPROVING INTERNATIONAL BUSINESS

In the first half of 2013, our international business once again achieved delightful progress. The Company's overseas revenue amounted to RMB4.41 billion, accounting for 35.4% of its total revenue and representing an increase of 39.4% as compared with the same period last year. Our brand influence continued to rise in the international market, and the Company were invited to take part in over 200 tenders of oilfield service projects across the world in the period, including 20 from international oil companies and 51 from national oil company. Four regional markets of the Southeast Asia, the Middle East, Mexico and the North Sea continued growing.

In the Southeast Asia market, "HYSY 937", "COSLSeeker", "Bohai 8" and other rigs continued providing service in Indonesia, in local markets of off-shore drilling. We were particularly proud that "Bohai 8" ranked top in all contractors of Pertamina and was recognized by the industry; "COSLBoss" commenced to perform a long-term cooperation contract with British Petroleum Corporation ("BP") in compliance with BP2013 standards; "HYSY 720" performed well in its first winter operation overseas and satisfactorily completed an operation, comprising of seismic data collection for Petrochina and PTT Exploration and Production Public Company Limited (PTTEP), in two deep-water blocks in Myanmar. As noteworthy was that the Company entered into two new markets in this region. One was the Pakistan Market, where "HYSY 718" has successfully implemented its first operation project. The other was the Thailand market, where "COSLPower" successfully won a tender of a local drilling service project.

The Company continued its comprehensive oilfield technology services, such as drilling and well workovers, in the Middle East market.

The Company also made great progress in business such as module rigs and jack-up rigs working in the Mexican Bay by smoothly renewing related contracts. The Company entered into a contract in relation to construction of a 3000HP module rig, aiming to further enhance its operation capability there. Furthermore, we completed the registration of a branch in Canada and related work was under progress. The Company has high expectation of applying heavy oil thermal recovery technology to the region.

In the North Sea market centred around Norway, the semi-submersible drilling rig "COSLPromoter" officially commenced operation in April, being the last one to come on stream among the Company's 3 semi-submersible drilling rigs and 2 accommodation rigs intended for the Norway market. CDE ("COSL Drilling Europe AS") gained recognition of clients by its good rig management and operational capacity, and was ranked number 1 in an integrated examination recently conducted by Statoil on its contractors. "COSLPioneer" was once more accredited "the rig of the month" in an integrated examination on performance and efficiency over 31 rigs working in North Sea waters conducted in February.

HAVING STEADY SAFE PRODUCTION AND ENVIRONMENTAL PROTECTION

Safe production is the cornerstone of the Company's development. In the first half of the year, we further strengthened safety management of front-line staff and initiated in-depth identification and prevention of potential problems and contingency training. These measures not only raised staff's safety techniques and safety awareness but also effective prevented related accidents. The Company's safety situation was stable, with its OSHA index stood at 0.14, significantly lower than the figure for the same period last year.

STEADILY PROGRESSING TECHNOLOGICAL RESEARCH AND DEVELOPMENT

In the first half of 2013, technological research and development made satisfactory progress. The proprietary Electron Magnetic Resonance Logs Tools (EMRT) fulfilled its operational mission without incident by collecting qualified electron magnetic resonance logging data. LWD array compensated electromagnetic wave resistivity loggers were examined on various functions in stringent tests, research and development thereof proceeded to next stage. Deep-water drilling fluids and deep-water cement slurries system have been successfully put into practice in the period. In the first half of the year, the Company was granted 110 patents, of which 35 were invention patents.

Chief Executive Officer's Report (continued)

CONTINUOUSLY OPTIMIZING BASIC MANAGEMENT

As an oilfield service provider, basic management is crucial to enhancing operational efficiency, quality and to safeguarding a safe and environmentally-friendly operation. In the first half of the year, the Company continued to reinforce its basic management by proactively comparing itself with internationally first-class peers and carrying out all possible improvement promptly. Its segments also optimized their work-flows and set up their operational standards in line with their own characteristics. As a result, management efficiency and work quality were sharply enhanced. Benefiting from this, COSL's brand and established management are receiving recognition from more and more international oil companies. Additionally, the continuous efforts will become the foundation of the Company's sustainable development and its increasing competitiveness, and will be beneficial to the Company going forward.

In the second half of the year, the Company will have rapid growth in its business and the external environment will be complicated and changing. Under such situation, we will be focusing more on building capability of the Company by further raising competitiveness and deep-water service capability of all segments. By utilizing its effective management system and internal risk control system, we will continue to be committed to risk control over its production in terms of safety and environmental friendliness and to technological research and development and training. We will strengthen basic management, especially management of our international business, and consolidate the foundation of our development, so as to continually enhance the Company's core competitiveness and ability to achieve sustainable development. We will continue to create value for shareholders and provide them with sustained and stable returns.

Li Yong
Chief Executive Officer and President of COSL

19 August 2013, Hong Kong

Management Discussion and Analysis

Industry Review

In the first half of 2013, international oil prices fluctuated at a high-level. Average prices of WTI and Brent were US$94.2/barrel and US$107.5/barrel respectively, representing a decrease of US$4.0 and US$5.8 over ths same period of last year. The high oil prices provided support for the global upstream oil and gas investment. Barclays estimated that the capital expenditures for the global oil and gas exploration and production was US$678 billion, representing an increase of 10% over 2012. Benefiting from the increase in investment by oil companies, the scale of oilfield service market continued to grow. According to the statistics data of IHS-ODS, in the first half of 2013, the average utilization rate of global drilling rigs was 85.7%, representing an increase of 6.2% over the same period last year, the average utilization rate of semi-submersible drilling rigs (including deepwater drilling ship) was 90.2%, representing an increase of 0.4% over the same period of last year. Geophysical and surveying services segment and well services segment maintained an upward trend.

Business Review

Drilling Services Segment

During the first half of 2013, the drilling services segment of the Group has been active and created an operating income of RMB6,908.3 million for the first half of 2013, increased by 31.2% compared to RMB5,265.0 million of the same period last year, which is mainly attributable to the expansion of the drilling equipment and increase in the calendar day utilization rate.

The drilling equipment scale of the Group were further expanded during the first half of the year, and the Group leased NH7, a semi-submersible drilling rig, and “KANTAN II”, a jack-up drilling rig, to fulfill the demand of drilling rigs in shallow water and middle deepwater. The semi-submersible drilling rig, “COSLPromoter”, commissioned last year commenced to perform an eight-year contract with Statoil ASA, in the Norwegian North Sea. The putting into operation of the three mentioned drilling rigs had enhanced the operational capability of our drilling services business to a certain extent.

In addition to the new production capacity, the operation efficiency of the existing drilling rigs of the Group were further enhanced through rational operation arrangement. “COSLPioneer” once again ranked top in the comprehensive performance review by Statoil as the “Rig of February” in February of the year while CDE, a subsidiary of the Group, ranked top in the drilling contractor ratings by Statoil.

As at the end of June 2013, the Group operated and managed a total of 37 drilling rigs (including 28 jack-up drilling rigs and 9 semi-submersible drilling rigs), of which 11 rigs were operating in Bohai, China, 10 in South China Sea, 1 in East China Sea, and 14 were operating in overseas regions such as Norwegian North Sea, Mexico and Indonesia, and 1 rig was under repair and maintenance abroad. The Group also owned 2 accommodation rigs, 4 module rigs and 8 land drilling rigs.

During the first half of 2013, the number of operating days of the Group’s drilling rigs amounted to 6,090 days, representing an increase of 732 days, and the calendar day utilization rate reached 95.3%, representing an increase of 2.5 percentage points compared with the same period of last year.

Management Discussion and Analysis (continued)

The operation details of our jack-up and semi-submersible drilling rigs in the first half of 2013 are as follows:

	For the six months ended 30 June 2013	2012	Increase/ (Decrease)	Increase
Operating days (day)	**6,090**	5,358	732	13.7%
Jack-up drilling rigs	**4,741**	4,577	164	3.6%
Semi-submersible drilling rigs	**1,349**	781	568	72.7%
Available day utilization rate	**99.7%**	99.7%	–	
Jack-up drilling rigs	**100.0%**	99.9%	0.1 percentage point	
Semi-submersible drilling rigs	**98.7%**	98.9%	(0.2) percentage point	
Calendar day utilization rate	**95.3%**	92.8%	2.5 percentage points	
Jack-up drilling rigs	**96.3%**	93.1%	3.2 percentage points	
Semi-submersible drilling rigs	**92.1%**	90.7%	1.4 percentage points	

The increase by 164 days in operating day of jack-up drilling rigs compared with the same period of last year was mainly attributable to an increase of 38 operating days as a result of the newly leased "KANTAN II"; an increase of 156 operating days as a result of BH8 commenced normal operations after last year's preparation for overseas operations; a decrease of 57 days as a result of repair and maintenance for "COSLPower" and an increase of 27 days in operating days of other drilling rigs.

The operating days of semi-submersible drilling rigs increased by 568 days compared with the same period of last year was due to the increase of 168 days, 171 days, 108 days, 89 days contributed respectively by "COSLInnovator" and NH8 started operation at the end of last year and NH7 and "COSLPromoter" started operation in the first half of 2013, while the operating days of other drilling rigs increased by 32 days.

Due to the decrease in maintenance and preparation time for drilling rigs during the period, the calendar day utilization rate of the Group's drilling rigs in the first half of 2013 reached 95.3%, representing an increase of 2.5 percentage points as compared with the same period of last year.

Two accommodation rigs continued to operate in the North Sea for 362 days in the first half of 2013, with available day utilization rate and calendar day utilization rate both reached 100.0%.

While the operating days of 4 module rigs working in the Mexican Bay decreased by 16 days to 707 days due to repair and maintenance and the calendar day utilization rate was at 97.0%, representing a decrease of 2.3 percentage points as compared with the same period of last year.

With the effects of the new semi-submersible drilling rigs and the increase in average day income of the accommodation rigs, the average day income of the drilling rigs of the Group for the first half of 2013 increased compared with the same period of last year, with details as follows:

Average day income (ten thousand US$/day)	For the six months ended 30 June 2013	2012	Increase	Increase
Jack-up drilling rigs	**11.8**	10.9	0.9	8.3%
Semi-submersible drilling rigs	**32.8**	28.8	4.0	13.9%
Drilling rigs sub-total	**16.9**	13.7	3.2	23.4%
Accommodation rigs	**25.8**	20.2	5.6	27.7%
Group's average	**17.4**	14.0	3.4	24.3%

Note 1: Average day income = Revenue/operating days.

Note 2: US$/RMB exchange rate was 1: 6.1787 on 30 June 2013 and 1: 6.3249 on 30 June 2012, respectively.

Management Discussion and Analysis (continued)

Well Services Segment

In the first half of 2013, continuous efforts were put in to enhance technical service capability. Operating income increased by 26.2% to RMB2,655.4 million from RMB2,103.8 million of the same period last year. The increase was due to the increased operation volume from several business lines and hi-tech application.

The research and development of technology in this segment had attained further achievements in the first half of 2013. The application of multiple fluid thermal recovery technology on the extraction of extra-heavy oil had achieved initial success and provided effective means of extraction and technical direction for the oilfield development with extra-heavy oil. EMRT, a self-developed electron magnetic resonance logging tool, had successfully applied in the oilfields in the west of South China Sea for the first time. FLIIS, a self-developed software, had obtained national trademark registration and could provide strong technical support for rapid assessment on the effectiveness of oilfield development. A new contract in respect of mud business was signed with an Indonesia company after fierce competition and laid a solid ground for the diversification of customers and market expansion in that region.

Marine Support and Transportation Services Segment

In the first half of 2013, the Group's marine support and transportation services segment, focused on domestic waters and adhered to safe production, has consolidated its existing markets and utilised external resources to enhance service capabilities. The chartered vessels operated for a total of 7,030 days for the first half of 2013, representing an increase of 1,676 days as compared with the same period of last year, realized revenue of RMB579.7 million which led to the achievement of a revenue growth of RMB198.4 million or 14.2% to RMB1,599.7 million as compared to RMB1,401.3 million in the same period last year.

In addition, in order to satisfy different requirements in the offshore oil and gas exploration and development in China together with an aim to enhance deepwater service capabilities, construction contracts for 15 vessels were signed and the vessels are expected to be delivered in 2015.

The calendar day utilization rate of the self-owned vessels in the first half of 2013 was 94.2%, representing an increase of 3.3 percentage points compared with the same period last year, which was mainly due to the decrease in repair and maintenance days. The operating days of self-owned vessels are as follows:

Operating days (day)	For the six months ended 30 June 2013	2012	Increase/ (Decrease)	Increase/ (Decrease)
Standby vessels	**6,846**	7,053	(207)	(2.9%)
AHTS vessels	**2,811**	2,714	97	3.6%
Platform supply vessels	**888**	865	23	2.7%
Multi-purpose vessels	**666**	690	(24)	(3.5%)
Workover support barges	**718**	645	73	11.3%
Total	**11,929**	11,967	(38)	(0.3%)

The transportation volume of oil tankers was 940,000 tons for the first half of 2013, representing an increase of 8,000 tons compared with 932,000 tons for the same period of last year. The transportation volume of chemical carriers decreased by 185,000 tons from 1,140,000 tons for the same period of last year to 955,000 tons.

Management Discussion and Analysis (continued)

Geophysical and Surveying Services Segment

During the first half of 2013, geophysical and surveying services segment rationalized its production, put efforts in expanding overseas markets and completed various overseas projects in Pakistan, Myanmar and Thailand, realized a revenue of RMB1,277.6 million, representing a slight increase of 3.0% over the same period of last year. "HYSY718" was awarded the Medal of Honor by United Energy Pakistan (UEP), due to its quality, safety and efficient service.

Furthermore, to enhance the deepwater service capabilities of the Group, construction contract for "HYSY721", a 12-streamer geophysical vessel, was signed in the first half of 2013 and the vessel is expected to be delivered and commence operation in the second half of 2014. The addition of "HYSY721" will further adjust the equipment structure of the geophysical and surveying services segment.

Geophysical Services

In the first half of 2013, the details of the Group's collection and processing workload are as follows:

Services	For the six months ended 30 June 2013	2012	Increase/ (Decrease)	Increase/ (Decrease)
2D collection (km)	**14,854**	10,946	3,908	35.7%
2D processing (km)	**14,011**	11,216	2,795	24.9%
3D collection (km^2)	**12,899**	13,659	(760)	(5.6%)
Including submarine cable (km^2)	**347**	446	(99)	(22.2%)
3D processing (km^2)	**7,432**	6,351	1,081	17.0%

In the first half of 2013, the Group's workload for 2D collection and processing increased significantly. The operation volume for 2D collection services increased by 3,908 km compared with the same period of last year, mainly because of the longer effective operation period of NH502 as a result of the early commencement of operation and the operation areas were closely connected during the period, which increased the operation volume of the vessel by 3,445 km. Workload for 2D processing services increased by 2,795 km compared with the same period of last year due to the increase of operation volume for 2D collection services.

The operation volume for 3D collection services decreased by 760 km^2 compared with the same period of last year, mainly because the overseas operation of "HYSY719" with longer mobilisation and demobilisation periods has resulted in a decrease of 1,232 km^2 in operation volume; operation volume of "HYSY720" decreased by 927 km^2 compared with the same period of last year due to repair and maintenance back from overseas operation; combined operation volume of BH511 and "HYSY718" increased by 1,620 km^2 due to improved efficiency led by fine conditions of the operating waters during the period. Workload of 3D processing services increased by 1,081 km^2 compared with the same period of last year due to the increase of processing volume in Bohai, China.

Surveying Services

In the first half of 2013, "HYSY708", a deep water survey vessel, completed the recirculation and installation operation of deep-water gas tree for our client's development project at 1,500 meters water depth, which pioneered a new installation model of oil (gas) tree for deepwater oil and gas fields. In the first half of 2013, the Group's surveying services recorded a revenue of RMB276.9 million, which decreased by 9.0% or RMB27.3 million from RMB304.2 million for the same period of last year, mainly because of the decline of subcontracting business.

FINANCIAL REVIEW

1. Analysis of condensed consolidated statement of profit or loss

1.1 Revenue

In the first half of 2013, the Group's revenue amounted to RMB12,441.0 million, representing an increase of 24.3% or RMB2,430.4 million, mainly driven by commencement of operation of new equipment and an overall increase in operating volume. The details are analyzed below:

The table below shows the revenue of each of the business segments in the first half of 2013:

Unit: RMB million	**For the six months ended 30 June**			
Business segments	**2013**	**2012**	**Increase**	**Increase**
Drilling services	**6,908.3**	5,265.0	1,643.3	31.2%
Well services	**2,655.4**	2,103.8	551.6	26.2%
Marine support and transportation services	**1,599.7**	1,401.3	198.4	14.2%
Geophysical and surveying services	**1,277.6**	1,240.5	37.1	3.0%
Total	**12,441.0**	10,010.6	2,430.4	24.3%

- Revenue from drilling services business increased by 31.2% over the same period of last year. The main reasons were 1) new drilling rigs "COSLPromoter", NH7, "KANTAN II" commenced operation in this period and the full operation during the first half of 2013 for "COSLInnovator" and NH8 which commenced operation in last year; and 2) the highly efficient operation of existing equipment.

- In the first half of 2013, driven by full operation of various business lines and the application of high technology, revenue from well services increased by 26.2% over the same period of last year.

- Revenue from marine support and transportation services increased by 14.2% over the same period of last year due to the rationalization on the utilization of external resources.

- Revenue from geophysical and surveying services were maintained at the same level compared with the same period of last year.

Management Discussion and Analysis (continued)

1.2 Operating expenses

In the first half of 2013, the operating expenses of the Group amounted to RMB8,869.4 million, representing an increase of RMB1,792.5 million or 25.3% from RMB7,076.9 million for the same period of last year, mainly due to an increase in employee compensation costs of RMB413.4 million as a result of additional staff recruitment for new equipment, expansion in overseas business and the increase in employee benefits and salaries; an increase in consumption of supplies and materials by RMB548.5 million due to the increase in operating volume; an increase in subcontracting expenses of RMB555.8 million as a result of capturing market share and expansion of business scale by adopting sub-contract model; operating lease expenses also increased by RMB173.2 million due to the lease of NH7, a semi-submersible drilling rig and certain well service equipment.

The table below shows the breakdown of operating expenses for the Group in the first half of 2013:

Unit: RMB million	For the six months ended 30 June		Increase/	Increase/
	2013	2012	(Decrease)	(Decrease)
Depreciation of property, plant and equipment and amortization of intangible assets	**1,656.4**	1,663.2	**(6.8)**	(0.4%)
Employee compensation costs	**1,982.4**	1,569.0	**413.4**	26.3%
Repair and maintenance costs	**342.1**	286.1	**56.0**	19.6%
Consumption of supplies, materials, fuel, services and others	**2,182.3**	1,633.8	**548.5**	33.6%
Subcontracting expenses	**1,619.2**	1,063.4	**555.8**	52.3%
Operating lease expenses	**471.7**	298.5	**173.2**	58.0%
Other operating expenses	**615.3**	535.5	**79.8**	14.9%
Impairment of property, plant and equipment	**–**	27.4	**(27.4)**	(100%)
Total operating expenses	**8,869.4**	7,076.9	**1,792.5**	25.3%

The table below shows the operating expenses of each of the business segments in the first half of 2013:

Unit: RMB million	For the six months ended 30 June			
Business segments	2013	2012	Increase	Increase
Drilling services	**4,182.4**	3,262.2	**920.2**	28.2%
Well services	**2,344.3**	1,795.8	**548.5**	30.5%
Marine support and transportation services	**1,308.9**	1,115.2	**193.7**	17.4%
Geophysical and surveying services	**1,033.8**	903.7	**130.1**	14.4%
Total	**8,869.4**	7,076.9	**1,792.5**	25.3%

1.3 Profit from operations

The profit from operations of the Group during the first half of 2013 amounted to RMB3,646.6 million, representing an increase of RMB697.3 million or 23.6% from RMB2,949.3 million for the same period of last year.

The profit from operations for each segment is shown in the table below:

Unit: RMB million Business segments	For the six months ended 30 June 2013	 2012	Increase/ (Decrease)	Increase/ (Decrease)
Drilling services	**2,731.4**	2,000.5	730.9	36.5%
Well services	**329.5**	326.9	2.6	0.8%
Marine support and transportation services	**297.1**	286.9	10.2	3.6%
Geophysical and surveying services	**288.6**	335.0	(46.4)	(13.9%)
Total	**3,646.6**	2,949.3	697.3	23.6%

1.4 Financial expenses, net

In the first half of 2013, the net financial expenses of the Group was RMB246.5 million, representing an increase of RMB52.9 million or 27.3% from RMB193.6 million for the same period of last year, of which finance costs increased by RMB109.9 million (the Group issued long-term bond of US$1 billion which led to the increase of finance costs), exchange gains and interest income increased by RMB43.4 million and RMB13.6 million respectively.

1.5 Share of profits of joint ventures

In the first half of 2013, the Group's share of profits of joint ventures amounted to RMB124.6 million, representing a decrease of RMB9.1 million or 6.8% compared to RMB133.7 million for the same period of last year. This was mainly due to a decrease in profit of one of the joint ventures, COSL-Expro Testing Services (Tianjin).

1.6 Income tax expense

In the first half of 2013, the income tax expense was RMB372.6 million, representing a decrease of RMB114.0 million or 23.4% compared to RMB486.6 million for the same period of last year. This was mainly due to the decrease in income tax in the first half of 2013 over the same period of last year resulted from the adjustment under the requirements of "Announcement No. 15 in 2012 of State Administration of Taxation" on the deferred tax liabilities and income tax expenses previously recognized for the temporary difference arising from different depreciation periods of property, plant and equipment under tax base and accounting base.

1.7 Profit for the period

In the first half of 2013, the profit for the period of the Group was RMB3,190.5 million, representing an increase of RMB787.7 million or 32.8% compared with RMB2,402.8 million for the same period of last year.

1.8 Basic earnings per share

In the first half of 2013, the Group's basic earnings per share was RMB71 cents, representing an increase of RMB18 cents or 32.6% as compared with RMB53 cents for the same period of last year.

Management Discussion and Analysis (continued)

2. Analysis on condensed consolidated statement of financial position

As of 30 June 2013, the total assets of the Group amounted to RMB74,781.3 million, representing an increase of RMB132.8 million or 0.2% compared with RMB74,648.5 million as at the end of 2012. The total liabilities were RMB40,906.3 million, representing a decrease of RMB1,537.3 million or 3.6% compared with RMB42,443.6 million as at the end of 2012. Total equity was RMB33,875.0 million, representing an increase of RMB1,670.1 million or 5.2% compared with RMB32,204.9 million as at the end of 2012.

The analysis for significant changes in accounts on the consolidated statement of financial position is as follows:

Unit: RMB million	30 June 2013	31 December 2012	Increase/ (Decrease)	Reasons
Other non-current assets	**390.6**	219.7	77.8%	Advance payment in relation to the construction of 12-streamer geophysical vessel.
Notes receivable	**312.1**	619.9	(49.7%)	Received cash of RMB621.9 million in the current period and notes receivable increased by RMB314.1 million.
Accounts receivable	**6,633.4**	4,145.2	60.0%	Revenue increased as market size expanded and outstanding accounts receivable were relatively concentrated.
Time deposits with original maturity over three months	**1,846.3**	3,954.2	(53.3%)	Certain time deposits were due.
Tax payable	**464.5**	266.7	74.2%	The balance at the end of the period represented tax provided by the Group but not yet paid.
Interest-bearing bank borrowings in current liabilities	**2,743.2**	1,659.9	65.3%	Included current portion of long-term interest-bearing bank borrowing amounted to RMB1,899.2 million, which was due within one year. Borrowing amounted to RMB815.9 million was repaid during the period.
Employee benefit liabilities	**7.1**	–	–	Increased liabilities of defined pension benefit plans of CDE, a subsidiary of the Group.
Non-controlling interests	**20.9**	11.0	90.0%	The profit of non wholly-owned subsidiary PT.SAMUDAR TIMUR SANTOSA increased in this period.

3. Analysis of condensed consolidated statement of cash flows

At the beginning of 2013, the Group held cash and cash equivalents of RMB9,814.9 million. Net cash inflows from operating activities for this period amounted to RMB3,062.1 million. Net cash outflows from investing activities was RMB229.1 million. Net cash outflows from financing activities was RMB2,583.4 million. The impact of foreign exchange fluctuations on cash was a decrease in cash for RMB140.6 million. As at 30 June 2013, the Group's cash and cash equivalents amounted to RMB9,923.9 million.

3.1 Net cash flows from operating activities

As at 30 June 2013, the Group's net cash inflows from operating activities amounted to RMB3,062.1 million, representing a decrease of RMB367.8 million or 10.7% compared to the same period last year. This is mainly due to the increase in accounts receivable during the period and the increase in cash paid to and on behalf of employees and payments of taxes and levies.

3.2 Net cash flows used in investing activities

As at 30 June 2013, the net cash outflows from the Group's investing activities amounted to RMB229.1 million, representing a decrease of RMB158.7 million or 40.9% compared to the same period last year. This is mainly because an increase of RMB2,962.8 million in proceeds from the disposal of available-for-sale investments due to the maturity of certain financial products during the period, an increase of RMB1,225.8 million in net cash inflows from investing activities due to the recovery of time deposits with original maturity over three months, an increase of RMB3,230.0 million in cash outflows from investing activities due to the purchase of financial products, an increase of RMB647.3 million in cash outflows for the purchase of property, plant and equipment and an increase in cash outflow of RMB152.6 million from other investing activities.

Management Discussion and Analysis (continued)

3.3 Net cash flows used in financing activities

As at 30 June 2013, the Group's net cash outflows used in financing activities amounted to RMB2,583.4 million, an increase of RMB1,374.0 million or 113.6% compared with the same period last year. This is mainly because an additional RMB583.5 million was paid for dividend distribution; RMB58.7 million was additionally paid for interest; new bank borrowings for the comparative period of last year amounted to RMB750.6 million verses no new bank borrowings during the period; and a decrease of RMB18.8 million for loan repayment.

3.4 The net impact of foreign exchange rate changes on cash during the period was the decrease in cash for RMB140.6 million.

4. Capital Expenditure

In the first half of 2013, the capital expenditure of the Group was RMB1,391.9 million, representing an increase of RMB480.6 million or 52.7% compared to RMB911.3 million of the same period last year.

The capital expenditure of each business segment is shown in the table below:

Unit: RMB million	For the six months ended 30 June			
Business Segments	2013	2012	Increase	Increase
Drilling services	**1,014.2**	821.0	193.2	23.5%
Well services	**218.5**	98.9	119.6	120.9%
Marine support and transportation services	**51.3**	11.9	39.4	331.1%
Geophysical and surveying services	**107.9**	(20.5)	128.4	–
Total	**1,391.9**	911.3	480.6	52.7%

The capital expenditure of the drilling services segment was mainly used for construction of drilling rigs. The capital expenditure of well services segment was mainly used for construction and purchase of various well equipment. The capital expenditure of the marine support and transportation services segment was mainly used for oilfield utility vessels. The capital expenditure of the geophysical services segment was mainly used for construction of surveying vessels and geophysical collection vessels.

5. Major subsidiary

COSL Norwegian AS ("CNA") is a major subsidiary of the Group which engaged in drilling operations. COSL Drilling Europe AS ("CDE") is a major subsidiary of CNA. As at 30 June 2013, the total assets of CNA amounted to RMB36,825.4 million and total equity amounted to RMB7,073.3 million. In the first half of 2013, CNA realised a revenue of RMB2,670.1 million and profit for the period amounted to RMB393.9 million. Please refer to "Corporate information and principal activities" of note 1 to the financial report of this interim report for other information about the subsidiary.

OUTLOOK

According to the forecast of Spears & Associates in April 2013, the total market value of oilfield services in 2013 will maintain a growth of around 9% and reach US$398.4 billion. In the second half of 2013, according to the statistic of IHS-ODS, it is expected that the overall daily rate of global jack-up drilling rig will increase by 13.9% compared with the same period of last year, and the overall daily rate of semi-submersible drilling rigs (including deepwater drilling boat) will increase by 12.4% compared with the same period of last year. The recovery speed of large equipment segment such as drilling rig is relatively faster, however, market competition is still fierce. For domestic market, major customers continued to strengthen exploration and enhance the deepwater exploration in South China Sea, operation volume of geophysical and surveying services and drilling services as well as the demand for well services and marine support and transportation services will increase.

In the second half of 2013, the Company is confidence in fulfilling the annual business plan as all the operation contracts of the Company were confirmed. At the same time, the Company will progress its equipment construction as planned and has completed the acquisition of a semi-submersible drilling rig and two jack-up drilling rigs for the operation commencement of the semi-submersible drilling rig and the delivery of the two jack-up drilling rigs by the end of the year. The Company is optimistic on the completion of the annual expenditure plan, and the capital expenditures may be larger than planned at the beginning of the year.

Supplementary Information

AUDIT COMMITTEE

The audit committee comprises of three independent non-executive directors of the Company. The audit committee has reviewed the accounting principles and practices adopted by the Group as well as the internal control and financial reporting matters. The interim results for the six months ended 30 June 2013 have not been audited but have been reviewed by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor", issued by the Hong Kong Institute of Certified Public Accountants. The unaudited interim financial report for the six months ended 30 June 2013 has been reviewed by the audit committee.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2013, save for Code Provision A.6.7, the Company has complied with the Code on Corporate Governance Code as stated in Appendix 14 of the Listing Rules.

According to Code Provision A.6.7, independent non-executive directors and other non-executive directors are required to attend general meetings. Mr. Wu Mengfei, a non-executive director of the Company, and Mr. Chen Quansheng, an independent non-executive director of the Company, failed to attend the annual general meeting of the Company held on 24 May 2013 due to some other urgent issues that required their immediate attention.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED COMPANIES

Upon specific enquiry to all directors by the Company, the directors have confirmed that they have, for the six months ended 30 June 2013, complied with the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

PURCHASE, DISPOSAL AND REDEMPTION OF OUR LISTED SECURITIES

Neither the Company nor its subsidiaries have purchased, disposed of or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

During the six months ended 30 June 2013, none of the directors and supervisors had any material interest, whether direct or indirect, in any contract that was significant to the Group's business and to which the Company, its controlling shareholder or any of its subsidiaries or subsidiaries of the Group was a party.

Supplementary Information (continued)

DIRECTORS' AND SENIOR MANAGEMENT'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURE

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of Director	Capacity	Number of interested shares	Approximate percentage of the interests (H) in COSL (%)
Li Feilong	Beneficial Owner	50,000	0.003%

Save as disclosed above, as at 30 June 2013, none of the Directors, chief executives of the Company or their respective associates had any other interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 June 2013, other than the Directors or the chief executive of the Company as disclosed above, the following persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under Section 336 of the SFO or were otherwise notified to the Company and HKSE:

Name of shareholder	Shares held	Number of shares in interest (share)	Shares in COSL's interest(%)
Commonwealth Bank of Australia	Interest in controlled corporation	215,034,000(L)	14.01(L)
JPMorgan Chase & Co.	Interest in controlled corporation	197,864,576(L) 585,639(S) 75,113,762(P)	12.89(L) 0.04(S) 4.89(P)
Morgan Stanley	Interest in controlled corporation	79,886,136(L) 2,570,000(S) 0(P)	5.20(L) 0.16(S) 0.00(P)

Notes

(a) "L" means long position.

(b) "S" means short position.

(c) "P" means lending pool.

Save as disclosed above, the directors are not aware of any other person who had an interest in the shares of the Company which would fall to be disclosed to the Company pursuant to Section 336 of the SFO.

Supplementary Information (continued)

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2013 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any directors, chief executive and supervisors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2013, the Group has 13,053 employees. The Group relies on incentive approaches to enable an efficient macro and micro human resources management. We adopts different incentive schemes based on various kinds of professions and establishes an appropriate appraisal system to create fair competition, in which promotion or demotion only depends on performance, thereby maximizing the development opportunities for quality staff. Besides, we also provided various benefits to employees, including provisions of social insurance.

SHARE APPRECIATION RIGHTS PLAN

On 22 November 2006, the share appreciation rights plan for senior management of COSL (the "SAR Plan") was approved by the shareholders by the way of a resolution passed in the second extraordinary general meeting of 2006 which is a middle to long term incentive program for 7 senior management. The SAR Plan became effective on 22 November 2006 for ten years and the grant of the share appreciation rights was completed and became effective on 6 June 2007 when the targeted senior management agreed and signed individual performance contracts with the Company, with a grant price of HK$4.09. According to the plan, the targeted senior management's exercisable number of share appreciation rights was linked to their performance target to be reviewed comprehensively within two years from the effective date, so as to confirm the exercise ratio. The share appreciation rights have a vesting period of two years, and the senior management can exercise their rights in four equal batches in year 3, 4, 5 and 6 from the approval date of the SAR Plan.

The total exercisable gains as a result of exercising the SAR shall not exceed 10% of the Company's profit for the year. The settlement in cash from exercising share appreciation rights must be processed by deposit into the related dedicated accounts, with no less than 20% of such cash payments shall only be withdrawn after qualified upon expiry of employment term with the Company.

The SAR Plan further provides that if the gain from exercising the share appreciation rights exceeds HK$0.99 per share in any one year, the excess gain should be calculated using the following percentage:

(1) between HK$0.99 and HK$1.50, at 50%;

(2) between HK$1.51 and HK$2.00, at 30%;

(3) between HK$2.01 and HK$3.00, at 20%; and

(4) HK$3.01 or above, at 15%.

As at 30 June 2013, the first tranche of SAR has forfeited in 2009, the second tranche of SAR has been approved and exercised and the third tranche of SAR is waiting for implementation. Exercise gains of the second tranche of SAR, the third tranche of SAR and the fourth tranche of SAR are measured at HK$1.82, HK$2.27 and HK$2.43 per share respectively. The weighted average closing price of the second tranche of SAR for the day preceding the exercise was HK$9.11 per share.

Supplementary Information (continued)

Pursuant to the Performance Management Measures for the SAR Plan, the Remuneration Committee of the Board conducted a comprehensive assessment of the performance of incentive targets achieved in the period from 2006 to 2011. All of the incentive targets passed the assessment. During the reporting period, the Remuneration Committee of the Board conducted 2012 annual assessment of performance of incentive targets and again all of them passed the assessment.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) The Company convened the 2012 annual general meeting on 24 May 2013. Mr. Zeng Quan was elected as non-executive director of the Company and Mr. Fong Wo, Felix and Mr. Chen Quansheng were elected as independent non-executive directors of the Company by cumulative voting in the meeting, with a term of office for three years starting from the date the resolutions were passed at the annual general meeting. Mr. Wu Mengfei ceased to be a non-executive director of the Company.

(2) The Company convened the 2012 annual general meeting on 24 May 2013. Mr. Zhang Zhaoshan was elected as a supervisor of the Company in the meeting, with a term of office for three years starting from the date the resolutions were passed at the annual general meeting. The Board of Supervisor convened a meeting on 24 May 2013. Mr. Zhang Zhaoshan was elected as the Supervisor Chairman of the Company, Ms. An Xuefen ceased to be a supervisor of the Company.

(3) The Company convened the employee representative meeting on 16 May 2013. Mr. Li Zhi was elected as the employee supervisor of the Company in the meeting, with a term of office from 16 May 2013 to 15 May 2016. Mr. Zi Shilong ceased to be a employee supervisor of the Company.

UPDATED INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B OF THE LISTING RULES

Mr. Tsui Yiu Wa, an independent non-executive Director, is an independent non-executive director of Manchester International Holdings Unlimited Corporation, a company listed on the Philippines Stock Exchange. The name of Manchester International Holdings Unlimited Corporation has been changed to Melco Crown (Philippines) Resorts Corporation.

Mr. Fong Wo, Felix, an independent non-executive Director, has been appointed a member of the Communications Authority of Hong Kong.

GEARING RATIO

As at 30 June 2013, the net current assets of the Group decreased to RMB13,908.0 million compared with RMB14,300.4 million as at 31 December 2012, while the current ratio decreased to 2.53 times, compared with 2.80 times as at 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The gearing ratios as at the end of the reporting period were as follows:

Group	**30 June 2013 RMB'000**	**31 December 2012 RMB'000**
Interest-bearing bank borrowings	**24,406,275**	25,652,045
Trade and other payables	**5,065,576**	5,021,791
Long term bonds	**7,614,667**	7,717,913
Less: Cash and cash equivalents and time deposits with maturity over three months	**11,770,193**	13,769,078
Net debt	**25,316,325**	24,622,671
Equity attributable to owners of the Company	**33,854,024**	32,193,910
Non-controlling interests	**20,947**	11,004
Total capital	**33,874,971**	32,204,914
Capital and net debt	**59,191,296**	56,827,585
Gearing ratio	**43%**	43%

Supplementary Information (continued)

PROGRESS OF BUSINESS PLAN

In the first half of 2013, the Group recorded a revenue of RMB12,441.0 million, representing an increase of 24.3% over the same period of last year; total operating expense was RMB8,869.4 million, representing an increase of 25.3% over the same period of last year; profit for the period was RMB3,190.5 million, representing an increase of 32.8% over the same period last year; capital expenditure was RMB1.39 billion. The business of the Company progressed orderly and we are confidence in fulfilling the annual business plan.

FOREIGN CURRENCY RISK

The Group's operation is affected by the exchange rate fluctuation of RMB, but no material impact is expected on the Group's financial position and results of operation. As such, the Group has not entered into any hedging transactions in order to reduce the Group's exposure to foreign currency risk in this regard.

CHARGES ON ASSETS

As at 30 June 2013, the Group has no charges on assets.

MISCELLANEOUS

The Company disclosed on 20 March 2012 that it would enter into a connected transaction in relation to the transfer of the land use right of certain land located at the Haiyang New and Hi-Tech Development Zone, Tanggu, Tianjin to CNOOC Infrastructure Management Co., Ltd.. Such transaction has not completed as at the date of this interim report, as approval from the government in respect of such transfer is still pending.

The directors are of the opinion that there have been no material changes to the information published in its annual report for the year ended 31 December 2012, other than those disclosed in this interim report.

DISCLOSURE OF INFORMATION ON THE HKSE'S WEBSITE

This interim report will be published on the HKSE's website (http://www.hkex.com.hk) and our website (http://www.cosl.com.cn) in due course.

By Order of the Board
China Oilfield Services Limited
Yang Haijiang
Company Secretary

19 August 2013

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

To the Board of Directors of China Oilfield Services Limited

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Oilfield Services Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 20 to 44, which comprise the condensed consolidated statement of financial position as of 30 June 2013 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
19 August 2013

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
REVENUE	3	**12,441,002**	10,010,601
Other revenues		**75,018**	15,626
		12,516,020	10,026,227
Depreciation of property, plant and equipment and amortisation of intangible assets		**(1,656,442)**	(1,663,214)
Employee compensation costs		**(1,982,375)**	(1,568,956)
Repair and maintenance costs		**(342,070)**	(286,061)
Consumption of supplies, materials, fuel, services and others		**(2,182,297)**	(1,633,846)
Subcontracting expenses		**(1,619,191)**	(1,063,427)
Operating lease expenses		**(471,733)**	(298,453)
Other operating expenses		**(615,286)**	(535,568)
Impairment of property, plant and equipment	7	**–**	(27,420)
Total operating expenses		**(8,869,394)**	(7,076,945)
PROFIT FROM OPERATIONS		**3,646,626**	2,949,282
Financial expenses			
Exchange gains/(losses), net		**10,806**	(32,593)
Finance costs		**(339,350)**	(229,380)
Interest income		**82,006**	68,390
Financial expenses, net		**(246,538)**	(193,583)
Investment income		**38,355**	–
Share of profits of joint ventures, net of tax		**124,572**	133,673
PROFIT BEFORE TAX		**3,563,015**	2,889,372
Income tax expense	4	**(372,565)**	(486,596)
PROFIT FOR THE PERIOD		**3,190,450**	2,402,776
Attributable to:			
Owners of the Company		**3,180,320**	2,397,746
Non-controlling interests		**10,130**	5,030
		3,190,450	2,402,776
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB)	6	**70.75 cents**	53.34 cents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**3,190,450**	2,402,776
OTHER COMPREHENSIVE (EXPENSE)/INCOME		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(141,837)**	29,268
Net fair value gain on available for sale investments	**14,993**	–
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD	**(126,844)**	29,268
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,063,606**	2,432,044
Attributable to:		
Owners of the Company	**3,053,663**	2,427,012
Non-controlling interests	**9,943**	5,032
	3,063,606	2,432,044

Condensed Consolidated Statement of Financial Position

At 30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*7*	**46,299,244**	47,075,676
Goodwill		**4,162,875**	4,234,831
Other intangible assets		**365,167**	371,178
Interests in joint ventures		**553,290**	508,845
Employee benefit assets		**–**	14,864
Other non-current assets	*8*	**390,641**	219,690
Deferred tax assets		**15,611**	–
Total non-current assets		**51,786,828**	52,425,084
CURRENT ASSETS			
Inventories		**1,127,167**	948,850
Prepayments, deposits and other receivables		**702,822**	650,588
Accounts receivable	*9*	**6,633,416**	4,145,236
Notes receivable	*10*	**312,101**	619,940
Other current assets	*12*	**2,370,235**	2,058,997
Pledged deposits		**30,782**	30,755
Time deposits with original maturity over three months		**1,846,250**	3,954,185
Cash and cash equivalents		**9,923,943**	9,814,893
		22,946,716	22,223,444
Asset classified as held for sale	*11*	**47,727**	–
Total current assets		**22,994,443**	22,223,444
CURRENT LIABILITIES			
Trade and other payables	*13*	**5,065,576**	5,021,791
Salary and bonus payables		**768,355**	914,435
Tax payable		**464,536**	266,693
Interest-bearing bank borrowings	*15*	**2,743,157**	1,659,906
Other current liabilities	*12*	**44,793**	60,219
Total current liabilities		**9,086,417**	7,923,044
NET CURRENT ASSETS		**13,908,026**	14,300,400
TOTAL ASSETS LESS CURRENT LIABILITIES		**65,694,854**	66,725,484

Condensed Consolidated Statement of Financial Position (continued)

At 30 June 2013

	Notes	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,361,631**	1,688,281
Interest-bearing bank borrowings	*15*	**21,663,118**	23,992,139
Long-term bonds	*16*	**7,614,667**	7,717,913
Deferred revenue	*17*	**1,173,399**	1,122,237
Employee benefit liabilities		**7,068**	–
Total non-current liabilities		**31,819,883**	34,520,570
NET ASSETS		**33,874,971**	32,204,914
EQUITY			
Equity attributable to owners of the Company			
Issued capital	*18*	**4,495,320**	4,495,320
Reserves		**29,358,704**	26,305,041
Proposed final dividend		**–**	1,393,549
		33,854,024	32,193,910
Non-controlling interests		**20,947**	11,004
Total equity		**33,874,971**	32,204,914

Li Yong
Director

Li Fei Long
Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company									
	Issued capital RMB'000	Capital reserve RMB'000	Investment revaluation reserve RMB'000	Statutory reserve funds RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013 (audited)	**4,495,320**	**8,074,565**	**–**	**2,508,656**	**(569,493)**	**16,291,313**	**1,393,549**	**32,193,910**	**11,004**	**32,204,914**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**3,180,320**	**–**	**3,180,320**	**10,130**	**3,190,450**
Other comprehensive income (expense) for the period	**–**	**–**	**14,993**	**–**	**(141,650)**	**–**	**–**	**(126,657)**	**(187)**	**(126,844)**
Total comprehensive income (expense) for the period	**–**	**–**	**14,993**	**–**	**(141,650)**	**3,180,320**	**–**	**3,053,663**	**9,943**	**3,063,606**
Final 2012 dividend paid (note 5)	**–**	**–**	**–**	**–**	**–**	**–**	**(1,393,549)**	**(1,393,549)**	**–**	**(1,393,549)**
At 30 June 2013 (unaudited)	**4,495,320**	**8,074,565**	**14,993**	**2,508,656**	**(711,143)**	**19,471,633**	**–**	**33,854,024**	**20,947**	**33,874,971**
At 1 January 2012 (audited)	4,495,320	8,074,565	–	2,070,837	(554,642)	13,563,327	809,158	28,458,565	589	28,459,154
Profit for the period	–	–	–	–	–	2,397,746	–	2,397,746	5,030	2,402,776
Other comprehensive income for the period	–	–	–	–	29,266	–	–	29,266	2	29,268
Total comprehensive income for the period	–	–	–	–	29,266	2,397,746	–	2,427,012	5,032	2,432,044
Final 2011 dividend paid (note 5)	–	–	–	–	–	–	(809,158)	(809,158)	–	(809,158)
At 30 June 2012 (unaudited)	4,495,320	8,074,565	–	2,070,837	(525,376)	15,961,073	–	30,076,419	5,621	30,082,040

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June 2013 RMB'000 (Unaudited)	Six months ended 30 June 2012 RMB'000 (Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**3,062,122**	3,429,892
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(2,036,937)**	(1,389,561)
Purchase of available-for-sale investments	**(3,230,000)**	–
Proceeds on disposal/maturity of available-for-sale investments	**2,962,815**	–
Proceeds from disposal of property, plant and equipment	**23,858**	5,007
Placement of time deposits with original maturity over three months	**(1,346,250)**	–
Withdrawal of time deposits with original maturity over three months	**3,454,185**	882,126
Interest received from bank deposits	**83,314**	58,840
Dividends received from joint ventures	**27,556**	55,771
Deposits for acquisition of property, plant and equipment	**(167,684)**	–
NET CASH USED IN INVESTING ACTIVITIES	**(229,143)**	(387,817)
FINANCING ACTIVITIES		
New bank loans	**–**	750,604
Repayment of bank borrowings	**(815,851)**	(834,719)
Dividends paid	**(1,394,215)**	(810,683)
Interest paid	**(373,283)**	(314,576)
NET CASH USED IN FINANCING ACTIVITIES	**(2,583,349)**	(1,209,374)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**249,630**	1,832,701
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**9,814,893**	5,646,159
Effect of foreign exchange rate changes	**(140,580)**	41,590
CASH AND CASH EQUIVALENTS AT 30 JUNE represented by bank balances and cash	**9,923,943**	7,520,450

Notes to the Condensed Consolidated Financial Statements

30 June 2013

1. Corporate information and principal activities

China Oilfield Services Limited (the "Company") is a limited liability company incorporated in the People's Republic of China (the "PRC"). The registered office of the Company is located at 3-1516 Hebei Road, Haiyang New and Hi-Tech Development Zone, Tanggu, Tianjin, the People's Republic of China (the ''PRC''). As part of the reorganisation (the "Reorganisation") of China National Off-shore Oil Corporation ("CNOOC") in preparation for the listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "HKSE") in 2002, and pursuant to an approval document obtained from the relevant government authority dated 26 September 2002, the Company was restructured into a joint stock limited liability company.

The Company and its subsidiaries (hereinafter collectively referred to as the ''Group'') are principally engaged in the provision of oilfield services including drilling services, well services, marine support and transportation services, and geophysical and surveying services.

In the opinion of the directors of the Company (the "Directors"), the ultimate holding company of the Company is CNOOC, which is a state-owned enterprise ("SOE") incorporated in the PRC.

As at 30 June 2013, particulars of the principal subsidiaries of the Company are as follows:

Name of entity	Place and date of incorporation/ registration	Nominal value of issued ordinary share/ registered capital	Percentage of equity directly/ indirectly attributable to the Group	Principal activities
COSL America Inc.	United States of America 2 November 1994	US$100,000	100%	Sale of logging equipment
China Oilfield Services (BVI) Limited	British Virgin Islands 19 March 2003	US$1	100%	Investment holding
COSL Chemicals (Tianjin) Limited	Tianjin, PRC 7 September 1993	RMB20,000,000	100%	Provision of drilling fluids services
COSL (Labuan) Company Limited	Malaysia 11 April 2003	US$1	100%	Provision of drilling services
China Oilfield Services Southeast Asia (BVI) Limited	British Virgin Islands 29 May 2003	US$1	100%	Investment holding
COSL (Australia) Pty Ltd.	Australia 11 January 2006	AU$10,000	100%	Provision of drilling services
COSL Hong Kong International Limited	Hong Kong 3 December 2007	HK$2,743,035,822	100%	Investment holding
COSL Norwegian AS	Norway 23 June 2008	NOK1,541,328,656	100%	Investment holding
COSL Drilling Europe AS (''CDE'')	Norway 21 January 2005	NOK1,494,415,487	100%	Investment holding
COSL Drilling Pan-Pacific Ltd.	Singapore 13 April 2009	US$1	100%	Management of jack-up drilling rigs
COSL Drilling Pan-Pacific (Labuan) Ltd.	Malaysia 4 April 2009	US$1	100%	Management of jack-up drilling rigs
PT Samudra Timur Santosa (''PT STS'')	Indonesia 27 July 2010	US$250,000	49%*	Provision of marine support and transportation services
COSL Oil Tech (Singapore) Ltd.	Singapore 31 January 2011	US$1	100%	Provision of marine support and transportation services
COSL Finance (BVI) Limited	British Virgin Islands 12 July 2012	US$100,000	100%	Bond Issuance

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

1. Corporate information and principal activities (continued)

* *In the opinion of the Directors, the Group has control over PT STS as the Group has 100% voting rights on PT STS that gives it the current ability to direct the relevant activities of PT STS. Accordingly, PT STS had been accounted for as a subsidiary and has been consolidated into the Group's condensed consolidated financial statements for the six months ended 30 June 2013.*

Certain overseas subsidiaries of the Group have been providing drilling services in Iran. The Directors note that some administrative rules of relevant country in respect of the service operations in Iran have been amended recently, which impose further restrictions on the business operations in Iran. Based on the available information as at the approval date of these condensed consolidated financial statements, the Directors are of the view that the impact of the above rules amendment on the operating results and financial position of the Group cannot be reliably estimated.

The above table lists the principal subsidiaries of the Company, which, in the opinion of the Directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

As at 30 June 2013, particulars of the joint ventures of the Group are as follows:

Name of entity	Place and date of Incorporation/ registration and operations	Nominal value of issued ordinary share/ registered capital	Percentage of equity directly/ indirectly attributable to the Group	Principal activities
China France Bohai Geoservices Co., Ltd. ("China France")	Tianjin, PRC 30 November 1983	US$6,650,000	50%	Provision of logging services
China Nanhai-Magcobar Mud Corporation Ltd. ("Magcobar") (a)	Shenzhen, PRC 25 October 1984	RMB4,640,000	60%	Provision of drilling fluids services
CNOOC-OTIS Well Completion Services Ltd. ("CNOOC-OTIS")	Tianjin, PRC 14 April 1993	US$2,000,000	50%	Provision of well completion services
China Petroleum Logging-Atlas Cooperation Service Co. ("Logging-Atlas")	Shenzhen, PRC 10 May 1984	US$2,000,000	50%	Provision of logging services
China Offshore Fugro Geo Solutions (Shenzhen) Co., Ltd. ("China Offshose Fugro")	Shenzhen, PRC 24 August 1983	US$6,000,000	50%	Provision of geophysical and surveying services
Eastern Marine Services Ltd. ("Eastern Marine") (a)	Hong Kong 10 March 2006	HK$1,000,000	51%	Provision of marine transportation services
COSL-Expro Testing Services (Tianjin) Co., Ltd. ("COSL-Expro")	Tianjin, PRC 28 February 2007	US$5,000,000	50%	Provision of well testing services

(a) The Group has 60% and 51% of the equity interests in Magcobar and Eastern Marine respectively, and the remaining equity interests are held by the respective sole investor of Magcobar and Eastern Marine. Pursuant to the articles of associations of Magcobar and Eastern Marine, it requires at least two-thirds of the voting rights to direct the relevant activities of these entities. In the opinion of the Directors, the Group does not have control over Magcobar and Eastern Marine and the investments in these joint arrangements constitute interests in joint ventures based on the rights and obligations of the parties to these joint arrangements. Accordingly, Magcobar and Eastern Marine have been accounted for in the Group's condensed consolidated financial statements using the equity method.

All of the above investments in joint ventures are directly held by the Company except for Eastern Marine, which is indirectly held through China Oilfield Services (BVI) Limited.

2. Basis of preparation and accounting policies

Basis of preparation

The condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

2. Basis of preparation and accounting policies (continued)

Accounting policies and adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

(a) Adoption of new or revised HKFRSs

In the current interim period, the Group has applied, for the first time, certain new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the current interim period.

New and revised Standards on consolidation, joint arrangement, associates and disclosures

In the current interim period, the Group has applied, for the first time HKFRS10, HKFRS11, HKFRS12 and HKAS28 (as revised in 2011) together with the amendments to HKFRS10, HKFRS11 and HKFRS12 regarding the transitional guidance. HKAS27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards that is relevant to the Group is set out below:

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation-Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. Some guidance included in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. The application of HKFRS 10 has had no material impact on the condensed consolidated financial statements after the assessment carried out by the Directors.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK (SIC)-Int 13 Jointly Controlled Entities-Non-Monetary Contributions by Ventures, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements-joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements-jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards. The application of HKFRS 11 has had no material impact on the condensed consolidated financial statements after the assessment carried out by the Directors.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangement, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 will result in more extensive disclosures in the consolidated financial statements for the year ending 31 December 2013.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

2. Basis of preparation and accounting policies (continued)

(a) Adoption of new or revised HKFRSs (continued)

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 21.

HKAS 19 Employee Benefits (as revised in 2011)

In the current interim period, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes do not have any material impact on the amounts recognised in the condensed consolidated financial statements after the assessment carried out by the Directors.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis-the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009-2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. The Directors considered that there has been no material change from the total assets and liabilities disclosed in the last annual financial statements for any reportable segments and accordingly such information is not presented.

The Directors conclude that the application of the other new and revised HKFRSs will have no material impact on the financial performance and the financial position of the Group.

(b) Adoption of new accounting policy in this interim period

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

3. Operating segment information

For management purposes, the Group is organised into business units based on their services and has four reportable operating segments as follows:

(a) the drilling services segment is engaged in the provision of oilfield drilling services;

(b) the well services segment is engaged in the provision of logging and downhole services, such as drilling fluids, directional drilling, cementing and well completion, sales of well chemical materials and well workovers;

(c) the marine support and transportation services segment is engaged in the transportation of materials, supplies and personnel to offshore facilities, moving and positioning drilling structures, the transportation of crude oil and refined products and the transportation of methanol or other petrochemical products; and

(d) the geophysical and surveying services segment is engaged in the provision of offshore seismic data collection, marine surveying and data processing services.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, exchange gains or losses, and investment income are excluded from such measurement.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Six months ended 30 June 2013 (Unaudited)	**Drilling services RMB'000**	**Well services RMB'000**	**Marine support and transportation services RMB'000**	**Geophysical and surveying services RMB'000**	**Total RMB'000**
Segment revenue:					
Sales to external customers	**6,908,269**	**2,655,383**	**1,599,729**	**1,277,621**	**12,441,002**
Intersegment sales	**1,125,059**	**750,387**	**202,329**	**89,583**	**2,167,358**
	8,033,328	**3,405,770**	**1,802,058**	**1,367,204**	**14,608,360**
Reconciliation:					
Elimination of intersegment sales					**(2,167,358)**
Revenue					**12,441,002**
Segment results	**2,731,386**	**433,501**	**294,076**	**312,235**	**3,771,198**
Reconciliation:					
Exchange gains, net					**10,806**
Finance costs					**(339,350)**
Interest income					**82,006**
Investment income					**38,355**
Profit before tax					**3,563,015**

3. Operating segment information (continued)

Six months ended 30 June 2012 (Unaudited)	Drilling services RMB'000	Well services RMB'000	Marine support and transportation services RMB'000	Geophysical and surveying services RMB'000	Total RMB'000
Segment revenue:					
Sales to external customers	5,265,071	2,103,776	1,401,276	1,240,478	10,010,601
Intersegment sales	752,155	222,637	88,101	69,777	1,132,670
	6,017,226	2,326,413	1,489,377	1,310,255	11,143,271
Reconciliation:					
Elimination of intersegment sales					(1,132,670)
Revenue					10,010,601
Segment results	2,002,521	439,067	284,205	357,162	3,082,955
Reconciliation:					
Exchange losses, net					(32,593)
Finance costs					(229,380)
Interest income					68,390
Profit before tax					2,889,372

4. Income tax

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group is not liable for income tax in Hong Kong as it does not have assessable profits currently sourced from Hong Kong.

The Corporate Income Tax Law of the PRC (the ''CIT'') effective from 1 January 2008 introduces the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25% in mainland China. The Company's statutory tax rate is 25%.

On 30 October 2008, the Company was certified as an High-New Technology Enterprise (''HNTE'') by the Tianjin Science and Technology Commission, Tianjin Ministry of Finance, Tianjin State Administration of Taxation (the ''TSAT''), and the Tianjin Local Taxation Bureau, which was effective for three years commencing 1 January 2008. Further, the Company obtained the approval of tax deduction and exemption registration report from the Tianjin Offshore Oil Tax Bureau of Tianjin Provincial Office of the TSAT in 2009. According to the approval, the CIT rate was approved to be 15% for the years 2009 and 2010. The Company has applied to renew its HNTE certificate for three years commencing from 1 January 2011, and was re-certified as an HNTE on 8 October 2011, which is effective for three years commencing 1 January 2011, and the Company subsequently obtained the approval from Tianjin Offshore Oil Tax Bureau of Tianjin Provincial Office of the TSAT in February 2012. According to the approval, the CIT rate was approved to be 15% for the period from January 2011 to September 2014. Therefore, management considers that it is appropriate to use the preferential rate of 15% to provide the income tax provision of the Company for the six months ended 30 June 2013 (six months ended 30 June 2012: 15%).

Certain overseas subsidiaries of the Group with permanent establishment status in the PRC are subject to deemed income tax calculated at 3.75% (six months ended 30 June 2012: 3.75%) of service income generated from drilling activities in the PRC. The Group's activities in Indonesia are mainly subject to corporate income tax of 25% (six months ended 30 June 2012: 25%). The Group's activities in Australia are subject to income tax of 30% (six months ended 30 June 2012: 30%) based on its taxable profit generated. The Group's activities in Myanmar are subject to income tax of 3.5% (six months ended 30 June 2012: 3.5%). The Group's activities in Mexico are subject to the higher of income tax of 30% or business flat tax of 17.5% (six months ended 30 June 2012: 30% and 17.5%, respectively). The Group's activities in Norway are mainly subject to corporate income tax of 28% (six months ended 30 June 2012: 28%). The Group's activities in the U.K. are subject to income tax of 28% (six months ended 30 June 2012: 28%). The Group's activities in the Philippines are subject to income tax of 30% (six months ended 30 June 2012: 30%). The Group's activities in Iraq are subject to income tax of 35% (six months ended 30 June 2012: 35%). The Group's activities in Dubai are not subject to any income tax. The Group's taxes pertaining to drilling activities in Iran are borne by the customers. The Group's taxes pertaining to operating lease activities of jack-up rig in Saudi Arabia are borne by the customers unless otherwise provided in the drilling contracts.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

4. Income tax (continued)

An analysis of the Group's provision for tax is as follows:

	Six months ended 30 June	
	2013	**2012**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Hong Kong profits tax	**–**	–
Overseas income taxes:		
Current	**90,171**	83,762
Deferred	**(38,607)**	(40,216)
PRC corporate income taxes:		
Current	**613,176**	263,442
Deferred	**(292,175)**	179,608
Total tax charge for the period	**372,565**	486,596

5. Dividends paid and proposed

During the current interim period, a final dividend of RMB0.31 per ordinary share in respect of the year ended 31 December 2012 (2011: RMB0.18 per ordinary share in respect of the year ended 31 December 2011) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to RMB1,393,549,000 (2011: RMB 809,158,000).

The Directors have determined that no dividend will be paid in respect of the current interim period.

6. Earnings per share attributable to ordinary equity holders of the company

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 June	
	2013	**2012**
	RMB'000	**RMB'000**
	(Unaudited)	**(Unaudited)**
Earnings		
Earnings for the purposes of basic earnings per share (profit for the period attributable to ordinary equity holders of the Company)	**3,180,320**	2,397,746

	Six months ended 30 June	
	2013	**2012**
	(Unaudited)	**(Unaudited)**
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**4,495,320,000**	4,495,320,000

No adjustment has been made to the basic earnings per share amounts presented for the six-month periods ended 30 June 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those periods.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

7. Property, plant and equipment

During the current interim period, the Group acquired certain machines and equipment, motor vehicles and construction in progress with an aggregate cost amounting to approximately RMB1,388.0 million (six months ended 30 June 2012: RMB906.4 million). Vessels, machines and equipment with an aggregate net carrying amount amounting to RMB29.6 million (six months ended 30 June 2012: RMB69.1 million) were disposed of during the current interim period, resulting in a loss on disposal of RMB 5.7 million (six months ended 30 June 2012: RMB29.1 million).

Out of the total interest costs, as part of the finance costs in the condensed consolidated statement of profit or loss, for the current period of RMB365.6 million (six months ended 30 June 2012: RMB290.5 million), an amount of approximately RMB30.2 million (six months ended 30 June 2012: RMB72.4 million) was capitalised in property, plant and equipment, with a capitalisation rates ranging from 1.17% to 1.69% per annum (six months ended 30 June 2012: 1.39% to 1.87% per annum).

No impairment loss was recognised in the condensed consolidated statement of profit or loss for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB27.4 million in relation to certain land drilling equipment located in Libya, as a result of the civil unrest in that country).

8. Other non-current assets

As at 30 June 2013 and 31 December 2012, other non-current assets mainly consisted of deferred expenses recognised in relation to mobilisation costs incurred by the Group's jack-up and semi-submersible drilling rigs, and deposits paid for the acquisition of property, plant and equipment. The current portion of deferred expenses was recorded as other current assets (note 12). The deferred expenses are amortised over their respective drilling contract periods.

9. Accounts receivable

The Group normally allows a credit period of 30 to 45 days to its trade customers in mainland China and no more than 6 months to its trade customers with good trading history in overseas. The following is an analysis of the accounts receivable by age, presented based on the invoice date.

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Outstanding balances aged		
Within six months	**6,531,959**	4,038,170
Six months to one year	**99,366**	87,433
One to two years	**2,031**	18,873
Two to three years	**60**	760
	6,633,416	4,145,236

10. Notes receivable

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Trade acceptances	**298,401**	616,740
Bank acceptances	**13,700**	3,200
	312,101	619,940

All the notes receivable are of trading nature and will be due within six months from the date of issuance, in which the trade acceptances are normally settled within 30 days.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

11. Non-current asset classified as held for sale

On 13 May 2013, the Company signed an agreement to dispose of a module rig, R5001, for a consideration of approximately RMB51.5 million to CNOOC China Limited, a wholly-owned subsidiary of CNOOC Limited. The disposal has not been completed as of 30 June 2013 and is expected to be completed within twelve months from the end of the current interim reporting period. The equipment has been classified as non-current asset classified as held for sale which is separately presented in the condensed consolidated statement of financial position.

The major class of asset classified as held for sale is as follow:

	30 June 2013 RMB'000 (Unaudited)
Property, plant and equipment	**47,727**

12. Other current assets/liabilities

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Assets classified as held-to-maturity (a)	–	300,000
Assets classified as available-for-sale (a)	**2,322,703**	1,702,169
Current portion of deferred expenses (b)	**47,532**	56,828
Other current assets	**2,370,235**	2,058,997
Current portion of deferred revenue	**(44,793)**	(60,219)
Other current liabilities	**(44,793)**	(60,219)

(a) Assets classified as held-to-maturity and available-for-sale represents the Group's investments in corporate wealth management products issued by commercial banks in the PRC and liquidity funds. The liquidity funds included in the available-for-sale investments do not have fixed maturity date and coupon rate.

(b) Deferred expenses represent mobilisation costs incurred by the Group's jack-up and semi-submersible drilling rigs, which are amortised over the drilling contract periods. As at 30 June 2013 and 31 December 2012, the current portion of deferred expenses has been included in other current assets while the non-current portion of deferred expenses has been included in non-current assets (note 8).

13. Trade and other payables

An aging analysis of the trade and other payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Outstanding balances aged		
Within one year	**4,944,421**	4,862,798
One to two years	**36,302**	74,262
Two to three years	**8,680**	27,595
Over three years	**76,173**	57,136
	5,065,576	5,021,791

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

14. Share appreciation rights plan

On 22 November 2006, the share appreciation rights plan for senior officers (the "SAR Plan") was approved by the shareholders in an extraordinary general meeting. A total of five million share appreciation rights with an exercise price of HK$4.09 per share were awarded under the SAR Plan to seven senior officers. The share appreciation rights will become vested upon completion of a two year service period from the approval date, and the senior officers can exercise their rights in four equal batches, beginning year 3 (first exercisable date: the first trading day after 22 November 2008), 4, 5 and 6 from the approval date of the SAR Plan. The share appreciation rights will be settled in cash. According to the SAR Plan, the exercise gain for excisable share appreciation rights will be determined by the difference between the average closing price of the shares on the HKSE as stated in the HKSE's quotation from the 30 days immediately preceding the date of its annual report to the last transaction date of that year, and the exercise price.

The first batch of share appreciation rights (the "SAR") has been forfeited in 2009, the second batch has been approved and exercised in 2011. As at 30 June 2013, the third batch has not been submitted for approval. The exercise gains of the second, the third and the fourth batch SAR were measured at HK$1.82, HK$2.27 and HK$2.43 per share, respectively. The weighted average closing price of the shares immediately before the date on which the second batch of the SAR was exercised was HK$9.11 per share.

The SAR is recorded as a financial liability at fair value through profit and loss and included in the salary and bonus payable account. The liability is remeasured at the end of the reporting period and the settlement date with changes in fair value recognised in profit or loss. At 30 June 2013, the salary and bonus payable balance arising from the SAR was RMB1.4 million (31 December 2012: RMB1.4 million).

As at 30 June 2013, the number of the SAR is 1,173,075 shares (30 June 2012: 1,173,075 shares).

15. Interest-bearing bank borrowings

During the current interim period, the Group did not obtain any new bank loans (six months ended 30 June 2012: USD119.5 million (equivalent to approximately RMB750.6 million)), and repaid bank loans of USD132.0 million (equivalent to approximately RMB815.9 million) (six months ended 30 June 2012: USD132.0 million (equivalent to approximately RMB834.7 million)). The loans carry interest at variable market rates ranging from 1.17% to 2.42% per annum and are repayable in instalments over a period of 4 to 7 years.

16. Long-term bonds

	Year of maturity	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Non-current:			
Corporate bonds (a)	2022	**1,500,000**	1,500,000
Senior unsecured USD bonds (b)	2022	**6,114,667**	6,217,913
		7,614,667	7,717,913

(a) On 18 May 2007, the Group issued 15-year corporate bonds, with a nominal value of RMB100 per bond, amounting to RMB1,500.0 million. The bonds carry interest at a fixed coupon rate of 4.48% per annum, which is payable annually in arrears on 14 May each year, and the redemption or maturity date is 14 May 2022.

(b) On 6 September 2012, COSL Finance (BVI) Limited, a subsidiary of the Group, issued 10-year senior unsecured bonds, with a USD1,000.0 million principal amount. The bonds carry interest at a fixed coupon rate of 3.25% per annum, which is payable semi-annually in arrears on 6 March and 6 September of each year, and the redemption or maturity date is 6 September 2022.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

17. Deferred revenue

	30 June 2013 RMB'000 (Unaudited)
Balance at beginning of the period	**1,122,237**
Additions	**139,861**
Credited to profit or loss during the period	**(89,588)**
Exchange realignment	**889**
Balance at end of the period	**1,173,399**

Deferred revenue balance as at 30 June 2013 and 31 December 2012 comprised of the contract value generated in the process of the acquisition of CDE, the deferred mobilisation revenue and government grants. The deferred revenue generated from contract value and deferred mobilisation revenue are amortised according to the related drilling contract periods. The deferred revenue generated from government grants are recognised to profit or loss on a straight-line basis over the expected useful lives of the relevant assets.

18. Issued capital

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Registered, issued and fully paid		
2,460,468,000 state legal person shares of RMB1.00 each	**2,460,468**	2,460,468
1,534,852,000 H shares of RMB1.00 each	**1,534,852**	1,534,852
500,000,000 A shares of RMB1.00 each	**500,000**	500,000
	4,495,320	4,495,320

The Group does not have any share option scheme but has the SAR plan for senior officers (note 14).

19. Operating lease arrangements

The Group leases certain of their office properties and equipment under operating lease arrangements. Leases for properties and equipment are negotiated for terms ranging from one to five years.

As at 30 June 2013 and 31 December 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**308,933**	192,145
In the second to fifth year, inclusive	**1,480,413**	21,182
After five years	**–**	12,133
	1,789,346	225,460

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

20. Capital commitments

The Group had the following capital commitments, principally for construction and purchases of property, plant and equipment at the end of the reporting period:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Contracted, but not provided for	**3,007,608**	1,973,891
Authorised, but not contracted for	**12,440,702**	10,529,513
	15,448,310	12,503,404

21. Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at 30/06/2013 RMB'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Available-for-sale investments – money market fund	792,703	Level 1	Quoted bid prices in an active market.
Available-for-sale investments – corporate wealth management products with underlying of debt securities	1,530,000	Level 2	Discounted cash flow using the rate that reflects the expected yield and the credit risk of the counterparties.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

21. Fair value measurements of financial instruments (continued)

The carrying amounts and fair values of the Group's financial instruments carried at amortised cost are as follows:

	30/06/2013		31/12/2012	
	Carrying amount RMB'000 (Unaudited)	Fair value RMB'000	Carrying amount RMB'000 (Audited)	Fair value RMB'000
Financial assets				
Financial assets included in deposits and other receivables	**289,949**	**289,949**	558,582	558,582
Accounts receivable	**6,633,416**	**6,633,416**	4,145,236	4,145,236
Notes receivable	**312,101**	**312,101**	619,940	619,940
Pledged deposits	**30,782**	**30,782**	30,755	30,755
Time deposits with original maturity over three months	**1,846,250**	**1,846,250**	3,954,185	3,954,185
Cash and cash equivalents	**9,923,943**	**9,923,943**	9,814,893	9,814,893
Financial liabilities				
Financial liabilities included in trade and other payables	**4,659,697**	**4,659,697**	4,769,445	4,769,445
Salary and bonus payables	**768,355**	**768,355**	914,435	914,435
Interest-bearing bank and other borrowings-current portion	**2,743,157**	**2,743,157**	1,659,906	1,659,906
Interest-bearing bank and other borrowings-non-current portion	**21,663,118**	**21,663,118**	23,992,139	23,992,139
Long term bonds	**7,614,667**	**6,937,054**	7,717,913	7,648,716

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalents, pledged deposits, time deposits with original maturity over three months, accounts receivable, notes receivable, and bonds, financial assets included in deposits and other receivables, financial liabilities included in trade and other payables, salary and bonus payables approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the interest-bearing bank borrowings that are all carried at floating interest rates approximated to the carrying amount as at 30 June 2013.

The fair value of corporate bonds is traded on China Interbank Bond Market of which its fair value is provided by China Central Depository & Clearing Co., Ltd. and determined by using the present value valuation technique under income approach and applying the discount rate that reflect its own credit spread as the key input and the fair value of senior unsecured USD bonds is using the present value valuation technique under income approach and applying treasury bond rate as adjusted its own credit spread as key input.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

22. Related party transactions

As disclosed in note 1, the Company is a subsidiary of CNOOC, which is a State-owned enterprise (''SOE'') subject to the control of the State Council of the PRC Government. The Group has extensive transactions and relationships with the members of CNOOC. The transactions were made on terms agreed among the parties. The Directors are of the opinion that the transactions with related parties were conducted in the usual course of business.

(A) Related party transactions with the members of CNOOC

In addition to the transactions and balances detailed elsewhere in these condensed consolidated financial statements, the following is a summary of significant transactions carried out between the Group and (i) CNOOC Limited and its subsidiaries (the ''CNOOC Limited Group''); (ii) CNOOC and its subsidiaries and affiliates excluding the Group and CNOOC Limited Group (the ''CNOOC Group''); and (iii) the Group's joint ventures.

a. Included in revenue are gross revenue earned from provision of services to the following related parties

		Six months ended 30 June	
		2013	**2012**
		RMB'000	**RMB'000**
		(Unaudited)	**(Unaudited)**
i	CNOOC Limited Group		
	Provision of drilling services	**3,172,716**	2,832,454
	Provision of well services	**1,921,548**	1,696,283
	Provision of marine support and transportation services	**1,246,274**	1,092,308
	Provision of geophysical and surveying services	**711,631**	881,543
		7,052,169	6,502,588
ii	CNOOC Group		
	Provision of drilling services	**1,225**	4,306
	Provision of well services	**8,854**	9,387
	Provision of marine support and transportation services	**199,630**	208,092
	Provision of geophysical and surveying services	**126,797**	91,946
		336,506	313,731
iii	Joint ventures		
	Provision of drilling services	**–**	413
	Provision of well services	**8,285**	8,626
	Provision of geophysical and surveying services	**–**	1,496
		8,285	10,535

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

22. Related party transactions (continued)

(A) Related party transactions with the members of CNOOC (continued)

b. Included in operating expenses

	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
i CNOOC Limited Group		
Leasing of offices, warehouses and berths	**1,224**	–
ii CNOOC Group		
Labour services	**29,197**	20,088
Materials, utilities and other ancillary services	**364,969**	284,592
Transportation services	**944**	1,520
Leasing of offices, warehouses and berths	**29,809**	41,332
Leasing of equipment	**136,674**	101,085
Repair and maintenance services	**829**	171
Management services	**37,494**	17,355
	599,916	466,143
iii Joint ventures		
Materials, utilities and other ancillary services	**446**	–
Leasing of offices, warehouses and berths	**19,063**	16,503
Management services	**20,973**	23,234
	40,482	39,737

c. Included in interest income

	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
CNOOC Finance Co., Ltd. (a subsidiary of CNOOC)		
Interest income	**10,896**	11,987

d. Deposits

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Deposits placed with CNOOC Finance Co., Ltd.	**1,113,529**	1,097,835

22. Related party transactions (continued)

(A) Related party transactions with the members of CNOOC (continued)

e. Dividend received from joint ventures

	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Magcobar	–	22,854
COSL-Expro	**15,000**	33,300
China France	–	32,000
China Offshose Fugro	**12,556**	15,735
	27,556	103,889

f. Commitments with the members of CNOOC

i. Operating lease commitments

The Group has the following significant operating lease commitments with CNOOC Group principally for properties and equipment, which have been included in note 19:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Within one year	**66,671**	169,507

ii Capital commitments

As at 30 June 2013, the Group does not have any significant capital commitments with the members of CNOOC.

g. Outstanding balances with related parties

Accounts receivable

Included in accounts receivable are amounts due from related parties which arose from the ordinary course of business and are repayable on similar credit terms to those offered to independent third party customers.

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Due from CNOOC Limited Group	**3,466,910**	1,992,717
Due from CNOOC Group	**207,845**	148,764
Due from joint ventures	**4,336**	1,508
	3,679,091	2,142,989

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

22. Related party transactions (continued)

(A) Related party transactions with the members of CNOOC (continued)

g. Outstanding balances with related parties (continued)

Prepayments, deposits and other receivables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Due from CNOOC Limited Group	**7,982**	1,185
Due from CNOOC Group	**2,540**	865
Due from joint ventures	**57,875**	–
	68,397	2,050
Less: Provision for impairment of accounts receivable	**(500)**	(500)
	67,897	1,550

Included in investments in joint ventures

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Due from joint ventures	**10,259**	4,609
Due to joint ventures	**59,981**	61,016

Notes receivable

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Due from CNOOC Limited Group	**298,401**	616,740

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

22. Related party transactions (continued)

(A) Related party transactions with the members of CNOOC (continued)

g. Outstanding balances with related parties (continued)

Included in trade and other payables

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Due to the ultimate holding company	**173,972**	116,337
Due to CNOOC Limited Group	**2,112**	1,577
Due to other CNOOC Group companies	**317,060**	495,987
Due to joint ventures	**97,678**	146,532
	590,822	760,433

h. Other transactions with the members of CNOOC

In connection with the Reorganisation of CNOOC in preparation for the listing of the Company's shares on the HKSE (the "Reorganisation"), the Company entered into several agreements with CNOOC Group which govern the employee benefits arrangements, the provision of materials, utilities and ancillary services, the provision of technical services, the leasing of properties and various other commercial arrangements. During the current interim period, all pension scheme payments relating to the supplementary pension benefits provided by CNOOC Group to the Group of approximately RMB0.1 million (six months ended 30 June 2012: RMB0.3 million) were borne by CNOOC Group.

i. Transactions with other SOEs in the PRC

The Group has entered into extensive transactions covering the sales of goods and rendering of services, receipt of construction services of vessels and drilling rigs, purchases of goods, services or property, plant and equipment with SOEs other than the CNOOC Group, in the normal course of business at terms comparable to those with other non-SOEs. None of these transactions are material related party transactions, individually or collectively, that require separate disclosure.

In addition, the Group has certain of its cash and time deposits and outstanding interest-bearing bank borrowings with certain state-owned banks in the PRC as at 30 June 2013, as summarised below:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Cash and cash equivalents	**7,841,186**	4,463,803
Time deposits with financial institutions	**2,109,569**	5,483,414
	9,950,755	9,947,217
Long-term bank loans (note 15)	**21,663,118**	23,992,139
Current portion of long-term bank loans (note 15)	**2,743,157**	1,659,906
	24,406,275	25,652,045

Deposit interest rates and loan interest rates are at the market rates.

Notes to the Condensed Consolidated Financial Statements (continued)

30 June 2013

22. Related party transactions (continued)

(B) Compensation of key management personnel of the Group

	Six months ended 30 June 2013 RMB'000 (Unaudited)	Six months ended 30 June 2012 RMB'000 (Unaudited)
Short-term employee benefits	**3,072**	2,964
Post-employment benefits	**208**	198
Total compensation paid to key management personnel	**3,280**	3,162

23. Event after the reporting period

On 15 August 2013, CDE has agreed with the Norwegian tax authorities ("NTA") to settle the tax dispute in respect of the valuation basis and the fair value used by certain subsidiaries of CDE for the transfer of certain jack-up rigs' contracts and options and semi-submersible drilling rigs' contracts, respectively, to certain subsidiaries within the Group in prior years. The expected aggregate income tax payable by CDE to NTA in this respect would amount to approximately NOK173 million (equivalent to approximately RMB181 million), further details of which are set out in the announcement of the Company made on 16 August 2013. As the aforesaid tax liability has been fully provided for in the Group's consolidated financial statements for the year ended 31 December 2012, this event did not have any significant impact on these condensed consolidated financial statements.

24. Approval of these condensed consolidated financial statements

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 19 August 2013.

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Chairman of the Board &
Non-Executive Director

Li Yong
Executive Director

Li Feilong
Executive Director

Zeng Quan
Non-Executive Director

Tsui Yiu Wa
Independent Non-Executive Director

Fong Wo, Felix
Independent Non-Executive Director

Chen Quansheng
Independent Non-Executive Director

Audit Committee

Tsui Yiu Wa (Chairman)

Fong Wo, Felix

Chen Quansheng

Remuneration Committee

Fong Wo, Felix (Chairman)

Zeng Quan

Tsui Yiu Wa

Chen Quansheng

Nomination Committee

Chen Quansheng (Chairman)

Li Yong

Fong Wo, Felix

Board of Supervisor

Zhang Zhaoshan
Supervisor Chairman

Li Zhi
Employee Supervisor

Wang Zhile
Independent Supervisor

Senior Management

Li Yong
Chief Executive Officer & President

Dong Weiliang
Executive Vice President & Chief Legal Officer

Li Feilong
Executive Vice President & CFO

Xu Xiongfei
Vice president

Yu Zhanhai
Vice president

Cao Shujie
Vice president

Yang Haijiang
Company Secretary

COSL

CHINA OILFIELD SERVICES LIMITED
中海油田服務股份有限公司
(Stock Code 股票代號　A 股: 601808 ; H 股: 2883)

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