COSL

中海油田服务股份有限公司
China Oilfield Services Limited

(Incorporated in the People's Republic of China as a joint stock limited liability company)
(Stock Code: 2883)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

1. Revenue was RMB12,089.4 million.
2. Profit from operations was RMB1,260.9 million.
3. Profit for the period was RMB921.9 million.
4. Basic earnings per share were RMB18.75 cents.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Notes	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
REVENUE	3	**12,089,396**	15,927,665
Other revenues		**29,308**	67,812
		12,118,704	15,995,477
Depreciation of property, plant and equipment and amortisation of intangible assets		**(1,987,474)**	(1,863,272)
Employee compensation costs		**(2,044,375)**	(2,078,199)
Repair and maintenance costs		**(301,893)**	(410,464)
Consumption of supplies, materials, fuel, services and others		**(2,231,646)**	(2,538,682)
Subcontracting expenses		**(1,644,561)**	(2,392,757)
Operating lease expenses		**(815,728)**	(721,908)
Other operating expenses		**(841,582)**	(805,506)
Impairment of goodwill	9	**(923,154)**	–
Impairment of property, plant and equipment	8	**(67,416)**	(155,552)
Total operating expenses		**(10,857,829)**	(10,966,340)
PROFIT FROM OPERATIONS		**1,260,875**	5,029,137
Exchange (losses)/gains, net		**(16,982)**	6,767
Finance costs		**(281,486)**	(297,664)
Interest income		**48,263**	88,275
Investment income		**81,520**	86,509
Share of profits of joint ventures, net of tax		**94,245**	153,020
PROFIT BEFORE TAX	4	**1,186,435**	5,066,044
Income tax expense	5	**(264,510)**	(627,054)
PROFIT FOR THE PERIOD		**921,925**	4,438,990
Attributable to:			
Owners of the Company		**894,748**	4,424,022
Non-controlling interests		**27,177**	14,968
		921,925	4,438,990
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic (RMB)	7	**18.75 cents**	93.13 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2015

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**921,925**	4,438,990
OTHER COMPREHENSIVE INCOME (EXPENSE)		
Item that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension plan	**–**	12,787
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(11,487)**	83,192
Net fair value gain on available-for-sale investments	**26,314**	4,823
Share of exchange differences of joint ventures	**(191)**	–
Income tax relating to items that may be reclassified subsequently to profit or loss	**(3,947)**	(724)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**10,689**	100,078
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**932,614**	4,539,068
Attributable to:		
Owners of the Company	**905,481**	4,523,783
Non-controlling interests	**27,133**	15,285
	932,614	4,539,068

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	Notes	**30 June 2015** *RMB'000* **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*8*	**57,321,512**	55,338,074
Goodwill	*9*	**3,195,861**	4,122,652
Other intangible assets		**377,035**	383,976
Investments in joint ventures		**753,843**	750,721
Available-for-sale investments		**–**	–
Other non-current assets	*12*	**2,183,635**	2,514,040
Deferred tax assets		**11,944**	11,954
Total non-current assets		**63,843,830**	63,121,417
CURRENT ASSETS			
Inventories		**1,416,850**	1,300,605
Prepayments, deposits and other receivables		**617,600**	681,202
Accounts receivable	*10*	**10,379,302**	7,230,381
Notes receivable	*11*	**876,040**	2,775,827
Other current assets	*12*	**2,782,070**	4,985,523
Pledged deposits		**25,183**	39,119
Time deposits with original maturity of over three months		**200,000**	1,308,046
Cash and cash equivalents		**6,146,007**	5,432,187
Total current assets		**22,443,052**	23,752,890
CURRENT LIABILITIES			
Trade and other payables	*13*	**7,691,899**	8,634,342
Salary and bonus payables		**1,076,729**	1,463,861
Tax payable		**263,049**	279,168
Interest-bearing bank borrowings	*14*	**9,131,777**	3,817,369
Other current liabilities	*12*	**597,702**	117,016
Total current liabilities		**18,761,156**	14,311,756

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 30 JUNE 2015

	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
NET CURRENT ASSETS		**3,681,896**	9,441,134
TOTAL ASSETS LESS CURRENT LIABILITIES		**67,525,726**	72,562,551
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**683,303**	753,081
Interest-bearing bank borrowings	*14*	**12,190,099**	15,755,490
Long-term bonds	*15*	**7,561,904**	7,564,340
Deferred revenue		**1,040,047**	1,071,880
Employee benefit liabilities		**86,024**	95,661
Total non-current liabilities		**21,561,377**	25,240,452
NET ASSETS		**45,964,349**	47,322,099
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,771,592**	4,771,592
Reserves		**41,116,159**	42,501,042
		45,887,751	47,272,634
Non-controlling interests		**76,598**	49,465
Total equity		**45,964,349**	47,322,099

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 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.

During the period, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") were principally engaged in the provision of oilfield services including drilling services, well services, marine support services, and geophysical and surveying services.

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

As at 30 June 2015, particulars of the principal subsidiaries of the Group are as follows:

Name of entity	Place and date of incorporation/ registration	Principal place of business	Issued and fully paid share capital/ paid-in capital	Percentage of equity attributable to the Group 30 June 2015	30 June 2014	Principal activities
COSL Chemicals (Tianjin), Ltd. (formerly known as Tianjin Jinlong Petro-Chemical Company Ltd.)	Tianjin, PRC 7 September 1993	PRC	Renminbi ("RMB") 20,000,000	**100%**	100%	Provision of drilling fluids services
COSL Holding AS (formerly known as COSL Drillings Europe AS)	Norway 21 January 2005	Norway	Norwegian Krone ("NOK") 1,494,415,487	**100%**	100%	Investment holding
PT. COSL INDO	Indonesia 1 August 2005	Indonesia	US Dollar ("US$") 400,000	**100%**	100%	Provision of drilling services
COSL HongKong Ltd	Hong Kong 1 December 2005	Hong Kong	Hong Kong Dollar ("HK$") 10,000	**100%**	100%	Investment holding
COSL (Australia) Pty Ltd.	Australia 11 January 2006	Australia	Australian Dollar ("A$") 10,000	**100%**	100%	Provision of drilling services
COSL Mexico S.A.de C.V	Mexico 26 May 2006	Mexico	US$ 8,504,525	**100%**	100%	Provision of drilling services
COSL (Middle East) FZE	United Arab Emirates 2 July 2006	United Arab Emirates	US$ 280,000	**100%**	100%	Provision of drilling services
COSL Norwegian AS	Norway 23 June 2008	Norway	NOK 1,541,328,656	**100%**	100%	Investment holding

Name of entity	Place and date of incorporation/ registration	Principal place of business	Issued and fully paid share capital/ paid-in capital	Percentage of equity attributable to the Group 30 June 2015	30 June 2014	Principal activities
COSL Drilling Pan-Pacific (Labuan) Ltd.	Malaysia 4 April 2009	Malaysia	US$1	**100%**	100%	Management of jack-up drilling rigs
COSL Drilling Pan-Pacific Ltd.	Singapore 13 April 2009	Singapore	US$1	**100%**	100%	Management of jack-up drilling rigs
PT Samudra Timur Santosa ("PT STS")(a)	Indonesia 27 July 2010	Indonesia	US$ 250,000	**49%**	49%	Provision of marine support services
COSL Oil-Tech (Singapore) Ltd.	Singapore 31 January 2011	Singapore	US$ 100,000	**100%**	100%	Provision of oilfield services and related activities
COSL Finance (BVI) Limited	British Virgin Islands 12 July 2012	British Virgin Islands	US$1	**100%**	100%	Bond Issuance
COSL Deepwater Technology Co. Ltd.	Shenzhen, PRC 12 September 2013	PRC	RMB 20,000,000	**100%**	100%	Provision of geophysical and surveying services
COSL Blue Tech International Limited	Hebei, PRC 12 November 2014	PRC	RMB 25,000,000	**100%**	N/A	Provision of chemical products, R&D and manufacturing services

(a) 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 2015 and 2014.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the operating results of the Group for the current interim 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 2015, particulars of the joint ventures of the Group are as follows:

Name	Nominal value of issued ordinary/ registered share capital	Place and date of incorporation/ registration and operations	Percentage of Ownership interest 2015	2014	Voting rights held 2015	2014	Principal activities
China Offshore Fugro Geo Solutions (Shenzhen) Company Ltd.	US$6,000,000	Shenzhen, PRC 24 August 1983	**50**	50	**50**	50	Provision of geophysical and surveying services
China France Bohai Geoservices Co., Ltd.	US$6,650,000	Tianjin, PRC 30 November 1983	**50**	50	**50**	50	Provision of logging services

Name	Nominal value of issued ordinary/ registered share capital	Place and date of incorporation/ registration and operations	Percentage of Ownership interest 2015	Percentage of Ownership interest 2014	Percentage of Voting rights held 2015	Percentage of Voting rights held 2014	Principal activities
China Petroleum Logging-Atlas Cooperation Service Company	US$2,000,000	Shenzhen, PRC 10 May 1984	**50**	50	**50**	50	Provision of logging services
China Nanhai-Magcobar Mud Corporation Ltd. ("Magcobar") (b)	RMB4,640,000	Shenzhen, PRC 25 October 1984	**60**	60	**50**	50	Provision of drilling fluids services
CNOOC-OTIS Well Completion Services Ltd.	US$2,000,000	Tianjin, PRC 14 April 1993	**50**	50	**50**	50	Provision of well completion services
Eastern Marine Services Ltd. ("Eastern Marine") (b)(d)	HK$1,000,000	Hong Kong 10 March 2006	**–**	51	**–**	50	Provision of marine transportation services
COSL-Expro Testing Services (Tianjin) Company Ltd.	US$5,000,000	Tianjin, PRC 28 February 2007	**50**	50	**50**	50	Provision of well testing services
PBS-COSL Oilfield Services Company SDN BHD ("PBS-COSL") (c)	Brunei Dollar ("BND") 100,000	Brunei 20 March 2014	**49**	49	**50**	50	Provision of drilling services

(b) 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 other respective sole investor of Magcobar and Eastern Marine. Pursuant to the articles of associations of Magcobar and Eastern Marine, at least two-thirds of the voting rights are required for decisions on directing 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.

(c) The Group has 49% of the equity interests in PBS-COSL, and the remaining equity interests are held by the other sole investor. Pursuant to the articles of association of PBS-COSL, the board of directors of PBS-COSL shall comprise four directors whereby both the Company and the other sole investor shall appoint two directors each. Unanimous approvals by the directors of PBS-COSL are required for decisions on directing the relevant activities of PBS-COSL. In the opinion of the Directors, the Group does not have control over PBS-COSL and the investment in this joint arrangement constitutes interest in joint venture based on the rights and obligations of the parties to this joint arrangement. Accordingly, PBS-COSL has been accounted for in the Group's condensed consolidation financial statements using the equity method.

(d) During the current interim period, Eastern Marine was liquidated and the investment in Eastern Marine was written off by the Group.

All of the above investments in joint ventures are directly held by the Company except for Eastern Marine, which was 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 2015 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 HKSE (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 2014.

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.

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014. The adoption of amendments to standards and annual improvements to HKFRSs effective for the current interim period commenced from 1 January 2015 does not have any material impact on the accounting policy adopted, interim financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and these are the basis of information that is prepared and reported to the Group's chief operating decision maker (i.e. the executive directors of the Company) for the purposes of making strategic decisions. The Group 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, and the sales of well chemical materials and well workovers;

(c) the marine support 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

(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 (losses)/gains and investment income are excluded from such measurement.

All assets are allocated to reportable segments other than certain cash and cash equivalents (funds managed by the corporate treasury), prepayments, pledged deposits, time deposits with original maturity of over three months, certain other receivables, certain other current assets and deferred tax assets as these assets are managed on a group basis.

All liabilities are allocated to reportable segments other than certain other payables, interest-bearing bank borrowings and long term bonds (funds managed by the corporate treasury), tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

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 2015 (Unaudited)

	Drilling services	Well services	Marine support services	Geophysical and surveying services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue:					
Sales to external customers	**6,558,925**	**3,298,797**	**1,484,310**	**747,364**	**12,089,396**
Intersegment sales	**822,034**	**516,596**	**49,012**	**29,113**	**1,416,755**
Segment revenue	**7,380,959**	**3,815,393**	**1,533,322**	**776,477**	**13,506,151**
Reconciliation:					
Elimination of intersegment sales	**(822,034)**	**(516,596)**	**(49,012)**	**(29,113)**	**(1,416,755)**
Group revenue	**6,558,925**	**3,298,797**	**1,484,310**	**747,364**	**12,089,396**
Segment results	**756,261**	**417,102**	**204,302**	**(22,545)**	**1,355,120**
Reconciliation:					
Exchange losses, net					**(16,982)**
Finance costs					**(281,486)**
Interest income					**48,263**
Investment income					**81,520**
Profit before tax					**1,186,435**
As at 30 June 2015					
Segment assets	**55,041,388**	**8,167,419**	**9,268,043**	**6,307,888**	**78,784,738**
Unallocated assets					**7,502,144**
Total assets					**86,286,882**
Segment liabilities	**5,114,835**	**2,759,743**	**1,655,394**	**833,966**	**10,363,938**
Unallocated liabilities					**29,958,595**
Total liabilities					**40,322,533**

Six months ended 30 June 2014 (Unaudited)

	Drilling services *RMB'000*	Well services *RMB'000*	Marine support services *RMB'000*	Geophysical and surveying services *RMB'000*	Total *RMB'000*
Revenue:					
Sales to external customers	8,602,880	3,994,612	1,733,345	1,596,828	15,927,665
Intersegment sales	1,235,038	424,860	50,848	46,454	1,757,200
Segment revenue	9,837,918	4,419,472	1,784,193	1,643,282	17,684,865
Reconciliation:					
Elimination of intersegment sales	(1,235,038)	(424,860)	(50,848)	(46,454)	(1,757,200)
Group revenue	8,602,880	3,994,612	1,733,345	1,596,828	15,927,665
Segment results	3,620,984	1,049,044	81,772	430,357	5,182,157
Reconciliation:					
Exchange gains, net					6,767
Finance costs					(297,664)
Interest income					88,275
Investment income					86,509
Profit before tax					5,066,044
As at 31 December 2014 (audited)					
Segment assets	55,215,281	8,222,315	8,054,086	5,561,140	77,052,822
Unallocated assets					9,821,485
Total assets					86,874,307
Segment liabilities	4,586,726	3,922,886	1,772,449	957,686	11,239,747
Unallocated liabilities					28,312,461
Total liabilities					39,552,208

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Note	Six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Loss on disposal of property, plant and equipment, net	*8*	**16,784**	10,927
Impairment of accounts receivable recognised in profit or loss		**169,465**	38,183
Impairment of other receivables recognised in profit or loss		**7,472**	7,630
Impairment of inventories		**5,418**	5,106
Income from available-for-sale investments		**81,520**	86,509
Cost of inventories recognised as an expense		**1,302,750**	1,283,415

5. 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 from 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. The Company has applied to renew its HNTE certificate for three years commencing from 1 October 2014, and was re-certified as an HNTE on 21 October 2014, which is effective for three years commencing from 1 October 2014, and the Company subsequently obtained the approval from Tianjin Offshore Oil Tax Bureau of Tianjin Provincial Office of the TSAT in January 2015. According to the approval, the CIT rate was approved to be 15% for the period from October 2014 to September 2017. 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 2015 (six months ended 30 June 2014: 15%).

The Group's activities in Indonesia are mainly subject to corporate income tax of 25% (six months ended 30 June 2014: 25%). The Group's activities in Australia are subject to income tax of 30% (six months ended 30 June 2014: 30%) based on its taxable profit generated. The Group's activities in Myanmar are subject to deemed income tax calculated at 3.5% (six months ended 30 June 2014: 3.5%) of service income generated in Myanmar. The Group's activities in Mexico are subject to income tax of 30% (six months ended 30 June 2014: 30%). The Group's activities in Norway are mainly subject to corporate income tax of 27% (six months ended 30 June 2014: 27%). The Group's activities in the U.K. are subject to income tax of 21% (six months ended 30 June 2014: 28%). The Group's activities in Thailand are subject to withhold tax based on 3% of revenue generated every month (six months ended 30 June 2014: 3%). The Group's activities in Qatar are subject to income tax of 10% (six months ended 30 June 2014: 10%). The Group's activities in Iraq are subject to income tax of 35% (six months ended 30 June 2014: 35%). The Group's activities in Singapore are subject to income tax of 17% (six months ended 30 June 2014: 17%). The Group's activities in the United States are subject to income tax of 34% (six months ended 30 June 2014: 34%). The Group's activities in United Arab Emirates are not subject to any income tax. The Group's activities in Denmark commenced in the second half year of 2014 are subject to income tax of 24.5%. The Group's activities in Canada commencing in the current interim period are subject to the net federal corporate income tax of 15% and provincial income tax ranging from 10% to 16%, depending on the province and the size of the business. The Group's activities in Malaysia commencing in the current interim period are subject to income tax of 25%.

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

	Six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Hong Kong profits tax	**–**	–
Overseas income taxes:		
Current	**138,008**	103,837
Deferred	**(99,161)**	(30,617)
PRC corporate income taxes:		
Current	**200,132**	554,885
Deferred	**25,531**	(1,051)
Total tax charge for the period	**264,510**	627,054

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for Mainland China, where the Company and its key joint ventures are domiciled, to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Six months ended 30 June			
	2015		2014	
	RMB'000	**%**	*RMB'000*	%
	(Unaudited)		(Unaudited)	
Profit before tax	**1,186,435**		5,066,044	
Tax at the statutory tax rate of 25% (six months ended 30 June 2014: 25%)	**296,609**	**25.0**	1,266,511	25.0
Tax reduction as an HNTE	**(186,296)**	**(15.7)**	(368,188)	(7.3)
Tax effect of income not subject to tax	**(36,844)**	**(3.1)**	(38,212)	(0.8)
Tax effect of expense not deductible for tax	**277,578**	**23.4**	7,592	0.1
– Effect of impairment of goodwill	**230,788**	**19.5**	–	–
– Others	**46,790**	**3.9**	7,592	0.1
Tax benefit for qualifying research and development expenses	**(22,337)**	**(1.9)**	(18,537)	(0.4)
Effect of different tax rates for overseas subsidiaries	**(23,302)**	**(2.0)**	(122,452)	(2.4)
Tax losses unrecognised/(utilised) tax losses	**202,010**	**17.0**	(32,009)	(0.6)
Deductible translation adjustment (a)	**(244,348)**	**(20.6)**	(57,243)	(1.1)
Others	**1,440**	**0.2**	(10,408)	(0.1)
Total tax charge at the Group's effective rate	**264,510**	**22.3**	627,054	12.4

(a) Deductible translation adjustment mainly represents the tax effect of differences arising from foreign exchange effects to NOK, which is the basis for taxation for some group companies in Norway. The translation adjustment mainly relates to the difference between the profit before tax determined on the tax basis in NOK and that determined on the accounting basis of such group companies in US dollars, the functional currency of these companies.

6. DIVIDENDS PAID AND PROPOSED

During the current interim period, a final dividend of RMB0.48 per ordinary share of the Company comprising 4,771,592,000 ordinary shares existed as at 31 December 2014 (2014: RMB0.43 per ordinary share in respect of the year ended 31 December 2013) 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 RMB2,290,364,000 (2014: RMB2,051,785,000).

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

7. 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	
	2015	2014
	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)	**894,748**	4,424,022

	Six months ended 30 June	
	2015	2014
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,771,592,000**	4,750,222,895

No diluted earnings per share is presented for the six-month periods ended 30 June 2015 and 2014 as the Group had no dilutive potential ordinary shares in issue during those periods.

8. 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 RMB4,102 million (six months ended 30 June 2014: RMB2,773 million). Machines and equipment with an aggregate net carrying amount amounting to RMB68.1 million (six months ended 30 June 2014: RMB24.4 million) were disposed of during the current interim period, resulting in a loss on disposal of RMB16.8 million (six months ended 30 June 2014: RMB10.9 million).

Out of the total interest costs incurred, an amount of approximately RMB17.3 million (six months ended 30 June 2014: RMB18.6 million) was capitalised in property, plant and equipment, with a capitalisation rate of 1.44% per annum (six months ended 30 June 2014: 1.46% per annum).

During the current interim period, the Directors carried out the review of the recoverable amounts of the Group's plant and machinery due to the downturn of global oilfield services market. Those assets are used in the Group's drilling services segment, marine support services segment, geophysical and surveying services segment, and well services segment respectively. The review led to the recognition of an impairment loss of RMB67,416,000 (six months ended 30 June 2014: RMB155,552,000), which has been recognised in profit or loss. The impairment losses have been classified under the drilling services segment. The recoverable amounts of the relevant assets have been determined on the basis of its value in use. The discount rate used in measuring value in use was 8% per annum.

9. GOODWILL

During the six months ended 30 June 2015, based on the impairment assessment review, an impairment loss of goodwill of approximately RMB923,154,000 (six months ended 30 June 2014: nil) was recognised in the condensed consolidated statement of profit or loss in view of the unfavourable future prospect of the business of the Group due to the forecasted low utilisation rate and fall of services prices of the Group's drilling rigs as a result of further deterioration in the global oilfield services market.

Goodwill was generated in the acquisition of COSL Holding AS (formerly known as COSL Drillings Europe AS) in 2008 and has been allocated to a group of the drilling services cash-generating units under the drilling services segment as disclosed in note 3, for impairment testing.

The recoverable amounts were determined based on value in use calculation which uses cash flow projections based on financial budgets covering a five-year period approved by senior management. The cash flow beyond the five-year period is estimated based on the market trend of Asia Pacific and Norway for Jack-up and Semi-submersible drilling rigs with reference to the relevant market trend report. The discount rate applied to the cash flow projections is 8% (2014: 8%). The discount rate used is a long-term weighted-average cost of capital, which is based on the management's best estimation of the investment returns that market participants would require for drilling services cash-generating units. Other key assumption for the value in use calculations reflect management's judgments and expectations regarding the unit's past performance, as well as future industry conditions and operations, including expected utilization rates, day rates, cost level and capital requirements.

10. 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 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances aged		
Within six months	**9,216,948**	6,376,482
Six months to one year	**574,850**	536,561
One to two years	**535,866**	315,068
Two to three years	**51,638**	2,270
	10,379,302	7,230,381

11. NOTES RECEIVABLE

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade acceptances	**863,662**	2,738,214
Bank acceptances	**12,378**	37,613
	876,040	2,775,827

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 from the date of issuance. As of the date of approving for issuance of these condensed consolidated financial statements, all the trade acceptances as at 30 June 2015 have been fully settled.

12. OTHER CURRENT ASSETS/LIABILITIES AND OTHER NON-CURRENT ASSETS

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Assets classified as available-for-sale (a)	**2,571,149**	4,776,495
Current portion of deferred expenses (b)	**81,771**	94,416
Value-added tax recoverable	**129,150**	114,612
Other current assets	**2,782,070**	4,985,523
Current portion of deferred revenue	**(597,702)**	(117,016)
Other current liabilities	**(597,702)**	(117,016)
Non-current portion of deferred expenses (b)	**172,763**	200,967
Value-added tax recoverable	**163,899**	154,712
Deposits paid for the acquisition of property, plant and equipment (b)	**1,812,509**	2,123,865
Others	**34,464**	34,496
Other non-current assets (b)	**2,183,635**	2,514,040

(a) Assets classified as available-for-sale represent 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 have no fixed maturity date and coupon rate.

(b) 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. The deferred expenses are amortised over their respective drilling contract periods.

13. TRADE AND OTHER PAYABLES

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

	30 June 2015	31 December 2014
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Outstanding balances aged		
Within one year	**6,596,594**	7,270,558
One to two years	**68,919**	114,775
Two to three years	**19,789**	27,764
Over three years	**34,753**	30,875
	6,720,055	7,443,972

14. INTEREST-BEARING BANK BORROWINGS

During the current interim period, the Group obtained new bank loan amounting to US$600 million (six months ended 30 June 2014: nil), which is equivalent to approximately RMB3,668 million. The loan was guaranteed by CNOOC as at 30 June 2015.

During the current interim period, the Group repaid bank loans of US$312 million (equivalent to approximately RMB1,912 million) (six months ended 30 June 2014: US$312 million (equivalent to approximately RMB1,914.8 million)).

For all bank borrowings of the Group, the weighted average effective interest rate for the period ended 30 June 2015 was 1.55% per annum (six months ended 30 June 2014: 1.59% per annum) and the borrowings are repayable in instalments over a period of 1 to 6 years.

15. LONG-TERM BONDS

	Year of maturity	**30 June 2015**	31 December 2014
		RMB'000	*RMB'000*
		(Unaudited)	(Audited)
Non-current:			
Corporate bonds (a)	2022	**1,500,000**	1,500,000
Senior unsecured US$ bonds (b)	2022	**6,061,904**	6,064,340
		7,561,904	7,564,340

(a) On 18 May 2007, the Group issued 15-year corporate bonds, with a nominal value of RMB100 per bond, amounting to RMB1,500 million. The bonds carry effective interest rate of 4.48% per annum (six months ended 30 June 2014: 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 US$1,000 million principal amount. Interest of the bonds 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. The effective interest rate of the senior unsecured bonds was 3.38% per annum (six months ended 30 June 2014: 3.38% per annum).

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2015, the global economy recovered slowly, while China's economic growth slowed down obviously and the price of crude oil fluctuated at a low level. The average price of Brent and WTI crude oil reached USD57.9 per barrel and USD53.2 per barrel respectively, both representing a decrease of 47% as compared with the same period last year. According to the third party data from IHS, the global oilfield exploration and development capital expenditure in 2015 will decrease by 25.7% YOY to USD545.3 billion, of which marine exploration and development capital expenditure will decrease by 11.7% YOY to USD180.1 billion. The exploration and development investment in each international business region will be reduced to some extent, especially in North America where a decrease of 37% is expected to be recorded, the total value of the oilfield services market decreased by 22% over the same period last year to USD352.8 billion. The oilfield services industry has been in a decline cycle, reflecting the substantial decrease in clients' demand and the service prices and utilization rate of each business declined to different extents.

BUSINESS REVIEW

In the first half of the year, global oil prices continued their decline, oil companies scaled down their investments, cancelled or postponed some projects, and demand in the oilfield services dropped resulting in fierce competition. As a result, service prices and operation volume of the four main business segments of the Group declined to different extents.

Drilling Services Segment

Affected by the decline in both service prices and operation volume, revenue of the drilling services segment in the first half of the year was RMB6,558.9 million, representing a decrease of 23.8% as compared with RMB8,602.9 million for the same period last year.

Faced with a sluggish market environment, the Group adjusted its strategies promptly. While insisting on safe production, we have also actively explored the market and consistently strengthened resources integration to enhance work efficiency. The Group employed various approaches to save costs, such as cutting administrative expenses, improving self-maintenance capability, and reducing procurement, subcontracting, and rental prices.

In respect of equipment operation, "HYSY936", "COSL1", "COSL2" and "COSL7" won the praise of PEMEX for their excellent and efficient services, coordination and communication; "HYSY981" made its debut into the international market and successfully accomplished operation; "HYSY937" successfully completed its first drilling in international new market; "COSLProspector" started drilling in the deep waters of South China Sea.

As of the end of June 2015, the Group operated and managed a total of 44 drilling rigs (including 33 jack-up drilling rigs and 11 semi-submersible drilling rigs). 19 of those were operating in China Sea, and 10 were operating in international regions such as the North Sea of Norway, Mexico and Indonesia, and 14 rigs were on standby, 1 was under repair and maintenance. In addition, the Group also owned 2 accommodation rigs and 5 module rigs.

During the first half of the year, the number of operating days of the Group's drilling rigs amounted to 6,245 days, representing a decrease of 348 days when compared with the same period last year. The calendar day utilization rate was 80.0%, a decrease of 11.0 percentage points when compared with the same period last year due to the increase in the number of standby days.

The operation details of our jack-up and semi-submersible drilling rigs in the first half of 2015 are as follows:

	For the six months ended 30 June			
	2015	2014	Increase/(decrease)	Percentage change
Operating days (day)	**6,245**	6,593	(348)	(5.3%)
Jack-up drilling rigs	**4,893**	4,814	79	1.6%
Semi-submersible drilling rigs	**1,352**	1,779	(427)	(24.0%)
Available day utilization rate	**83.2%**	97.9%	Down 14.7 percentage points	
Jack-up drilling rigs	**85.1%**	97.2%	Down 12.1 percentage points	
Semi-submersible drilling rigs	**76.9%**	100.0%	Down 23.1 percentage points	
Calendar day utilization rate	**80.0%**	91.0%	Down 11.0 percentage points	
Jack-up drilling rigs	**81.9%**	88.6%	Down 6.7 percentage points	
Semi-submersible drilling rigs	**73.6%**	98.3%	Down 24.7 percentage points	

The increase by 79 operating days of jack-up drilling rigs as compared with the same period last year was mainly attributable to an increase of 461 operating days as "COSLHunter", "HYSY932", "Gulf Driller I" and "Kai Xuan I" started operation last year; and standby days increased by 692 days during the period due to the market influence. In addition, operating days increased by 310 days due to reasons such as decrease in repair and maintenance days.

Operating days of semi-submersible drilling rigs decreased by 427 days which was mainly attributable to an increase of 406 standby days and an increase of 47 maintenance days. Further, operating days increased by 26 days due to the maiden voyage of "COSLProspector" this year.

Two accommodation rigs continued to operate in the North Sea for 311 days, representing a decrease of 2 days as compared with the same period last year. The calendar day utilization rate was 85.9%, representing an increase of 0.5 percentage point as compared with the same period last year.

Five module rigs operated in the Mexican Bay had 850 operating days during the period, representing an increase of 141 days as compared with the same period last year, mainly due to the addition of one more drilling rig. The calendar day utilization rate was 93.9%, representing a decrease of 4.0 percentage points as compared with the same period last year.

The average day income of the drilling rigs of the Group for the first half of 2015 decreased as compared with the same period last year, with details as follows:

	For the six months ended 30 June			
Average day income (ten thousand US$/day)	**2015**	2014	Decrease	Percentage decrease
Jack-up drilling rigs	**10.3**	12.3	(2.0)	(16.3%)
Semi-submersibles Drilling rigs	**30.4**	32.1	(1.7)	(5.3%)
Drilling rigs sub-total	**14.7**	17.6	(2.9)	(16.5%)
Accommodation rigs	**24.8**	27.0	(2.2)	(8.1%)
Group's average	**15.2**	18.0	(2.8)	(15.6%)

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

(2) The average day income of semi-submersible drilling rigs for the first half of 2014 did not include the settlement of US$65 million in respect of the standby fee dispute between COSL Offshore Management AS, a subsidiary of the Group, and Statoil Petroleum AS.

(3) US$/RMB exchange rate was 1: 6.1136 on 30 June 2015 and 1: 6.1528 on 30 June 2014, respectively.

Well Services Segment

Operation of the well services segment decreased in the first half of 2015 with revenue dropping by 17.4% to RMB3,298.8 million from the same period last year.

Faced with the industry downward pressure, the Group insisted on upgrading its R&D technology gradually. The two technological systems of the self-developed Rotary Steerable System Welleader® and the Logging While Drilling System Drilog® successfully completed the business operation of the 5 wells, which is the first time for them to apply in small-scale in the offshore oilfield. For the first time they completed the complex three-dimensional horizontal wells offshore landing operation and obtained the Job Sheet. The Group has now become the first Company in China, and the fourth in the world owning both technologies, which will enhance the Company's competitiveness in the international high-end well services market and reduce service costs significantly in the future. The self-developed EZFLOW drill-in fluid was applied successfully in Bohai with significant oil output. Testing on two new achievements, Plate type Extra-large Probe of EFDT and Incongruous Pushing and Struck Releasing Device has been completed and commercial application commercial signifying that the Group has made important improvement in solving different technical problems such as pressure testing and sampling in low porosity and low permeability reservoir and controlling operation risks. The self-owned EALT (Enhanced Array Lateralog Tool) has completed the prototype tool development and well testing demonstrating that the Tool bears the preliminary generalization ability. The Company completed independently its first horizontal well CTU acidizing operation in Iraq.

Marine Support Services Segment

Affected by the market, revenue of the marine support services segment decreased in the first half of the year by 14.4% from the same period last year to RMB1,484.3 million. In the first half of the year, our chartered vessels operated 7,726 days in total, representing a decrease of 749 days as compared with the same period last year and realized revenue of RMB571.1 million.

In response to market changes, the Group actively redeployed its resources by sending five utility vessels to the Southeast Asian regions including Singapore for operation. Meanwhile, the Group further adjusted its equipments and structure to conform to the requirement of deep-water operation and enhance core competitiveness.

The calendar day utilization rate of the self-owned vessels in the first half of 2015 was 90.5%, representing a decrease of 2.5 percentage points as compared with the same period last year. The operation of self-owned vessels increased with the commencement of operation of three new vessels during the period, details are as follows:

Operating days (day)	**For the six months ended 30 June 2015**	2014	Increase/ (decrease)	Percentage change
Standby vessels	**6,426**	6,509	(83)	(1.3%)
AHTS vessels	**2,627**	2,457	170	6.9%
Platform supply vessels	**1,492**	1,327	165	12.4%
Multi-purpose vessels	**623**	629	(6)	(1.0%)
Workover support barges	**724**	719	5	0.7%
Total	**11,892**	11,641	251	2.2%

The transportation volume of oil tankers was 851,000 tons for the first half of the year, representing a decrease of 65,000 tons as compared with 916,000 tons for the same period last year.

Geophysical and Surveying Services Segment

Revenue of the geophysical and surveying services segment of the Group was RMB747.4 million for the first half of the year, representing a decrease of RMB849.4 million or 53.2% over the same period last year.

Faced with a competitive market environment, the Group implemented different measures and fully exploited its business potential, adjusted operating strategy in time, and strived to lower its operating and management costs. The Group expanded the international market through deployment of two seismic acquisition vessels for overseas operation to make up for the inadequacy of the domestic market, and meanwhile, service standard was further improved and technological research accelerated. The self-developed HQI-NAVI Integrated Novigation System for towed streamer carried out its first trial-production operation successfully, indicating that the Company has achieved an important milestone in the R&D of streamer integrated navigation system and preliminarily mastered the technique of streamer exploration integrated navigation.

Due to the market downturn and scrapping of one collection vessel upon expiry in the second half of last year and one collection vessel is waiting for scrapping upon expiry during the period; the 2D collection, 3D collection and 3D processing operation volume of the Group decreased, details as follows:

	For the six months ended 30 June			
Services	**2015**	2014	Increase/ (decrease)	Percentage change
2D collection (km)	**10,859**	12,215	(1,356)	(11.1%)
2D processing (km)	**9,032**	4,034	4,998	123.9%
3D collection (km^2)	**8,258**	17,085	(8,827)	(51.7%)
of which: submarine cable (km^2)	**–**	306	(306)	(100.0%)
3D processing (km^2)	**7,565**	11,305	(3,740)	(33.1%)

In the first half of 2015, the Group's surveying services recorded revenue of RMB152.6 million, which decreased by RMB124.4 million from RMB277.0 million in the same period last year.

1. Analysis of condensed consolidated statement of profit or loss

1.1 Revenue

As affected by the declining demand in the oil field services market in the first half of 2015, the operation volume and services price of the Group's four main business segments dropped to varying extents. Revenue decreased by RMB3,838.3 million or 24.1% to RMB12,089.4 million over the same period last year, detailed analysis is as follow:

Revenue of each of the business segments in the first half of 2015

Unit: RMB million

Business segments	For the six months ended 30 June **2015**	2014	Decrease	Percentage decrease
Drilling services	**6,558.9**	8,602.9	(2,044.0)	(23.8%)
Well services	**3,298.8**	3,994.6	(695.8)	(17.4%)
Marine support services	**1,484.3**	1,733.4	(249.1)	(14.4%)
Geophysical and surveying services	**747.4**	1,596.8	(849.4)	(53.2%)
Total	**12,089.4**	15,927.7	(3,838.3)	(24.1%)

- Revenue generated from drilling services decreased by 23.8% over the same period last year. The main reasons include: 1) Operation days of drilling rigs decreased by 348 days as compared with the same period last year. 2) Operating rate of drilling rigs dropped. 3) The Group's subsidiary, COSL Offshore Management AS, reached settlement with Statoil Petroleum AS with respect to the dispute of standby fees and received settlement payment of USD65 million in the same period last year, while no such payment was recorded during the period.

- Revenue of well services decreased by 17.4% over the same period last year, which was mainly due to the decrease in operation volume and services price.

- Revenue from marine support services decreased by 14.4% over the same period last year, which was mainly due to the decrease of 749 days in operation volume of chartered vessels during the period. Though the operation volume of self-owned vessels increased, the service prices dropped.

- Revenue from geophysical and surveying services decreased by 53.2% as compared with the same period last year, which was mainly due to the downscaling of investment in exploration development by oil companies and reduced operation volume.

1.2 Operating expenses

In the first half of 2015, the operating expenses of the Group amounted to RMB10,857.8 million, representing a decrease of RMB108.5 million or 1.0% from RMB10,966.3 million for the same period last year.

The table below shows the breakdown of operating expenses for the Group in the first half of 2015:

Unit: RMB million

Business segments	**For the six months ended 30 June** **2015**	2014	Increase/ (Decrease)	Percentage change
Depreciation of property, plant and equipment and amortization of intangible assets	**1,987.5**	1,863.3	124.2	6.7%
Employee compensation costs	**2,044.4**	2,078.2	(33.8)	(1.6%)
Repair and maintenance costs	**301.9**	410.4	(108.5)	(26.4%)
Consumption of supplies, materials, fuel, services and others	**2,231.6**	2,538.7	(307.1)	(12.1%)
Subcontracting expenses	**1,644.6**	2,392.7	(748.1)	(31.3%)
Operating lease expenses	**815.7**	721.9	93.8	13.0%
Other operating expenses	**841.5**	805.5	36.0	4.5%
Impairment of goodwill	**923.2**	–	923.2	100.0%
Impairment of property, plant and equipment	**67.4**	155.6	(88.2)	(56.7%)
Total operating expenses	**10,857.8**	10,966.3	(108.5)	(1.0%)

From the above breakdown in operating expenses, the new equipments led to an increase in depreciation of property, plant and equipment and amortization of intangible assets of RMB124.2 million.

A decrease in repair and maintenance days of drilling rigs and utility vessels, and strengthened self-maintenance ability led to a decrease in repair and maintenance costs of RMB108.5 million.

A decrease in operation volume and the adoption of variety measures in controlling costs by the Group led to a decrease of materials consumption of RMB307.1 million.

To lower costs effectively, the Group reduced the use of external resources which led to a decrease in subcontracting expenses of RMB748.1 million.

Due to the full operation of leased drilling rigs of "HYSY932", "Gulf Driller I" and "Kai Xuan I" during the period, the operating lease expenses increased by RMB93.8 million.

Other operating expenses increased by RMB36.0 million, which was mainly due to the increase in provisions of RMB131.1 million made for accounts receivables and other receivables and bad debts allowance during the period.

Unfavourable market environment led to the impairment loss of goodwill amounting to RMB923.2 million during the period.

During the period, impairment loss on property, plant and equipment was RMB67.4 million, which was mainly attributable to the impairment losses against fixed assets of RMB67.4 million in respect of an individual asset in Norway in light of market condition. While in the same period last year, the asset impairment loss made in respect of four chemical carriers was RMB143.7 million and the asset impairment loss made in respect of the well services equipment in Libya was RMB11.9 million.

The table below shows the operating expenses of each of the business segments in the first half of 2015:

Unit: RMB million

	For the six months ended 30 June			
Business segments	**2015**	2014	Increase/ (Decrease)	Percentage change
Drilling services	**5,801.9**	4,988.4	813.5	16.3%
Well services	**2,967.4**	3,079.1	(111.7)	(3.6%)
Marine support services	**1,278.5**	1,659.2	(380.7)	(22.9%)
Geophysical and surveying services	**810.0**	1,239.6	(429.6)	(34.7%)
Total	**10,857.8**	10,966.3	(108.5)	(1.0%)

1.3 Profit from operations

The profit from operations of the Group during the first half of 2015 amounted to RMB1,260.9 million, representing a decrease of RMB3,768.2 million or 74.9% from RMB5,029.1 million for the same period 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 2015**	2014	Increase/ (Decrease)	Percentage change
Drilling services	**759.5**	3,621.0	(2,861.5)	(79.0%)
Well services	**353.5**	938.1	(584.6)	(62.3%)
Marine support services	**207.4**	82.0	125.4	152.9%
Geophysical and surveying services	**(59.5)**	388.0	(447.5)	(115.3%)
Total	**1,260.9**	5,029.1	(3,768.2)	(74.9%)

1.4 Financial expenses, net

In the first half of 2015, the net financial expenses of the Group were RMB250.2 million, representing an increase of RMB47.6 million or 23.5% from RMB202.6 million for the same period last year, mainly due to the decrease in finance costs by RMB16.2 million, increase in exchange loss by RMB23.8 million and decrease in interest income by RMB40.0 million during the period.

1.5 Investment income

During the first half of 2015, the investment income of the Group amounted to RMB81.5 million, representing a decrease of RMB5.0 million or 5.8% from RMB86.5 million for the same period last year, which was mainly due to the decrease in investment income from the corporate wealth management products during the period.

1.6 Share of profits of joint ventures, net of tax

As affected by the market environment, profits of joint ventures decreased. In the first half of 2015, the Group's share of profits of joint ventures amounted to RMB94.2 million, representing a decrease of RMB58.8 million as compared with RMB153.0 million for the same period last year.

1.7 Income tax

In the first half of 2015, the income tax expense of the Group was RMB264.5 million, representing a decrease of RMB362.6 million or 57.8% as compared with RMB627.1 million for the same period last year. This was mainly due to the downturn in the oilfield services market which resulted in the decrease of profit before tax during the period.

1.8 Profit for the period

In the first half of 2015, profit for the period of the Group was RMB921.9 million, representing a decrease of RMB3,517.1 million or 79.2% as compared with RMB4,439.0 million for the same period last year.

1.9 Basic earnings per share

In the first half of 2015, the Group's basic earnings per share was RMB19 cents, representing a decrease of RMB74 cents or 79.6% as compared with RMB93 cents for the same period last year.

2. Analysis on condensed consolidated statement of financial position

As of 30 June 2015, total assets of the Group amounted to RMB86,286.9 million, representing a decrease of RMB587.4 million or 0.7% as compared with RMB86,874.3 million as at the end of 2014. Total liabilities were RMB40,322.5 million, representing an increase of RMB770.3 million or 1.9% as compared with RMB39,552.2 million as at the end of 2014. Total equity was RMB45,964.3 million, representing a decrease of RMB1,357.8 million or 2.9% as compared with RMB47,322.1 million as at the end of 2014.

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

Unit: RMB million **Items**	**30 June** **2015**	31 December 2014	Increase/ (Decrease)	**Reasons**
Accounts receivable	**10,379.3**	7,230.4	43.6%	The client's internal approval process before payment has lengthened.
Notes receivable	**876.0**	2,775.8	(68.4%)	Notes receivables of RMB2,789.0 million of the Group were received, and new notes receivables of RMB889.2 million increased during the current interim period.
Other current assets	**2,782.1**	4,985.5	(44.2%)	Decreases in the subscription of non-fixed income money funds and investment in corporate wealth management products issued by banks as compared with the beginning of the period.
Pledged deposits	**25.2**	39.1	(35.5%)	Certain pledged time deposits were due.
Time deposits with original maturity of over three months	**200.0**	1,308.0	(84.7%)	Time deposits were due.
Interest-bearing borrowings (current portion)	**9,131.8**	3,817.4	139.2%	Borrowings of US$311.9 million were repaid during the period, there was new short-term borrowing of RMB3,668.2 million, while US$893.7 million will be due within one year.
Other current liabilities	**597.7**	117.0	410.9%	Due to the contractual compensation from the compensation agreement entered into between the Group and Statoil Petroleum AS in respect of cancelling the service contract of "COSL Pioneer", the semisubmersible drilling platform.
Non-controlling interest	**76.6**	49.5	54.7%	PT.SAMUDAR TIMUR SANTOSA generated profit for the period.

3. Analysis of condensed consolidated statement of cash flows

At the beginning of 2015, the Group held cash and cash equivalents of RMB5,432.2 million. Net cash inflows from operating activities for the period amounted to RMB1,461.6 million. Net cash inflows from investing activities were RMB137.8 million. Net cash outflows from financing activities were RMB854.1 million. The impact of foreign exchange fluctuations on cash and cash equivalents was a decrease of RMB31.5 million. As at 30 June 2015, the Group's cash and cash equivalents amounted to RMB6,146.0 million.

3.1 Cash flows from operating activities

During the current period ended 30 June 2015, the Group's net cash inflows from operating activities amounted to RMB1,461.6 million, representing a decrease of RMB3,116.9 million or 68.1% as compared with the same period last year. This is mainly due to the declining demand in oilfield services market which resulted in cash generated from product sales and provision of duty decreased by RMB3,032.5 million during the period.

3.2 Cash flows from investing activities

During the current period ended 30 June 2015, the net cash inflows from the Group's investing activities amounted to RMB137.8 million, representing an increase of RMB6,386.7 million in cash inflows as compared with the same period last year. This is mainly due to decrease in purchase of wealth management products over the same period last year, causing cash payment for purchasing available-for-sale investment to decrease by RMB4,406.2 million, and the decrease in time deposits with maturity of over three months by RMB1,123.5 million. The cash inflows from other investing activities increased by RMB857.0 million.

3.3 Cash flows from financing activities

During the period ended 30 June 2015, the Group's net cash outflows from financing activities amounted to RMB854.1 million, representing an increase of RMB1,120.3 million in cash outflows over the same period last year. This is mainly due to the Company's successful placing of 276,272,000 H shares last year, but there was no such financing activities during the current period which resulted in the decrease in cash receipt from issuing new shares (deduction of transaction fees) of RMB4,573.4 million. Meanwhile, cash from borrowings increased by RMB3,668.2 million. The dividends paid increased by RMB238.6 million as compared with the same period last year, while cash outflows from other financing activities decreased by RMB23.5 million.

3.4 The impact of foreign exchange rate changes on cash and cash equivalents during the period was a decrease of RMB31.5 million.

4. Capital Expenditure

In the first half of 2015, the capital expenditure of the Group was RMB4,122.3 million, representing an increase of RMB1,339.0 million or 48.1% as compared with RMB2,783.3 million for the same period last year.

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

Unit: RMB million

Business segments	For the six months ended 30 June **2015**	2014	Increase/ (Decrease)	Percentage change
Drilling services	**1,776.8**	1,253.6	523.2	41.7%
Well services	**470.7**	228.8	241.9	105.7%
Marine support services	**875.8**	634.1	241.7	38.1%
Geophysical and surveying services	**999.0**	666.8	332.2	49.8%
Total	**4,122.3**	2,783.3	1,339.0	48.1%

The capital expenditure of the drilling services segment was mainly used for the construction of two 400 ft jack-up drilling rigs and one 5000 ft semi-submersible drilling rig. The capital expenditure of the well services segment was mainly used for the construction and purchase of relevant well services equipment relating to such business segment. The capital expenditure of the marine support services segment was mainly used for the purchase and construction of oilfield utility vessels. The capital expenditure of the geophysical and surveying services segment was mainly used for the construction of two deep-water surveying vessels.

5. Major Subsidiary

COSL Norwegian AS ("CNA") is a major subsidiary of the Group engaged in drilling operations. COSL Holding AS is a major subsidiary of CNA. As of 30 June 2015, the total assets of CNA amounted to RMB28,697.4 million and equity amounted to RMB6,329.8 million. Affected by the changes in market environment, CNA realized revenue of RMB1,931.4 million in the first half of 2015, representing a decrease of RMB816.0 million or 29.7% as compared with the same period last year. The loss of net profit amounted to RMB1,450.0 million and net profit decreased by RMB1,478.4 million as compared with the same period last year, which was mainly due to a decrease of revenue and recognition of asset impairments increased by RMB989.3 million during the period.

BUSINESS OUTLOOK

Looking forward to the second half of 2015, the international oil prices will continue to fluctuate at a low level under the influence of various factors. The global marine exploration and development investment will still shrink, and the competition in the oilfield service market will be further intensified. Against such gloomy industrial background, each business segment of the Company will still face enormous challenges.

OTHER 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 unaudited interim financial report for the six months ended 30 June 2015 has been reviewed by the audit committee.

Corporate Governance Code

During the six months ended 30 June 2015, the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

Upon specific enquiry to all directors by the Company, the directors have confirmed that they have, for the six months ended 30 June 2015, 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 2015.

Progress of Business Plan

In the first half of the year, affected by further deterioration in the global oilfield service market, both the utilization rate of the Group's large equipment and service price decreased, and there was impairment recognized for the assets and goodwill. The net profit attributable to the owners of the Company reduced by 79.8% as compared with the same period in 2014.

In the second half of the year, due to the downturn in oil prices and no recovery was shown in the demand from oil companies, it is expected that the service prices for large equipment of the Group will remain low and the utilization rate will be further decreased. It is estimated that the net profit attributable to the owners of the Company for the first three quarters and the full year 2015 will record substantial decline as compared with last year. In this regard, the Company will implement more positive and flexible strategies in response to market challenges, continue to lower cost and improve efficiency and exercise stricter cost control.

Placing of H Shares in 2014

On 7 January 2014, the Company entered into a placing agreement with the placing agents in relation to the placing ("Placing") of an aggregate of 276,272,000 new H Shares (the "Placing Shares") with an aggregate nominal value of RMB276,272,000 at the placing price ("Placing Price") of HK$21.30 per Placing Share and a net Placing Price of HK$21.06 per Placing Share to no fewer than six but no more than ten independent professional, institutional and/or individual investors.

The Placing Shares represent approximately 18.00% and 6.15%, respectively, of the total existing issued H Share capital of the Company and the total issued share capital of the Company prior to the Placing, and approximately 15.25% and 5.79%, respectively, of the total issued H Share capital and the total issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Based on the closing price of the H Shares of HK$22.90 per H Share on 7 January 2014, the Placing Shares had a market price of HK$6,326,628,800. The net proceeds from the Placing of HK$5,819,392,302.91 were applied for general corporate purposes. The Placing was conducted to broaden the shareholders' base of the Company and to raise capital for the Company for its future business development. The Placing was completed on 15 January 2014.

Miscellaneous

On 20 March 2012, the Company disclosed in its announcement a connected transaction in relation to the transfer of land to CNOOC Infrastructure Management Co., Ltd. As at 30 June 2015, the infrastructure project has fulfilled the investment requirements for the transfer. The transfer procedures of such land transaction were not yet completed, and the Company is now actively undertaking relevant communication and coordination.

On 30 July 2015, COSL Singapore Capital Ltd., a wholly owned subsidiary of the Company, successfully completed the issue of: (1) US$500 million five-year Euro medium term notes with a coupon of 3.5% per annum, and (2) US$500 million ten-year Euro medium term notes with a coupon of 4.5% per annum. The Company provided guarantee for the issue of the above medium term notes.

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 2014, other than those disclosed in this interim report.

DISCLOSURE OF INFORMATION ON THE HKSE'S WEBSITE

All information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules 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
Li Yong
Executive Director

27 August 2015

As at the date of this announcement, the executive directors of the Company are Messrs. Li Yong and Li Feilong; the non-executive directors of the Company are Messrs. Liu Jian (Chairman) and Zeng Quan; and the independent non-executive directors of the Company are Messrs. Fong Wo, Felix, Law Hong Ping, Lawrence and Fong Chung, Mark.