



# CHINA OILFIELD SERVICES LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2883)

## OVERSEAS REGULATORY ANNOUNCEMENT

### —THIRD QUARTERLY RESULTS

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Third Quarterly Report for 2018 of the Company is prepared in accordance with PRC Accounting Standards for Business Enterprises and has not been audited.

This announcement is prepared in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail.

30 October 2018

*As at the date of this announcement, the executive directors of the Company are Messrs. Qi Meisheng (Chairman) and Cao Shujie; the non-executive directors of the Company are Messrs. Meng Jun and Zhang Wukui; and the independent non-executive directors of the Company are Messrs. Law Hong Ping, Lawrence, Fong Chung, Mark and Wong Kwai Huen, Albert.*

Stock code:601808

Stock short name:中海油服

# **China Oilfield Services Limited**

## **2018 Third Quarterly Report**

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## §1. Important Notice

1.1 The board of directors (the “Board”), supervisory committee, and the directors, supervisors and senior management of China Oilfield Services Limited (the “Company”) assure for the truthfulness, accuracy and completeness of the contents of the report, confirm that there are no material omissions and misrepresentations or serious misleading statements in this report and accept joint and several liability.

### 1.2 Directors who did not attend Board meeting

Name of directors who did not attend the board meeting	Positions of directors who did not attend the board meeting	Reasons for not attending the board meeting	Appointee
Meng Jun	Director	Other office duty	Qi Meisheng

1.3 Mr. Qi Meisheng, person in charge of the Company, Mr. Zheng Yonggang, person in charge of the accounting work, and Chong Xiaojie, person in charge of the accounting office (the accountant in charge), have declared that they assure for the truthfulness, accuracy and completeness of financial statements in the quarterly report.

1.4 The Third Quarterly Report of the Company was unaudited.

## §2. Basic Information of the Company

### 2.1 Principal Financial Data

Unit: million Yuan Currency: RMB

	As at 30 September 2018	As at 1 January 2018		the increase/decrease at the end of the reporting period compared with the beginning of the period (%)
		After restated	Before restated	
Total assets	73,887.3	73,935.6	73,857.3	-0.1
Equity attributable to owners of the Company	34,187.3	34,559.1	34,554.9	-1.1
	From the beginning of the year to end of the reporting period (January to September)	From the beginning of last year to end of the reporting period of last year (January to September)		the increase/decrease in the reporting period compared with the same period of last year (%)
		After restated	Before restated	
Net cash flow from operating activities	-758.2	1,109.8	1,105.0	-168.3
	From the beginning of the year to end of the reporting period (January to September)	From the beginning of last year to end of the reporting period of last year (January to September)		the increase/decrease in the reporting period compared with the same period of last year (%)
		After restated	Before restated	

**2018 Third Quarterly Report**

Revenue	13,718.4	11,776.4	11,757.3	16.5
Net profit attributable to owners of the Company	-276.8	-173.5	-146.4	N/A
Net profit excluding non-recurring gain and loss attributable to owners of the Company	-763.8	-502.9	-476.3	N/A
Weighted average net assets earnings ratio (%)	-0.80%	-0.50%	-0.42%	Decreased 0.30 percentage point
Basic earnings per share (Yuan per share)	-0.06	-0.04	-0.03	N/A
Diluted earnings per share (Yuan per share)	N/A	N/A	N/A	N/A

On 31 January 2018, the Company has complete the purchase of the seismic data processing business of CNOOC Ener Tech – Drilling & Production Co. Data Processing Co. This transaction is accounted for as a combination of business under common control and affected by the amended new standards. The financial data in the table which as at the corresponding period of previous year and the beginning of the reporting period has been restated. “the increase/decrease (%) in the reporting period compared with the same period of last year” and “the increase/decrease (%) at the end of the reporting period compared with the beginning of the period” are the results of comparison with the “after restated” data.

**Non-recurring gain and loss**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Items	Amounts of the period (July to September)	Balance from the beginning of the year to the end of the reporting period (January to September)
Gain/loss on disposal and written-off of non-current assets	1,075,852	242,808,719
Government grants credited to the income statement for the current period, except for those closely relevant to normal business of the company, conformed to requirements of State policy, granted on fixed amount basis or enjoyed on continuous fixed amount basis subject to certain standards	36,126,563	79,476,739
Net gain or loss arising of the subsidiaries from business combination under common control from the beginning of the period to the date of combination	0	-4,333,220
Non-operating incomes and expenses other than the above items	21,413,229	79,096,380

Revenue from the bank wealth management products, liquidity funds and treasury bond related investments credited for the current period	50,364,551	168,397,866
Income tax effect	-14,563,431	-78,372,367
Total amounts	94,416,764	487,074,117

**2.2 Number of shareholders, particulars of shareholding of the top 10 shareholders and particulars of shareholding of the top 10 shareholders not subject to restrictions on sales as at the end of the reporting period**

Unit: Share

Total number of shareholders:				66,807		
Particulars of shareholding of the top 10 shareholders						
Name of shareholder (Full name)	Total number of shares held as at the end of the reporting period	Shareholding percentage (%)	Number of shares held subject to restrictions on sales	Shares pledged or locked up		Nature of shareholder
				Condition	Number	
China National Offshore Oil Corporation	2,410,849,300	50.53	0	Nil	0	State-owned legal person
Hong Kong Securities Clearing Company Nominees Limited	1,808,316,161	37.90	0	Nil	0	Others
China Securities Finance Corporation Limited	140,604,876	2.95	0	Nil	0	State-owned legal person
Central Huijin Asset Management Ltd.	29,883,000	0.63	0	Nil	0	State-owned legal person
ICBC — E Fund Value Growth Mixed Securities Investment Fund	6,857,100	0.14	0	Nil	0	Others
National Social Security Fund 107	5,424,561	0.11	0	Nil	0	Others
Hong Kong Securities Clearing Company Limited	4,779,275	0.10	0	Nil	0	Others
National Social Security Fund 109	4,311,558	0.09	0	Nil	0	Others
Yingda Insurance Asset Management— ICBC —Yingda Asset — Taihe No.3 Asset Management Product	4,111,957	0.09	0	Nil	0	Others
Agricultural Bank of China – Penghua Power Growth Mixed Securities Investment Fund (LOF)	2,818,983	0.06	0	Nil	0	Others

Particulars of shareholding of the top 10 shareholders not subject to restrictions on sales			
Name of shareholder	Shares not subject to restrictions on sales	Type and number of shares	
		Type	Number
China National Offshore Oil Corporation	2,410,849,300	A Shares	2,410,847,300
		H Shares	2,000
Hong Kong Securities Clearing Company Nominees Limited	1,808,316,161	H Shares	1,808,316,161
China Securities Finance Corporation Limited	140,604,876	A Shares	140,604,876
Central Huijin Asset Management Ltd.	29,883,000	A Shares	29,883,000
ICBC — E Fund Value Growth Mixed Securities Investment Fund	6,857,100	A Shares	6,857,100
National Social Security Fund 107	5,424,561	A Shares	5,424,561
Hong Kong Securities Clearing Company Limited	4,779,275	A Shares	4,779,275
National Social Security Fund 109	4,311,558	A Shares	4,311,558
Yingda Insurance Asset Management — ICBC — Yingda Asset — Taihe No.3 Asset Management Product	4,111,957	A Shares	4,111,957
Agricultural Bank of China – Penghua Power Growth Mixed Securities Investment Fund (LOF)	2,818,983	A Shares	2,818,983
Note of connected relationships or concerted actions of the above shareholders	<p>1. Shares held by Hong Kong Securities Clearing Company (HKSCC) Nominees Limited were the sum of H-shares (by agent) traded in the trading platform of HKSCC Nominees Limited and in the accounts of H-share shareholders (2,000 H shares held by China National Offshore Oil Corporation are not included).</p> <p>2. Shares held by HKSCC Limited were the sum of Shanghai-Hong Kong Stock Connect shares (as nominees) of the Company.</p> <p>3. HKSCC Nominees Limited and HKSCC Limited were all subsidiaries of Hong Kong Exchanges and Clearing Limited. In addition to the above, as to the knowledge of the Company, there were no connected relationships or concerted actions among the above top 10 shareholders, the top 10 shareholders not subject to restrictions on sales or between the above top 10 shareholders and top 10 shareholders not subject to restrictions on sales.</p> <p>4. In “<b>Particulars of shareholding of the top 10 shareholders</b>”, the 2,410,849,300, the “<b>Total number of shares held as at the end of the reporting period</b>” of China National Offshore Oil Corporation, include 2,410,847,300 A shares and 2,000 H shares.</p>		

### 2.3 Total number of holders of preference shares, top 10 holders of preference shares and top 10 holders of preference shares not subject to restriction on sales as at the end of the reporting period

Applicable Not applicable

### 2.4 Operating results review

In the third quarter of 2018, although global oil prices are slowly increased while fluctuating, the phenomenon of oversupply in the oilfield service industry continues. As the market environment is still severe, the Group continues to focus on safety management and refined management, accelerate technology development and enhance international operation and management capabilities. During the period, the workload of the main business lines has been adjusted to a certain extent. In the first three quarters of 2018, the Group's revenue amounted to RMB13,718.4 million, increased RMB1,942.0 million or 16.5% as compared with the same period of last year, while the Group's net profit amounted to RMB-263.1 million.

<b>Drilling Services</b>	For the period ended 30 September 2018	For the period ended 30 September 2017	Change(%)
<b>Operating Days (Day)</b>	<b>8,041</b>	<b>6,410</b>	<b>25.4</b>
Jack-up Drilling Rigs	5,899	5,246	12.4
Semi-submersible Drilling Rigs	2,142	1,164	84.0
<b>Utilization Rate (Available Day)</b>	<b>68.7%</b>	<b>57.5%</b>	<b>Increased 11.2 percentage points</b>
Jack-up Drilling Rigs	66.3%	61.7%	Increased 4.6 percentage points
Semi-submersible Drilling Rigs	76.3%	44.1%	Increased 32.2 percentage points
<b>Utilization Rate (Calendar Day)</b>	<b>65.3%</b>	<b>54.4%</b>	<b>Increased 10.9 percentage points</b>
Jack-up Drilling Rigs	64.3%	59.8%	Increased 4.5 percentage points
Semi-submersible Drilling Rigs	68.2%	38.8%	Increased 29.4 percentage points

<b>Marine Support Services (Group Owned Vessels)</b>	For the period ended 30 September 2018	For the period ended 30 September 2017	Change (%)
<b>Operating Days (Day)</b>	<b>22,576</b>	<b>21,004</b>	<b>7.5</b>
Standby vessels	10,723	9,351	14.7
AHTS vessels	7,053	6,556	7.6
Platform supply vessels	3,244	3,253	-0.3
Multi-purpose vessels	493	752	-34.4
Workover support barges	1,063	1,092	-2.7

<b>Vessel Utilization Rate (Available Day)</b>	<b>92.9%</b>	<b>89.2%</b>	<b>Increased 3.7 percentage points</b>
Standby vessels	96.5%	94.9%	Increased 1.6 percentage points
AHTS vessels	94.3%	85.1%	Increased 9.2 percentage points
Platform supply vessels	89.4%	85.7%	Increased 3.7 percentage points
Multi-purpose vessels	48.4%	68.9%	Decreased 20.5 percentage points
Workover support barges	100.0%	100.0%	-



<b>Vessel Utilisation Rate (Calendar Day)</b>	<b>89.8%</b>	<b>87.0%</b>	<b>Increased 2.8 percentage points</b>
Standby vessels	93.5%	90.5%	Increased 3.0 percentage points
AHTS vessels	91.9%	83.9%	Increased 8.0 percentage points
Platform supply vessels	84.9%	85.1%	Decreased 0.2 percentage points
Multi-purpose vessels	45.2%	68.9%	Decreased 23.7 percentage points
Workover support barges	97.4%	100.0%	Decreased 2.6 percentage points

<b>Geophysical Acquisition and Surveying Services</b>	For the period ended 30 September 2018	For the period ended 30 September 2017	Change (%)
<b>2D Seismic Data (km)</b>			
Acquisition	26,880	3,813	605.0
of which :MultiClient acquisition	16,091	0	N/A
<b>3D Seismic Data (km<sup>2</sup>)</b>			
Acquisition	20,993	22,376	-6.2
of which :MultiClient acquisition	5,593	0	N/A
Ocean bottom Cable	608	842	-27.8

Under the efforts of the Group to increase market development, for the period ended 30 September 2018, the operating days of drilling rigs of the Group amounted to 8,041 days, representing an increase of 1,631 days or 25.4% as compared with the same period of last year and the utilization rate increased 10.9 percentage points as compared with the same period of last year, among which the operating days of jack-up rigs amounted to 5,899 days, representing an increase of 12.4% as compared with the same period of last year and the utilization rate increased 4.5 percentage points as compared with the same period of last year; the operating days of semi-submersible drilling rigs amounted to 2,142 days, representing an increase of 84.0% as compared with the same period of last year and the utilization rate increased 29.4 percentage points.

As for the well services segment, the operation volume from main business lines increased, resulting in an increase in total revenue.

For the period ended 30 September 2018, the Group's owned vessels for marine support services of the Group operated 22,576 days, representing an increase of 1,572 days over the same period of last year and the calendar day utilization rate of vessels increased by 2.8 percentage points to 89.8%, due to the decrease in standby days for the current period, resulting in the increase in workload of standby vessels and AHTS vessels. In addition, operation of the Group's chartered vessels increased during the period, which operated 7,012 days, representing an increase of 1,178 days as compared with the same period of last year.

As for geophysical acquisition and surveying services segment, the workload for 3D acquisition business decreased by 1,383 km<sup>2</sup> and the workload for 2D acquisition business increased by 23,067 km as compared with the same period last year, which was mainly due to the adjustment of operation types of

individual vessels. There was additional MultiClient acquisition business in this period, among which the workload for 3D acquisition business was 5,593 km<sup>2</sup> and the workload for 2D acquisition business was 16,091 km.

### §3. Significant Events

#### 3.1 Disclosure as to and reasons for, material changes in major accounting items and financial indicators of the Company

Applicable Not applicable

The following changes in the financial indexes compared with the period of last year and the beginning of the year have been restated.

##### 1. Research and development expenses

For the nine months ended 30 September 2018, the research and development expenses of the Group amounted to RMB396.6 million, representing an increase of RMB105.3 million or 36.1% as compared with RMB291.3 million for the same period (January to September) of last year. It was mainly attributable to the Company continue investing in the research and development of well services segment.

##### 2. Financial expenses

For the nine months ended 30 September 2018, the financial expenses of the Group amounted to RMB363.2 million, representing a decrease of RMB681.8 million or 65.2% as compared with RMB1,045.0 million for the same period (January to September) of last year. It was mainly attributable to increase in net exchange income.

##### 3. Assets impairment losses

For the nine months ended 30 September 2018, the assets impairment losses of the Group amounted to RMB126.9 million, representing an increase of RMB155.9 million as compared with RMB-29.0 million for the same period (January to September) of last year. It was mainly attributable to the provision for impairment of fixed assets and losses of impairment of inventories of RMB126.9 million in the period and the losses of bad debts receivables was reversed in the same period of last year.

##### 4. Credit impairment loss

For the nine months ended 30 September 2018, the credit impairment loss of the Group amounted to RMB0.1 million. The bad debt losses of accounts receivable and other receivables are included in this subject mainly based on the amended new standards.

##### 5. Gains from changes in fair value

For the nine months ended 30 September 2018, the gains from changes in fair value of the Group amounted to RMB36.3 million. The change income of the fair value of the liquidity funds and floating income bank wealth management products are included in this subject mainly based on the amended new standards.

##### 6. Gains (losses) on disposal of assets

For the nine months ended 30 September 2018, the gains (losses) on disposal of assets of the Group amounted to RMB254.9 million, representing an increase of RMB276.2 million as compared with RMB-21.3 million for the same period (January to September) of last year. It was mainly attributable to the increase in income due to the disposal of non-current assets.

##### 7. Other income

For the nine months ended 30 September 2018, other income of the Group amounted to RMB76.3 million, representing an increase of RMB55.8 million or 272.2% as compared with RMB20.5 million for

the same period (January to September) of last year. It was mainly attributable to the increase of government grants related to daily operation of company during the period.

**8. Non-operating income**

For the nine months ended 30 September 2018, the non-operating income of the Group amounted to RMB103.2 million, representing a decrease of RMB85.8 million or 45.4% as compared with RMB189.0 million for the same period (January to September) of last year. It was mainly attributable to decrease of insurance proceeds as compared with same period of last year.

**9. Non-operating expenses**

For the nine months ended 30 September 2018, the non-operating expenses of the Group amounted to RMB32.9 million, representing a decrease of RMB55.2 million or 62.7% as compared with RMB88.1 million for the same period (January to September) of last year. It was mainly attributable to the decrease in equipment falling well loss during the period.

**10. Income tax expenses**

For the nine months ended 30 September 2018, the income tax expenses of the Group amounted to RMB285.4 million, representing an increase of RMB100.9 million or 54.7% as compared with RMB184.5 million for the same period (January to September) of last year. It was mainly attributable to the increase in pretax profit of the Company.

**11. Cash on hand and at bank**

As at 30 September 2018, the cash on hand and at bank of the Group amounted to RMB4,311.3 million, representing a decrease of RMB4,767.7 million or 52.5% as compared with RMB9,079.0 million for the beginning of the year. It was mainly attributable to the decrease in bank deposit.

**12. Financial assets held for trading**

As at 30 September 2018, the financial assets held for trading of the Group amounted to RMB1,236.4 million, representing an increase of RMB630.4 million or 104.0% as compared with RMB606.0 million for the beginning of the year. It was mainly attributable to the increase in the investment of liquidity funds during the period.

**13. Notes receivable and accounts receivable**

As at 30 September 2018, the notes receivable and accounts receivable of the Group amounted to RMB9,985.6 million, representing an increase of RMB3,647.4 million or 57.5% as compared with RMB6,338.2 million for the beginning of the year. It was mainly attributable to the increase in account receivable due to the effect of industry environment and customers signing process.

**14. Prepayments**

As at 30 September 2018, the prepayment of the Group amounted to RMB138.7 million, representing an increase of RMB80.0 million or 136.3% as compared with RMB58.7 million for the beginning of the year. It was mainly attributable to the increase in material purchase and service fees prepaid in the period.

**15. Inventories**

As at 30 September 2018, the inventories of the Group amounted to RMB1,543.9 million, representing an increase of RMB395.4 million or 34.4% as compared with RMB1,148.5 million for the beginning of the year. It was mainly attributable to the increase in manufacture of preparation materials as the workload increased.

**16. Other current assets**

As at 30 September 2018, the other current assets of the Group amounted to RMB3,410.7 million, representing an increase of RMB1,226.3 million or 56.1% as compared with RMB2,184.4 million for

the beginning of the year. It was mainly attributable to the increase in purchase of bank wealth management products in the period.

**17. Non-current assets due within 1 year**

As at 30 September 2018, the non-current assets due within 1 year of the Group amounted to RMB21.1 million, representing a decrease of RMB31.9 million or 60.2% as compared with RMB53.0 million for the beginning of the year. It was mainly attributable to the increase in refund of VAT receivable of the subsidiaries in the period.

**18. Construction in progress**

As at 30 September 2018, the construction in progress of the Group amounted to RMB2,149.1 million, representing a decrease of RMB2,673.9 million or 55.4% as compared with RMB4,823.0 million for the beginning of the year. It was mainly attributable to “HYSY982” transferred to fixed assets with the progress of the project.

**19. Intangible assets**

As at 30 September 2018, the intangible assets of the Group amounted to RMB290.3 million, representing a decrease of RMB140.5 million or 32.6% as compared with RMB430.8 million for the beginning of the year. It was mainly attributable to transfer of land use right during the period.

**20. Development expenditure**

As at 30 September 2018, the development expenditure of the Group amounted to RMB138.8 million, representing an increase of RMB116.0 million or 508.8% as compared with RMB22.8 million for the beginning of the year. It was mainly attributable to development investment for MultiClient projects during the period.

**21. Non-current liabilities due within 1 year**

As at 30 September 2018, the non-current liabilities due within 1 year of the Group amounted to RMB2,618.0 million, representing an increase of RMB2,054.6 million or 364.7% as compared with RMB563.4 million for the beginning of the year. It was mainly attributable to the increase of long-term bonds due within 1 year in the period.

**22. Other current liabilities**

As at 30 September 2018, the other current liabilities of the Group amounted to RMB443.8 million, representing an increase of RMB246.1 million or 124.5% as compared with RMB197.7 million for the beginning of the year. It was mainly attributable to the increase in output value-added tax to be recognised.

**23. Long-term bank borrowings**

As at 30 September 2018, the long-term bank borrowings of the Group amounted to RMB871.7 million, representing a decrease of RMB537.5 million or 38.1% as compared with RMB1,409.2 million for the beginning of the year. It was mainly attributable to the increase in repayment in the period.

**24. Deferred tax liabilities**

As at 30 September 2018, the deferred tax liabilities of the Group amounted to RMB207.8 million, representing a decrease of RMB115.1 million or 35.6% as compared with RMB322.9 million for the beginning of the year. It was mainly attributable to the increase in deductible differences, leading to the decrease in deferred tax liabilities.

**25. Other comprehensive income**

As at 30 September 2018, other comprehensive income of the Group amounted to RMB-145.5 million, while RMB-342.2 million as at the beginning of the year, among which the exchange differences on translation of financial statements of foreign operations amounted to RMB-149.2 million

and RMB-341.7 million for the beginning of the year. Changes were mainly attributable to fluctuation in foreign exchange rates.

#### **26. Net cash flows from operating activities**

For the nine months ended 30 September 2018, the Group's net cash outflows from operating activities amounted to RMB758.2 million, representing an increase in outflows of RMB1,868.0 million as compared to the same period of last year. This was mainly attributable to the facts that: (1) the cash paid for purchase of goods and receipt of services in the period increased by RMB1,347.0 million as compared with the same period of last year; (2) the payments to employees and the cash paid for employees increased by RMB718.6 million as compared with the same period of last year; (3) the cash paid for various tax expenses increased by RMB229.0 million as compared with the same period of last year. Besides, net cash inflows increased by RMB426.6 million due to the integrated effects of cash related to other operating activities.

#### **27. Net cash flows from investing activities**

For the nine months ended 30 September 2018, the Group's net cash outflows from investing activities amounted to RMB2,545.7 million, representing an increase of RMB4,625.4 million compared to the same period of last year. This was mainly due to the facts that: (1) cash received from purchasing wealth management products and other activities during the period decreased by RMB3,422.7 million and cash inflow received from other investment activities increased by RMB457.7 million compared to the same period of last year; (2) cash paid for wealth management products increased by RMB2,308.1 million and cash outflows paid for other investment decreased by RMB647.7 million compared to the same period of last year.

#### **28. Net cash flows from financing activities**

For the nine months ended 30 September 2018, the Group's net cash outflows from financing activities amounted to RMB1,714.9 million and cash outflows from financing activities amounted to RMB4,682.9 million for the same period of last year, representing a decrease in cash outflows of RMB2,968.0 million. The main reasons were that (1) cash received from borrowings during the period decreased by RMB1,722.9 million as compared to same period of last year; (2) the cash paid for debts and cash paid for other financing activities during the period decreased by RMB4,690.9 million as compared to the same period of last year.

29. The effect of foreign exchange rate fluctuation on cash and cash equivalents during the period was an increase in cash of RMB149.0 million.

### **3.2 Significant events and analysis on their effects and solutions**

Applicable Not applicable

In December 2016, COSL Offshore Management AS ("COM", a subsidiary of the Company) as a plaintiff filed a Statement of Claim (the "Claim") against Statoil Petroleum AS (hereinafter "Statoil") with Oslo District Court of Norway through WIKBORG, REIN & CO. ADVOKATFIRMA DA, an international law firm based in Norway, as litigation agent. COM has claimed that Statoil's termination of the contract in respect of the drilling rig of COSLInnovator was unlawful and has claimed the contract to be maintained. If the contract cannot be maintained, COM has claimed that Statoil is obliged to cover COM's loss resulting from the unlawful termination, and the exact amount of damages will be subject to subsequent proceedings. Oslo City Court entered into a judgement on 15 May 2018. The court held in favour of COM on the COM's subsidiary basis, finding that even if Statoil's termination of the contract was unlawful, the subsidiary cancellation for convenience was held valid. As a result of the judgement, Statoil was ordered to pay to COM the cancellation fee under the contract which Statoil had so far

refused to pay. As to litigation costs the court held that each party should cover its own costs. The judgement may be appealed by either party within one month following the date of legal notice of the judgement was served. Statoil has changed its corporate name to Equinor Petroleum AS (hereinafter “Equinor”). On 14 June 2018, Equinor appealed to Borgarting Court of Appeal being the relevant appeal court in Norway. On 14 June 2018, COM has subsequently filed an independent appeal concerning the cancellation for convenience, since COM is of the view that the cancellation for convenience is unlawful and COM should accordingly be entitled to damages for the loss suffered.

In January 2017, COM, a subsidiary of the Company as plaintiff, has filed a Statement of Claim through WIKBORG REIN ADVOKATFIRMA AS, an international law firm based in Norway, as litigation agent, to Oslo District Court against Statoil. COM is of the view that Statoil shall responsible for the cost reimbursement and rate reductions happened in the period of year 2016 in amount up to the equivalence of US\$15,238,596 regarding the COSLPromoter, a drilling platform.

For details, please refer to relevant announcements released by the Company on the websites of the Shanghai Stock Exchange (<http://www.sse.com.cn>), which were named “Announcement of Status of two drilling contracts (Lin 2016-002)” on 7 March 2016, “Announcement of further status of two drilling contracts (Lin 2016-003)” on 21 March 2016, “Announcement of a civil action filed by the company (Lin 2016-043)” on 15 December 2016, “Announcement of a civil action filed by the company (Lin 2017-003)” on 21 January 2017, “Announcement of further development of a civil action filed by the company (Lin 2018-021)” on 16 May 2018 and “Announcement of further development of a civil action filed by the company (Lin 2018-028)” on 16 June 2018.

Save for the above information, the Company is not required to further disclose any information in respect of the above-mentioned significant events as at the date of this report. The Company will continue to monitor the progress of the matter and make timely disclosure.

### 3.3 Non-performance of undertakings during the reporting period

Applicable Not applicable

### 3.4 Profit warning on anticipation of possible loss against accumulated net profit from the beginning of the financial year to the end of the next reporting period or significant changes in profit as compared with that of the corresponding period of last year and the reasons therefore

Applicable Not Applicable

In 2018, The oilfield services industry still faces fierce competition and the service prices remain depressed. It posed a great challenge to the operation of the Company due to the cost pressure which was related to compliance delay in some customers’ projects, the incremental expenses for preparation before operation and the high-demanding of environment. The Company will continue its efforts to expand the market industriously, enhance the equipment utilization rates, improve efficiency as well as control cost strictly.

Company Name	China Oilfield Services Limited
Legal Representative	Qi Meisheng
Date	30 October 2018

## §4. Appendix

## 4.1 Financial Statements

## Consolidated Balance Sheet

30 September 2018

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year (Restated)	Balance at the end of last year (Restated)
<b>Current assets:</b>			
Cash on hand and at bank	4,311,266,690	9,079,035,759	9,079,035,759
Financial assets held for trading	1,236,375,701	606,008,259	N/A
Notes receivable and accounts receivable	9,985,555,710	6,338,237,084	6,343,905,016
Prepayments	138,664,035	58,705,013	58,705,013
Other receivables	334,840,328	403,293,496	403,293,496
Inventories	1,543,895,325	1,148,506,949	1,148,506,949
Non-current assets due within 1 year	21,081,538	52,959,491	52,959,491
Other current assets	3,410,747,700	2,184,423,792	2,790,432,051
Total current assets	20,982,427,027	19,871,169,843	19,876,837,775
<b>Non-current assets:</b>			
Available-for-sale investments	N/A	N/A	0
Long-term equity investments	657,901,198	582,702,238	582,702,238
Other non-current financial assets	0	0	N/A
Fixed assets	48,890,990,520	47,332,720,283	47,332,720,283
Construction in progress	2,149,139,031	4,822,990,406	4,822,990,406
Intangible assets	290,272,262	430,835,302	430,835,302
Development expenditure	138,782,334	22,820,471	22,820,471
Goodwill	0	0	0
Long-term prepaid expenses	469,742,416	474,824,100	605,748,098
Deferred tax assets	72,650,801	70,799,970	70,799,970
Other non-current assets	235,426,695	326,765,889	195,841,891
Total non-current assets	52,904,905,257	54,064,458,659	54,064,458,659
Total assets	73,887,332,284	73,935,628,502	73,941,296,434
<b>Current liabilities:</b>			
Short-term bank borrowing	2,407,720,000	2,286,970,000	2,286,970,000
Notes payable and accounts payable	6,969,515,783	7,004,965,406	7,004,965,406
Account collected in advance	0	0	87,224,708
Contracts liabilities	92,057,521	87,224,708	N/A
Staff cost payable	1,007,978,931	834,110,929	834,110,929
Taxes payable	420,597,854	469,672,140	469,925,140

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Other payables	507,959,732	672,510,795	672,510,795
Non-current liabilities due within 1 year	2,617,973,084	563,379,640	563,379,640
Other current liabilities	443,780,938	197,691,853	197,691,853
Total Current liabilities	14,467,583,843	12,116,525,471	12,116,778,471
<b>Non-current liabilities:</b>			
Long-term bank borrowings	871,683,834	1,409,174,844	1,409,174,844
Long-term bonds	23,196,097,393	24,495,769,466	24,495,769,466
Long-term payable	22,718,854	20,857,408	20,857,408
Deferred revenue	592,768,866	657,943,835	888,372,947
Deferred tax liabilities	207,773,784	322,858,124	322,858,124
Other non-current liabilities	198,323,127	230,429,112	0
Total non-current liabilities	25,089,365,858	27,137,032,789	27,137,032,789
Total liabilities	39,556,949,701	39,253,558,260	39,253,811,260
<b>Shareholders' equity:</b>			
Share capital	4,771,592,000	4,771,592,000	4,771,592,000
Capital reserve	12,366,274,941	12,371,738,191	12,371,738,191
Other comprehensive income	-145,514,266	-342,171,573	-342,061,396
Statutory reserve funds	2,508,655,960	2,508,655,960	2,508,655,960
Retained earnings	14,686,273,445	15,249,328,236	15,254,632,991
Equity attributable to owners of the Company	34,187,282,080	34,559,142,814	34,564,557,746
Non-controlling interests	143,100,503	122,927,428	122,927,428
Total shareholders' equity	34,330,382,583	34,682,070,242	34,687,485,174
Total liabilities and shareholders' equity	73,887,332,284	73,935,628,502	73,941,296,434

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

**Company Balance Sheet**

30 September 2018

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Balance at the end of the period	Balance at the beginning of the year (Restated)	Balance at the end of last year (Restated)
<b>Current assets:</b>			
Cash on hand and at bank	3,162,615,607	7,478,802,581	7,478,802,581
Financial assets held for trading	1,236,375,701	606,008,259	N/A
Notes receivable and accounts receivable	9,282,486,576	6,117,061,142	6,118,755,242



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Prepayments	40,148,081	18,793,443	18,793,443
Other receivables	1,176,362,693	1,371,128,219	1,371,128,219
Inventories	852,976,687	612,501,743	612,501,743
Other current assets	3,399,964,090	2,173,267,928	2,779,276,187
Total current assets	19,150,929,435	18,377,563,315	18,379,257,415
<b>Non-current assets:</b>			
Long-term receivables	6,025,665,724	4,902,887,142	4,902,887,142
Long-term equity investments	8,431,375,654	8,356,176,694	8,356,176,694
Fixed assets	24,593,459,309	23,093,241,882	23,093,241,882
Construction in progress	1,639,507,860	4,593,067,056	4,593,067,056
Intangible assets	162,859,077	286,610,057	286,610,057
Long-term prepaid expenses	329,593,924	352,424,096	352,424,096
Other non-current assets	63,025,861	89,200,590	89,200,590
Total non-current assets	41,245,487,409	41,673,607,517	41,673,607,517
Total assets	60,396,416,844	60,051,170,832	60,052,864,932
<b>Current liabilities:</b>			
Notes payable and accounts payable	6,077,877,985	6,563,881,931	6,563,881,931
Account collected in advance	0	0	83,957,608
Contracts liabilities	80,761,062	83,957,608	N/A
Staff cost payable	890,641,855	716,397,855	716,397,855
Taxes payable	275,929,425	310,153,001	310,406,001
Other payables	849,177,807	839,451,080	839,451,080
Non-current liabilities due within 1 year	2,617,973,084	563,379,640	563,379,640
Other current liabilities	440,794,900	197,427,643	197,427,643
Total current liabilities	11,233,156,118	9,274,648,758	9,274,901,758
<b>Non-current liabilities:</b>			
Long-term bank borrowings	871,683,834	1,409,174,844	1,409,174,844
Long-term bonds	9,492,805,000	11,490,408,778	11,490,408,778
Deferred revenue	407,170,926	418,645,278	418,645,278
Deferred tax liabilities	130,120,961	238,176,328	238,176,328
Total non-current liabilities	10,901,780,721	13,556,405,228	13,556,405,228
Total liabilities	22,134,936,839	22,831,053,986	22,831,306,986
<b>Shareholders' equity:</b>			
Share capital	4,771,592,000	4,771,592,000	4,771,592,000
Capital reserve	12,371,646,371	12,371,738,191	12,371,738,191
Other comprehensive income	107,037,718	14,644,573	14,754,750
Statutory reserve funds	2,508,655,960	2,508,655,960	2,508,655,960
Retained earnings	18,502,547,956	17,553,486,122	17,554,817,045
Total shareholders' equity	38,261,480,005	37,220,116,846	37,221,557,946
Total liabilities and shareholders' equity	60,396,416,844	60,051,170,832	60,052,864,932

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

### Consolidated Income Statement

January to September, 2018

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Balance at the end of the period (July to September)	Balance at the beginning of the year (July to September) (Restated)	Balance from the beginning of the year to the end of the reporting period (January to September)	Balance from the beginning of the previous year to the end of the reporting period (January to September) (Restated)
1. Gross Revenue	5,578,352,285	4,662,614,813	13,718,360,275	11,776,407,981
Including: Revenue	5,578,352,285	4,662,614,813	13,718,360,275	11,776,407,981
2. Total operating costs	5,489,717,207	4,522,313,414	14,351,872,178	12,086,943,162
Including: Operating costs	5,167,004,902	3,861,391,371	12,986,650,850	10,370,430,609
Taxes and surcharges	6,140,453	10,271,075	18,272,428	16,658,802
Selling expenses	6,269,054	5,392,971	15,559,004	16,790,328
General and administrative expenses	166,264,345	145,734,800	444,543,860	375,848,059
Research and development expenses	161,650,867	105,001,094	396,603,928	291,267,591
Financial expenses	-18,107,557	390,534,148	363,223,424	1,044,997,035
Including: Interest expenses	284,057,982	252,476,187	796,613,459	827,329,689
Interest income	11,772,692	17,186,678	59,603,388	64,868,516
Assets impairment losses	495,143	3,987,955	126,935,604	-29,049,262
Credit impairment loss	0	N/A	83,080	N/A
Add: Other income	36,107,563	20,505,812	76,256,381	20,505,812
Investment income ("—" for loss)	69,850,467	87,730,015	218,212,721	249,232,782
Including: Share of profits of joint ventures	31,376,572	35,806,021	86,080,379	72,343,075
Gains from changes in fair value ("—" for loss)	11,890,656	0	36,265,524	0
Gains on disposal of assets ("—" for loss)	651,565	-125,646	254,851,984	-21,258,236
3. Operating profit ("—" for loss)	207,135,329	248,411,580	-47,925,293	-62,054,823
Add: Non-operating income	43,492,393	69,887,052	103,150,668	189,009,339

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Less: Non-operating expenses	21,635,877	8,390,760	32,877,195	88,117,805
4. Total profit (“-” for total loss)	228,991,845	309,907,872	22,348,180	38,836,711
Less: Income tax expenses	128,806,146	89,513,383	285,424,837	184,537,145
5. Net profit (“-” for net loss)	100,185,699	220,394,489	-263,076,657	-145,700,434
(I) Classified by continuity of operations				
1. Net profit from continuing operations (“-” for loss)	100,185,699	220,394,489	-263,076,657	-145,700,434
2. Net profit from discontinued operations (“-” for loss)	0	0	0	0
(II) Classified by ownership of equity				
1. Net profit attributable to owners of the Company	98,245,228	211,763,966	-276,759,271	-173,477,673
2. Non-controlling interests	1,940,471	8,630,523	13,682,614	27,777,239
6. Other comprehensive income, net of income tax	127,817,514	-150,712,727	203,147,768	-357,075,235
Other comprehensive income, net of income tax attributable to the owners of the Company	122,877,238	-148,928,613	196,657,307	-353,181,324
(I) Other comprehensive income that cannot be reclassified to profit or loss	0	0	0	0
1. Changes of re-measuring defined benefit plan	0	0	0	0
(II) Other comprehensive income that can be reclassified to profit or loss	122,877,238	-148,928,613	196,657,307	-353,181,324
1. Other comprehensive income of convertible profit or loss under the equity method	2,881,702	-4,037,830	4,131,093	-7,497,970
2. Gains or losses from changes in fair value of available-for-sale financial assets	N/A	-12,886,811	N/A	-34,518,976
3. Exchange differences on translation of financial statements of foreign operations	119,995,536	-132,003,972	192,526,214	-311,164,378
Other comprehensive income, net of income tax attributable to the non-controlling interests	4,940,276	-1,784,114	6,490,461	-3,893,911
7. Total comprehensive income	228,003,213	69,681,762	-59,928,889	-502,775,669
Total comprehensive income attributable to owners of the Company	221,122,466	62,835,353	-80,101,964	-526,658,997
Total comprehensive income attributable to non-controlling interests	6,880,747	6,846,409	20,173,075	23,883,328
8. Earnings per share:				

(I) Basic earnings per share (Yuan per share)	0.02	0.04	-0.06	-0.04
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Regarding business combination under common control during the period, the net loss realised by the acquires before combination is: RMB4,333,220, and the net loss realised by the acquires before combination for the previous period is: RMB27,115,871.

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

### Company Income Statement

January to September, 2018

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Balance at the end of the period (July to September)	Balance at the beginning of the year (July to September) (Restated)	Balance from the beginning of the year to the end of the reporting period (January to September)	Balance from the beginning of the previous year to the end of the reporting period (January to September) (Restated)
1. Revenue	4,091,536,465	3,571,738,637	10,556,252,144	9,137,096,038
Less:				
Operating costs	3,544,650,435	2,841,191,639	9,208,628,291	7,482,930,411
Taxes and surcharges	5,952,722	10,057,078	15,473,234	15,469,154
Selling expenses	0	0	0	0
General and administrative expenses	103,777,491	84,582,726	265,854,646	205,789,317
Research and development expenses	159,979,684	100,687,777	391,395,456	281,414,210
Financial expenses	-170,151,317	236,412,579	-76,856,565	625,834,068
Including:				
Interest expenses	119,380,937	107,842,985	355,242,138	390,019,427
Interest income	9,600,825	15,275,634	51,512,637	54,237,593
Assets impairment losses	1,138,724	2,912,291	2,184,818	-112,969,209
Credit impairment loss	0	N/A	-5,178,196	N/A
Add:				
Other income	36,107,563	20,505,812	76,188,981	20,505,812
Investment income (“-” for loss)	69,850,467	87,730,015	218,212,721	249,232,782
Including:				
Investment income of joint ventures	31,376,572	35,806,021	86,080,379	72,343,075
Gains from changes in fair value (“-” for loss)	11,890,656	0	36,265,524	0

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Gains on disposal of assets (“-” for loss)	651,565	-1,277,799	254,851,984	-22,460,327
2. Operating profit (“-” for loss)	564,688,977	402,852,575	1,340,269,670	885,906,354
Add: Non-operating income	43,190,211	65,406,052	101,785,408	184,238,319
Less: Non-operating expenses	21,518,953	5,624,716	31,707,434	84,643,978
3. Total profit (“-” for total loss)	586,360,235	462,633,911	1,410,347,644	985,500,695
Less: Income tax expenses	124,336,039	72,971,785	174,990,290	151,236,289
4. Net profit (“-” for net loss)	462,024,196	389,662,126	1,235,357,354	834,264,406
(I) Net profit from continuing operations (“-” for net loss)	462,024,196	389,662,126	1,235,357,354	834,264,406
(II) Net profit from discontinued operations (“-” for net loss)	0	0	0	0
5. Other comprehensive income, net of income tax	69,723,823	-50,125,994	92,393,146	-117,175,102
Other comprehensive income that can be reclassified to profit or loss	69,723,823	-50,125,994	92,393,146	-117,175,102
1. Other comprehensive income of convertible profit or loss under the equity method	2,881,702	-4,037,830	4,131,093	-7,497,970
2. Gains or losses from changes in fair value of available-for-sale financial assets	N/A	-12,886,811	N/A	-34,518,976
3. Exchange differences on translation of financial statements of foreign operations	66,842,121	-33,201,353	88,262,053	-75,158,156
6. Total comprehensive income	531,748,019	339,536,132	1,327,750,500	717,089,304

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

**Consolidated Cash Flow Statement**

January to September, 2018

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Balance from the beginning of the year to the end of the reporting period (January to September)	Balance from the beginning of the previous year to the end of the reporting period (January to September) (Restated)

**2018 Third Quarterly Report**

<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	11,006,945,570	10,792,717,213
Cash received from tax refund	20,101,683	0
Government grants and subsidies received	69,680,713	55,546,514
Subtotal of cash inflows from operating activities	11,096,727,966	10,848,263,727
Cash paid for goods and services	7,553,804,804	6,206,834,387
Cash paid to and for employees	3,328,278,139	2,609,669,591
Cash paid for taxes	583,480,913	354,516,399
Cash paid relating to other operating activities	389,344,319	567,483,081
Subtotal of cash outflows from operating activities	11,854,908,175	9,738,503,458
Net cash flows from operating activities	-758,180,209	1,109,760,269
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments	7,879,686,539	11,302,430,584
Cash received from return on investments	221,370,095	203,285,750
Cash received on interest income from bank deposits	68,961,717	54,702,659
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	477,368,251	52,023,880
Sub-total of cash inflows from investing activities	8,647,386,602	11,612,442,873
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	1,406,786,488	2,054,492,366
Cash paid for other investing activities	9,786,287,414	7,478,225,113
Subtotal of cash outflows from investing activities	11,193,073,902	9,532,717,479
Net cash flows used in investing activities	-2,545,687,300	2,079,725,394
<b>3. Cash flows from financing activities:</b>		
Cash received from borrowings	0	1,722,884,100
Subtotal of cash inflows from financing activities	0	1,722,884,100
Cash paid for repayment of borrowings	553,643,800	5,272,821,321
Cash paid for combination of business under common control.	44,525,060	0
Cash paid for dividends	286,295,520	238,579,600
Cash paid for interest expenses	830,409,437	894,348,060
Subtotal of cash outflows from financing activities	1,714,873,817	6,405,748,981
Net cash flows used in financing activities	-1,714,873,817	-4,682,864,881
<b>4. Effect of foreign exchange rate fluctuation on cash and cash equivalents</b>	148,971,472	-221,040,458
<b>5. Net increase in cash and cash equivalents</b>	-4,869,769,854	-1,714,419,676
Add: Cash and cash equivalents at the beginning of the period	9,009,074,193	6,071,068,600
<b>6. Cash and cash equivalents at the end of the period</b>	4,139,304,339	4,356,648,924

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

### Company Cash Flow Statement

January to September, 2018

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Balance from the beginning of the year to the end of the reporting period (January to September)	Balance from the beginning of the last year to the end of the reporting period (January to September) (Restated)
<b>1. Cash flows from operating activities:</b>		
Cash received from sale of goods and rendering of services	8,216,811,334	8,469,144,058
Cash received from tax refund	20,101,683	0
Government grants and subsidies received	69,649,800	54,293,000
Subtotal of cash inflows from operating activities	8,306,562,817	8,523,437,058
Cash paid for goods and services	5,674,343,006	5,401,298,224
Cash paid to and for employees	2,623,506,839	2,237,361,950
Cash paid for taxes	477,843,163	99,329,896
Cash paid relating to other operating activities	265,575,125	312,551,648
Subtotal of cash outflows from operating activities	9,041,268,133	8,050,541,718
Net cash flows from operating activities	-734,705,316	472,895,340
<b>2. Cash flows from investing activities:</b>		
Cash received from disposal of investments	7,605,275,000	11,298,948,636
Cash received from return on investments	221,370,095	221,861,445
Cash received on interest income from bank deposits	58,858,307	41,827,585
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	477,671,343	35,910,519
Cash received from the repayment of borrowings to subsidiaries	537,853,126	2,540,389,117
Sub-total of cash inflows from investing activities	8,901,027,871	14,138,937,302
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	944,185,587	1,451,812,405
Cash paid for other investing activities	9,538,708,376	7,177,440,000
Cash paid for combination of business under common control.	44,525,060	0
Cash paid for the borrowings to subsidiaries	1,038,192,084	477,660,425
Subtotal of cash outflows from investing	11,565,611,107	9,106,912,830

activities		
Net cash flows used in investing activities	-2,664,583,236	5,032,024,472
<b>3. Cash flows from financing activities:</b>		
Cash received relating to other financing activities	0	342,763,967
Subtotal of cash inflows from financing activities	0	342,763,967
Cash paid for repayment of borrowings	553,643,800	5,272,821,321
Cash paid for dividends, profit or interest expenses	286,295,520	238,579,600
Cash paid for interest expenses	297,224,281	353,876,903
Cash paid relating to other financing activities	2,054,092	371,155,435
Subtotal of cash outflows from financing activities	1,139,217,693	6,236,433,259
Net cash flows from financing activities	-1,139,217,693	-5,893,669,292
<b>4. Effect of foreign exchange rate fluctuation on cash and cash equivalents</b>	78,456,138	-95,412,293
<b>5. Net increase in cash and cash equivalents</b>	-4,460,050,107	-484,161,773
Add: Cash and cash equivalents at the beginning of the period	7,473,515,861	3,881,176,252
<b>6. Cash and cash equivalents at the end of the period</b>	3,013,465,754	3,397,014,479

Legal representative:	Person in charge of the accounting work:	Person in charge of the accounting office:
Qi Meisheng	Zheng Yonggang	Chong Xiaojie

#### 4.2 Audit Report

Applicable Not applicable