



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 QUARTER RESULTS

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange Of Hong Kong Limited.

The third quarter financial report for 2008 of the Company is prepared in accordance with PRC Accounting Standards and has not been audited.

October 29, 2008

As at the date of this announcement, the executive directors of the Company are Messrs. Yuan Guangyu and Li Yong; the non-executive directors of the Company are Messrs. Fu Chengyu and Wu Mengfei; and the independent non-executive directors of the Company are Messrs. Andrew Y. Yan, Gordon C.K. Kwong and Simon X. Jiang.



China Oilfield Services Limited

2008 Third Quarterly Report

Stock Abbreviation: CHINA OILFIELD

Stock Code: 601808

30 October 2008

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§1. Important Notice

- 1.1 The board of directors (the “Board”), the supervisory committee and the directors, supervisors and senior management of the Company warrant that the data of this report contains no false representation, misleading information or material omission and will be individually and jointly responsible for the truthfulness, accuracy and completeness of the contents of the report.
- 1.2 Present at the meeting: Independent director Mr. Andrew Y.Yan and executive director Mr. Li Yong due to other business engagement were not able to attend the meeting. Mr. Andrew Y.Yan gave written authorization for independent director Mr. Simon X.Jiang to act as his proxy to attend and vote in the meeting. Mr. Li Yong had reviewed the document of the Board meeting and had informed the board secretary he agreed the resolution of the Board meeting. All other directors of the Company attended the Board meeting to consider the Third Quarterly Report.
- 1.3 The Third Quarterly Financial Report of the Company was unaudited.
- 1.4 The Vice Chairman, the Chief Executive Officer and President (Mr. Yuan Guangyu), the Chief Financial Officer (Mr. Zhong Hua) and the General Manager of the Finance Department (Mr. Chen Linting) of the Company hereby warrant the authenticity and completeness of the financial report of the Company for the quarter.

§2. Company Profile

2.1 Major Accounting Data and Financial Indicators

Currency: RMB

	End of current reporting period	End of last year	Change over the end of last year (%)
Total assets (million Yuan)	55,175.96	23,089.0	139.0
Total shareholders' equity (million Yuan)	19,434.35	17,225.0	12.8
Net assets per share attributable to shareholders of the company (Yuan)	4.32	4.17	3.6
	From the beginning of the year to end of the reporting period (January to September)		Change over the corresponding period of last year (%)
Net cash flow from operating activities (million Yuan)	1,835.27		25.6
Net cash flow per share from operating activities (Yuan)	0.41		13.9
	The Reporting Period (July to September)	From the beginning of the year to end of the reporting period (January to September)	Change over the corresponding period of last year (%)
Net profit attributable to shareholders of the company (million Yuan)	1,214.62	2,749.07	101.2

Basic earnings per share (Yuan)	0.27	0.61	80.0
Basic earnings per share after deduction of extraordinary gains and losses (Yuan)	-	0.61	-
Diluted earnings per share (Yuan)	-	-	-
Fully diluted net assets earning ratio (%)	6.25	14.15	0.3
Ratio of fully diluted net assets earning after deduction of extraordinary gains and losses (%)	6.24	14.08	0.3

(Note: as of 29 September 2008, COSL held 98.8% equity shares in Awilco Offshore ASA, the target company, through the offeror, and accordingly held the control right over Awilco. In accordance with the materiality principle in accounting, Therefore, COSI included only the combined balance sheet of Awilco as at 30 September 2008 in the preparation of the combined financial statements of this period.)

Items and amounts of extraordinary gain and losses

Currency:RMB Unit: Yuan

Items	Amount for the period ended January- September 2008
Gain/(Losses) on disposal of non-current assets	-4, 412, 448
Government subsidy	22, 665, 225
Net amounts of other non-operating income and expenses	-602, 599
Total of extraordinary gain and losses	17, 650, 178
Less: income tax effect	4, 412, 545
Net amounts affecting under extraordinary gain and losses	13, 237, 633

2.2 Total number of shareholders and particulars of top ten holders of listed shares not subject to trading restrictions as at the end of the reporting period

Total number of shareholders as at the end of the reporting period:	A share: 178,435
	H share: 230

Unit: Share

particulars of top ten holders of listed shares not subject to trading restrictions		
Name of shareholders (in full)	Number of listed shares not subject to trading restrictions as at the end of the reporting period	Class of shares
HKSCC NOMINEES LIMITED	1, 532, 497, 899	H Shares
China Southern Outstanding Growth Stock Security Investment Fund	17, 830, 396	A Shares
China Universal Balanced Growth Stock Security Investment Fund	15, 656, 081	A Shares

China Universal Growth Focus Stock Security Investment Fund	14,264,386	A Shares
Bosera Theme Industry Stock Security Investment Fund	6,800,000	A Shares
Harvest Strategy Growth Mixed Security Investment Fund	6,628,022	A Shares
ABN AMRO TEDA Efficiency Select Mixed Security Investment Fund	6,550,511	A Shares
Hua Xia Growth Security Investment Fund	6,464,340	A Shares
China Southern High Growth Stock Open Security Investment Fund	6,342,494	A Shares
Tong De Security Investment Fund	5,272,200	A Shares

Note: 1. Shares held by Hong Kong Securities Clearing Company (HKSCC) Nominees Limited were the sum of H-shares in the accounts of COSL's H-share shareholders (by agent) traded in trading platform of HKSCC Nominees Limited.

2. Among the above ten shareholders without restriction terms, both China Universal Balanced Growth Stock Security Investment Fund and China Universal Growth Focus Stock Security Investment Fund are under China Universal Asset Management Company, China Southern Outstanding Growth Stock Security Investment Fund and China Southern High Growth Stock Open Security Investment Fund are under China Southern Fund Management Co., Ltd., and the Company has no knowledge of any relationship between the remaining shareholders without restriction terms.

2.3 Operating results review

In the first three quarters of 2008, the Company achieved steady growth in revenue with a stable customer base and enhanced operating capacity. As of the end of the third quarter, the Company's operating income reached RMB8,194.6 million, representing an increase of 23.1% over RMB6,659.3 million of the same period of last year (January to September), with a net profit of RMB2,749.1 million, representing an increase of 61.7% over RMB1,699.7 million of the same period of last year, and a basic earning per share of RMB0.61, representing an increase of RMB0.19 over RMB0.42 of the same period of last year.

Operating data of the four main segments as at 30 September 2008 is listed in the following table:

Drilling Services	As at 30 September 2008	As at 30 September 2007	Change
Operating Days (Days)	3,722	4,017	-7.3%
Jack-up Rigs	2,900	3,213	-9.7%
Semi-submersible Rigs	822	804	2.2%

Utilization Rate (Available Day)	100.0%	100.0%	0.0%
Jack-up Rigs	100.0%	100.0%	0.0%
Semi-submersible Rigs	100.0%	100.0%	0.0%

Utilization Rate (Calendar Day)	90.0%	98.1%	-8.1%
Jack-up Rigs	87.5%	98.1%	-10.6%
Semi-submersible Rigs	100.0%	98.2%	1.8%

Well Services	As at 30 September 2008	As at 30 September 2007	Change
Logging (no. of jobs)	743	703	5.7%
Drilling Fluids (no. of wells)	248	228	8.8%
Directional Drilling (no. of jobs)	610	462	32.0%
Cementing (no. of wells)	323	379	-14.8%
Well Completion (no. of jobs)	413	358	15.4%
Well Workover (Team • Day)	13,249	11,985	10.5%

Marine Support and Transportation Services	As at 30 September 2008	As at 30 September 2007	Change
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Operating Days (Days)	17,596	18,161	-3.1%
Standby vessels	9,703	9,942	-2.4%
AHTS vessels	5,351	5,370	-0.4%
PSV vessels	1,457	1,599	-8.9%
Utility vessels	1,085	1,250	-13.2%

Vessel Utilization Rate (Available Day)	99.8%	99.7%	0.1%
Standby vessels	99.8%	100.0%	-0.2%
AHTS vessels	99.9%	100.0%	-0.1%
PSV vessels	99.9%	100.0%	-0.1%
Utility vessels	99.2%	95.4%	3.8%

Vessel Utilization Rate (Calendar Day)	95.4%	95.2%	0.2%
Standby vessels	95.9%	95.8%	0.1%
AHTS vessels	93.0%	94.1%	-1.1%
PSV vessels	99.7%	97.6%	2.1%
Utility vessels	97.9%	91.6%	6.3%

Geophysical Services	As at 30 September 2008	As at 30 September 2007	Change
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2D Seismic Data

Data Collection (km)	42,532	36,277	17.2%
Data Processing (km)	8,712	11,637	-25.1%

3D Seismic Data

Data Collection (km ²)	11,793	8,141	44.9%
Data Processing (km ²)	5,011	5,026	-0.3%

During the first three quarters, our drilling rigs continued full operation, with utilization rate (available day) reaching 100%, the accumulated operating days of our drilling rigs were 3,722 days, representing a decrease of 295 days or 7.3% from the same period last year. This was mainly due to the upgrade and improvement of the jack-up drilling rig COSL931 and periodic maintenance for other jack-up rigs, thus resulting in an increase of 335 maintenance days over the same period last year, and offsetting 40 business days brought by the newly added COSL942 and increased calendar days in this year. In addition, the accumulated operating days of our four sets of module drilling rigs operated in Gulf of Mexico were 1,076 days (not included in the above tables), with the utilization rate (calendar day) reached to 98.2%.

For well services, besides a decrease of 14.8% in cementing business over the same period last year, all other businesses recorded increases. Though the business volume of cementing decreased, the income from that business increased due to a complicated operation well condition and the use of high value added material as a result.

For marine support and transportation services, the operation day of our self-owned working vessels (70) decreased 3.1% from the same period last year, mainly due to the due discard of one vessel, and the suspension of two vessels for expiry of vessel certificates. But, in order to enhance the operating ability, we chartered 5 working vessels from the East Marine Services Limited (JV of COSL), and another 5 working vessels from other company (not included in the above tables), with the accumulated operation day of 1,643 days.

For geophysical services, in March 2008, the new 8-cable seismic vessel COSL719 completed 3-D survey of 2,780 sq km, meanwhile, COSL718 operated in Myanmar in the beginning of the year, thus increased an operation area of 1,133 sq km. The use of the two contributed to an increase of 44.9% of the Company's 3-D survey operating volume in this period. 2-D information processing business volume decreased 25.1% over the same period last year due to less demand in the market in Bohai region.

§3. Important Issues

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

Applicable Not applicable

The reasons for the significant changes in items in major accounting statements are as follows:

1. Operating revenue

As of 30 September 2008, the operating revenue of the Group reached RMB8,194.6 million, representing an increase of RMB1,535.3 million or 23.1% from RMB6,659.3 million for the same period last year (January to September), mainly due to the service fees increment, the increase in operation volume and the operation of new facilities of the Company. One 8-cable seismic vessel, one 400 feet jack-up rig and two land drilling rigs were newly added in the year. In addition, the Company achieved development in overseas markets, during the period under review, overseas revenue reached RMB1.706 billion, representing 20.8% of the Group's operating revenue.

2. Operating expense

As of 30 September 2008, the operating expense of the Group reached RMB4,911.9 million, representing an increase of RMB1,012.2 million or 26.0% from RMB3,899.7 million for the same period last year (January to September), mainly due to the operation of new facilities, with an increase in operating volume, thus causing corresponding increases in material consumed and salary cost. Moreover, under the impact of inflation, prices of raw material and fuel increased in the period over the same period last year. Thirdly, as the number of vessel needed to be repaired in this period increased compared to the same period last year (January to September), the repair expense for vessels in this period increased accordingly.

3. Financial fee

As of 30 September 2008, the financial cost of the Group reached RMB181.4 million, representing an increase of RMB109.3 million or 151.6% from RMB72.1 million for the same period last year (January to September), mainly attributable to the following 3 reasons. Firstly, the increase in overseas revenue and the appreciation of Renminbi caused an increase in exchange loss of RMB94.5 million over the same period last year. Secondly, due to the US\$2.2 billion loan for acquisition of Awilco, interest expense increased 137.8 million over the same period last year. Thirdly, as the issue of A shares last year caused monetary assets to increased significantly, thus interest income during the holding period showed a great increase of RMB 121.5 million over the same period last year.

4. Investment income

As of 30 September 2008, the investment income of the Group reached RMB192.6 million, representing an increase of RMB94.4 million or 96.1% from RMB98.2 million for the same period

last year (January to September), mainly due to the combined income increase of joint ventures Eastern Marine Services Ltd. and COSL-Expro Testing Services (Tianjin) Company Ltd. of RMB68.8 million. In addition, wealth management income of the Company increased RMB23.9 million over the same period last year. The income increase of Eastern Marine Services Ltd. was mainly due to the increases in service fees and vessel capacity. The income increase of COSL-Expro Testing Services (Tianjin) Company Ltd. was mainly due to market development and increase in operating volume.

5. Non-operating revenue

As of 30 September 2008, the non-operating revenue of the Group reached RMB42.1 million, representing an increase of RMB35.8 million or 568.3% from RMB6.3 million for the same period last year (January to September), mainly due to the the rebate of business tax of RMB22.4 million in the period, and the insurance indemnity of RMB18.0 million.

6. Non-operating expense

As of 30 September 2008, the non-operating expense of the Group reached RMB24.4 million, representing an increase of RMB11.3 million or 86.3% from RMB13.1 million for the same period last year (January to September), mainly due to the aggregate payment of RMB20.0 million as donation and construction support contribution to Sichuan earthquake area in the period, otherwise, there was a decrease in net loss in disposal of fixed assets of RMB8.0 million.

7. Income tax

As of 30 September 2008, the income tax of the Group reached RMB160.6 million, representing a decrease of RMB575.7 million or 78.2% from RMB736.3 million for the same period last year (January to September), mainly due to the 2007 preferential tax deduction for high new tech enterprises of RMB524.0 million in the period. In addition, income tax rate decreased to 25% in the year from 33% of last year due to a change in state policy.

8. Net profit

As of 30 September 2008, the net profit reached RMB2,749.1 million, representing an increase of RMB1,049.4 million or 61.7% from RMB1,699.7 million for the same period last year (January to September), mainly due to increases in service fees and operating volume, thus caused an increase in total profit of RMB473.7 million over the same period last year; and the 2007 preferential tax

deduction for high new tech enterprises of RMB524.0 million in the period; in addition, income tax rate decreased to 25% in the year from 33% of last year.

9. Cash in current assets

As of 30 September 2008, cash reached RMB5,647.6 million, representing a decrease of RMB3,130.6 million or 35.7% from RMB8,778.2 million as of the end of last year, mainly due to the cash inflow of RMB1,835.3 million and RMB13,918.0 million from operating and financing activities respectively, meanwhile, investment activities caused a cash outflow of RMB18,800.1 million, and exchange rate changes caused a decrease in cash of RMB83.8 million.

10. Accounts receivable

As of 30 September 2008, accounts receivable reached RMB3,081.1 million, representing an increase of RMB1,676.3 million or 119.3% from RMB1,404.8 million as of the end of 2007, mainly due to a larger increase in operating revenue of the Company over the same period last year; in addition, revenue achieved in overseas markets represented an increasing higher percentage in the operating revenue of the Company, the combination of Awilco statements; and a diversified customer base of the Company. Though accounts receivable as of the end of this period increased significantly, more than 95% of such accounts receivable have been within their respective settlement period.

11. Prepayments

As of 30 September 2008, prepayments reached RMB860.5 million, representing an increase of RMB811.9 million or 1670.6% from RMB48.6 million as of the end of 2007, mainly due to the prepayment of part of the construction money for a 350 feet drilling rig, three sets of Libyan land drilling rigs and a deep water AHTS vessel in the period.

12. Non-current assets

As of 30 September 2008, non-current assets reached RMB44,346.8 million, representing an increase of RMB32,691.5 million or 280.5% from RMB11,655.3 million as of the end of 2007, mainly due to the acquisition of Awilco Offshore ASA, thus caused fixed assets and projects under

construction increased an aggregate of RMB25,704.9 million, with an increase in goodwill of RMB3,496.0 million.

13. Total assets

As of 30 September 2008, total assets reached RMB55,176.0 million, representing an increase of RMB32,086.9 million or 139.0% from RMB23,089.1 million as of the end of 2007, mainly due to the Company's holding of 98.8% equity shares in Awilco Offshore ASA through a wholly owned subsidiary, thus correspondingly increased fixed assets, projects under construction, intangible assets and goodwill, and contributed to an increase of RMB29,331.2 million in total assets, besides normal operation development.

14. Current liabilities

As of 30 September 2008, current liabilities reached RMB14,931.8 million, representing an increase of RMB11,547.3 million or 341.2% from RMB3,384.5 million as of the end of 2007, among which, short term borrowings increased RMB9,545.6 million, mainly due to the US\$1.4 billion loan of the Company from BOC consortium for the acquisition of Awilco Offshore ASA.

15. Non-current liabilities

As of 30 September 2008, non-current liabilities reached RMB20,628.8 million, representing an increase of RMB18,149.2 million or 731.9% from RMB2,479.6 million as of the end of 2007, mainly due to RMB11,974.8 million increase of long term borrowings, RMB2,615.2 million increase of bills payable, an increase in deferred income tax liability of RMB2,122.1 million, and an increase in deferred income of RMB1,396.4 million.

The increase of long term borrowings mainly due to the new US\$0.8 billion (RMB5,454.6 million) loan from the Export-import Bank of China for the acquisition of Awilco Offshore ASA, and the original debt of Awilco Offshore ASA of RMB6,720.1 million. The increase of bills payable mainly due to the original bills payable of Awilco Offshore ASA. The increase of deferred income tax liability and deferred income mainly due to the acquisition of Awilco Offshore ASA.

16. Net cash flow from investment activities

As of 30 September 2008, net cash outflow from investment activities reached RMB18,800.1 million, representing an increase of RMB16,835.2 million or 856.8% from RMB1,964.9 million for the same

period last year (January to September), mainly due to the cash payment of RMB15,160.6 million in the period for the acquisition of Awilco Offshore ASA.

17. Net cash flow from financing activities

As of 30 September 2008, net cash inflow from financing activities reached RMB13,918.0 million, representing an increase of RMB6,911.0 million or 98.6% from RMB7,007.0 million for the same period last year (January to September), mainly due to the loan of US\$2.2 billion for the acquisition of Awilco Offshore ASA in the period, which caused the cash received from loan of this period increased RMB13,030.6 million over the same period last year. In addition, we received cash of RMB 6,613.6 million from the issue of A shares in the same period last year, but as there was no such absorbing investment activity in this period, cash received from absorbing investment in this reporting period decreased RMB6,613.6 million from the same period last year.

3.2 Significant events and analysis on their effects and solutions

Applicable Not applicable

In accordance with the offering terms stipulated in the offering documents dated 17 July 2008, the equity shares of Awilco Offshore ASA, the target company concerned, have been delivered and completed in Norwegian Kroner on 29 September 2008. 98.8% equity shares of Awilco Offshore ASA have been transferred under the name of the offeror (COSL Norwegian AS, a subsidiary of the Company in Norway). Upon the completion of the offer, the Company held 98.8% equity shares of the target company through the offeror (COSL Norwegian AS).

On 15 October 2008, COSL Norwegian decided to implement the terms of the mandatory offer and make a mandatory offer for the remaining 1.2% equity interest in Awilco Offshore ASA upon the closing of the Oslo Stock Exchange in Norway. However, according to the requirements of the relevant law for securities trading in Norway, minority shareholders have the right to reject the offer price before 20 December 2008. As of the date hereof, the Company is not aware of any objection from the minority shareholders holding the remaining 1.2% equity interest.

As this acquisition is not a business combination under common control, it is required to allocate the consideration for the acquisition among the identifiable assets and liabilities of Awilco, the acquisition company, received during the acquisition in accordance with the relevant fair values, whilst relevant goodwill on acquisition shall also be recognized. The allocated amounts disclosed in this quarterly report are only a preliminary allocation made by the Company according to the current information. As of the date hereof, allocation of the consideration conducted by the management of the Company is still in progress.

3.3 Status of performance of undertakings made by the Company, shareholders and beneficial controllers

Applicable Not applicable

Undertakings of the controlling shareholder of the Company, China National Offshore Oil Corporation: in the 36 months from the date of listing of A shares of the Company, the shares of the Company that have been hold directly or indirectly will not be transferred or managed by others by custody, nor be acquired by the Company. During the reporting period, there were no incidents of non-compliance with the said undertakings.

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

3.5 Security investments

Applicable Not applicable

Unit: Yuan

No.	Stock code	Abbreviation	Number of shares held at the end of the period (shares)	Initial investment	Carrying value at the end of the period	Carrying value at the beginning of the period	Accounting verification item
1	ISIN NO0010244346	JACK	11,994,030	207,118,792	140,366,447	n/a	Available-for-sale financial assets

The above financial assets were originally held by Awilco Offshore ASA, which was acquired by the Company.

Corporate Representative:
Yuan Guangyu
China Oilfield Services Limited

§4. Appendix

Consolidated Balance Sheet

30 September 2008

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Consolidated		Company	
	Balance at the end of the period	Balance at the beginning of the year	Balance at the end of the period	Balance at the beginning of the year
Current assets:				
Cash on hand and at bank	5,647,645,914	8,778,193,761	3,742,092,858	8,335,437,789
Bills receivable	-	2,250,000	-	2,250,000
Accounts receivable	3,081,142,823	1,404,781,484	3,740,123,674	2,059,546,704
Prepayments	860,547,476	48,641,339	853,201,462	45,951,503
Dividend receivable	5,129,100	21,287,114	5,129,100	21,287,114
Interest receivable	50,477,312	23,421,647	31,287,977	23,421,647
Other receivables	567,256,616	130,102,922	617,679,117	503,521,163
Inventories	613,241,515	417,766,036	503,728,173	409,223,797
Available-for-sale financial assets	-	607,337,984	-	607,337,984
Financial assets held for trading	3,667,250	-	-	-
Total current assets	10,829,108,006	11,433,782,287	9,493,242,361	12,007,977,701
Non-current assets:				
Available-for-sale financial assets	140,366,447	-	-	-
Long-term equity investments	589,260,942	485,171,185	7,221,856,441	305,827,269
Fixed assets	20,661,719,500	7,183,359,447	8,614,464,857	6,998,092,402
Construction-in-progress	18,690,111,696	3,665,892,052	4,788,690,325	3,665,853,952
Intangible assets	189,987,970	67,922,090	59,656,166	67,922,090
Good will	3,496,026,645	-	-	-
Long-term deferred assets	579,376,347	252,953,029	576,815,838	252,953,029
Total non-current assets	44,346,849,547	11,655,297,803	21,261,483,627	11,290,648,742
Total assets	55,175,957,553	23,089,080,090	30,754,725,988	23,298,626,443
Current Liabilities:				
Short-term borrowings	9,545,620,000	-	-	-
Bills payable	-	-	-	-
Accounts payable	2,581,309,039	1,667,848,434	2,332,382,683	1,598,588,430
Receipts in advance	49,768,731	78,080,001	49,768,731	78,080,001
Staff cost payable	297,424,037	397,450,682	292,856,866	396,700,200

Taxes payable	381,409,340	528,338,656	311,560,870	511,807,277
Interest payable	208,626,445	43,375,880	33,693,052	43,375,880
Other payables	509,874,827	210,689,089	129,730,842	209,213,957
Current portion of non-current liabilities	1,240,456,069	400,000,000	200,000,000	400,000,000
Other current liabilities	117,297,090	58,720,187	69,448,633	58,720,187
Total current liabilities	14,931,785,578	3,384,502,929	3,419,441,677	3,296,485,932
Non-current liabilities:				
Interest-bearing bank borrowings	12,718,760,895	744,000,000	5,998,640,000	744,000,000
Bonds payable	4,115,201,505	1,500,000,000	1,500,000,000	1,500,000,000
Deferred incomes	1,396,401,477	-	-	-
Deferred tax liabilities	2,398,419,913	235,569,366	276,321,452	235,569,366
Total non-current liabilities	20,628,783,790	2,479,569,366	7,774,961,452	2,479,569,366
Total liabilities	35,560,569,368	5,864,072,295	11,194,403,129	5,776,055,298
Shareholders' equity(Shareholder's equity):				
Share capital	4,495,320,000	4,495,320,000	4,495,320,000	4,495,320,000
Capital reserves	8,074,565,726	8,074,565,726	8,074,565,726	8,074,565,726
Satutory reserve funds	677,614,950	677,614,950	677,614,950	677,614,950
Retained earnings	6,177,294,387	3,967,663,009	6,320,248,659	4,273,718,845
Including: proposed dividend	-	539,438,400	-	539,438,400
Exchange difference in foreign currency statements	9,559,328	9,844,110	(7,426,476)	1,351,624
Minority interests	181,033,794	-	-	-
Total shareholders' equity	19,615,388,185	17,225,007,795	19,560,322,859	17,522,571,145
Total liabilities and shareholders' equity	55,175,957,553	23,089,080,090	30,754,725,988	23,298,626,443

Company Representative: Yuan Guangyu

Chief Financial Officer: Zhong Hua

Chief of the Finance Department: Chen Linting

Consolidated Income Statement

January to September 2008

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Amounts of the period	Amounts of the previous	Amounts from the beginning of the year to end of the reporting period	Amounts from the beginning of the year to end of the reporting period last year
	(July to September)	(July to September)	(January to September)	(January to September)
1. Revenue	2,964,575,644	2,294,844,714	8,194,597,556	6,659,250,581
Less: operating costs	(1,832,121,179)	(1,299,817,278)	(4,911,856,324)	(3,899,671,990)
Business taxes and surcharges	(78,515,741)	(57,668,572)	(201,431,631)	(167,430,423)
Selling expenses	(1,302,238)	(753,793)	(3,544,234)	(2,160,891)
General and administrative expenses	(68,662,820)	(53,001,483)	(196,520,451)	(171,315,593)
Financial income/(expenses)	(143,372,371)	(39,842,711)	(181,433,067)	(72,143,753)
Assets impairment losses	-	300,000	(383,800)	(1,945,708)
Add: Investment income	68,971,055	50,367,366	192,625,164	98,191,128
Including: Share of profits of jointly-controlled entities	64,469,061	48,683,733	167,006,995	96,507,495
2. Operating profit	909,572,350	894,428,243	2,892,053,213	2,442,773,351
Add: Non-operating income	24,005,878	3,895,514	42,083,772	6,339,937
Less: Non-operating expenses	(22,031,808)	(487,811)	(24,433,594)	(13,123,302)
Including: Gains/(losses) on disposal of non-current assets	(4,158,695)	(361,437)	(4,412,448)	(12,460,120)
3. Profit before tax	911,546,420	897,835,946	2,909,703,391	2,435,989,986
Less: Income tax expenses	303,071,304	(293,707,238)	(160,633,613)	(736,312,688)
4. Net Profit	1,214,617,724	604,128,708	2,749,069,778	1,699,677,298
Net profit attributable to equity holders of Parent Company	1,214,617,724	604,128,708	2,749,069,778	1,699,677,298
Minority interests	-	-	-	-
5. Earnings per share:				
Basic and diluted earnings per share	0.27	0.15	0.61	0.42

Company Representative: Yuan Guangyu

Chief Financial Officer: Zhong Hua

Chief of the Finance Department: Chen Linting

Income Statement of the Parent Company

January to September 2008

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Amounts of the period	Amounts of the previous	Amounts from the beginning of the year to end of the reporting period	Amounts from the beginning of the year to end of the reporting period last year
	(July to September)	(July to September)	(January to September)	(January to September)
1. Revenue	2,728,524,674	2,140,481,509	7,410,193,918	6,165,269,816
Less: operating costs	(1,674,492,426)	(1,125,319,407)	(4,387,775,750)	(3,396,097,769)
Business taxes and surcharges	(78,299,889)	(57,593,554)	(200,716,332)	(167,306,168)
Selling expenses	(428,426)	(441,902)	(1,362,553)	(1,517,075)
General and administrative expenses	(55,973,089)	(45,457,361)	(161,976,604)	(146,389,647)
Financial (income)/expenses	(55,020,269)	(39,568,434)	(113,284,261)	(82,248,351)
Assets impairment losses	-	300,000	(383,800)	(1,945,708)
Add: Investment income	59,546,484	40,343,989	164,220,899	95,634,107
Including: Share of profits of jointly-controlled entities	55,044,488	39,392,331	134,242,056	93,950,475
2. Operating profit	923,857,059	912,744,840	2,708,915,517	2,465,399,205
Add: Non-operating income	24,005,878	3,895,514	42,083,772	6,339,937
Less: Non-operating expenses	(22,027,400)	(477,052)	(24,422,218)	(13,103,806)
Including: (Gains)/losses on disposal of non-current assets	(4,158,695)	(361,437)	(4,412,448)	(12,460,120)
3. Profit before tax	925,835,537	916,163,302	2,726,577,071	2,458,635,336
Less: Income tax expenses	304,136,091	(291,171,336)	(140,608,857)	(714,431,031)
4. Net Profit	1,229,971,628	624,991,966	2,585,968,214	1,744,204,305

Company Representative: Yuan Guangyu

Chief Financial Officer: Zhong Hua

Chief of the Finance Department: Chen Linting

Cash Flow Statement

January to September 2008

Prepared by: China Oilfield Services Limited

Unit: Yuan Currency: RMB (Unaudited)

Items	Consolidated		Parent Company	
	Amounts from the beginning of the year to end of the reporting period	Amounts from the beginning of the year to end of the reporting period Last year	Amounts from the beginning of the year to end of the reporting period	Amounts from the beginning of the year to end of the reporting period Last year
	(Jan.-Sep.)	(Jan.-Sep.)	(Jan.-Sep.)	(Jan.-Sep.)
1.Cash from operating activities				
Cash received from sale of goods and rendering of services	6,520,486,217	5,946,136,121	5,703,555,677	5,310,581,680
Refund of taxes	77,495,410	8,003,611	77,495,410	8,003,611
Other cash received relating to operating activities	92,592,754	66,950,381	92,251,434	56,361,910
Sub-total of cash inflow from operating activities	6,690,574,381	6,021,090,113	5,873,302,521	5,374,947,201
Cash paid to and for goods and services	(2,510,727,112)	(2,614,219,155)	(2,090,512,088)	(2,170,115,356)
Cash paid for employees	(1,341,872,029)	(825,166,046)	(1,337,939,018)	(804,984,210)
Cash paid for all types of taxes	(660,560,698)	(859,773,391)	(615,641,075)	(808,288,446)
Other cash paid relating to operating activities	(342,149,045)	(260,486,942)	(328,370,804)	(237,255,911)
Sub-total of cash outflow from operating activities	(4,855,308,884)	(4,559,645,534)	(4,372,462,985)	(4,020,643,923)
Net cash flow generated from operating activities	1,835,265,497	1,461,444,579	1,500,839,536	1,354,303,278
2.Cash flow from investing activities:				
Cash received from return on investments	1,680,000,000	75,000,000	1,680,000,000	75,000,000
Cash received from investment income	72,870,644	58,893,673	72,870,644	58,893,673
Other cash received relating to investing activities	-	-	-	-
Cash received on interest income from bank deposits	116,017,148	14,164,388	114,170,018	9,581,123
Cash received from disposal of fixed assets	281,984	10,326,875	281,984	10,326,728
Sub-total of cash inflow from investing activities	1,869,169,776	158,384,936	1,867,322,646	153,801,524

Cash paid for acquisition of fixed assets and other long-term assets	(3,921,956,885)	(1,773,210,654)	(3,920,717,776)	(1,707,350,819)
Cash paid for investments	(16,736,589,662)	(350,081,179)	(8,405,321,900)	(302,332,900)
Other cash received relating to investing activities	(10,675,003)	-	-	-
Sub-total of cash outflow from investing activities	(20,669,221,550)	(2,123,291,833)	(12,326,039,676)	(2,009,683,719)
Net cash outflow from investing activities	(18,800,051,774)	(1,964,906,897)	(10,458,717,030)	(1,855,882,195)
3. Cash flow from financing activities				
Cash received from scientific research grants	29,400,000	39,240,000	29,400,000	39,240,000
Proceeds in cash from investments	-	6,613,625,000	-	6,613,625,000
Cash received from new loans	15,024,560,000	1,994,000,000	5,467,600,000	1,994,000,000
Sub-total of cash inflow from financing activities	15,053,960,000	8,646,865,000	5,497,000,000	8,646,865,000
Cash paid for repayment of debentures	(400,000,000)	(1,350,000,000)	(400,000,000)	(1,350,000,000)
Cash repayments for distribution of dividend or profits	(539,438,400)	(240,001,500)	(539,438,400)	(240,001,500)
Cash paid for interest expenses	(115,700,120)	(29,549,165)	(115,700,120)	(29,549,165)
Other cash paid relating to financing activities	(80,787,980)	(20,353,730)	(54,676,000)	(20,353,730)
Sub-total of cash outflow from financing activities	(1,135,926,500)	(1,639,904,395)	(1,109,814,520)	(1,639,904,395)
Net cash outflow from financing activities	13,918,033,500	7,006,960,605	4,387,185,480	7,006,960,605
4. Effect of foreign exchange rate fluctuation on cash	(83,795,070)	(38,394,260)	(22,652,917)	(22,298,530)
5. Net increase/ lose in cash and cash equivalent	(3,130,547,847)	6,465,104,027	(4,593,344,931)	6,483,083,158
Add: Cash and cash equivalent at the beginning of the period	8,778,193,761	2,331,908,318	8,335,437,789	2,000,645,111
6. Balance of cash and cash equivalents at the end of the period	5,647,645,914	8,797,012,345	3,742,092,858	8,483,728,269

Company Representative: Yuan Guangyu

Chief Financial Officer: Zhong Hua

Chief of the Finance Department: Chen Linting