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INTEGRATION

2012 ANNUAL RESULTS

18 March 2013

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Antonoil

Anton Oilfield Services Group

安 東 油 田 服 務 集 團

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3337)

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AGENDA

2012 ANNUAL RESULTS OUTLINE

OPERATING & FINANCIAL REVIEW

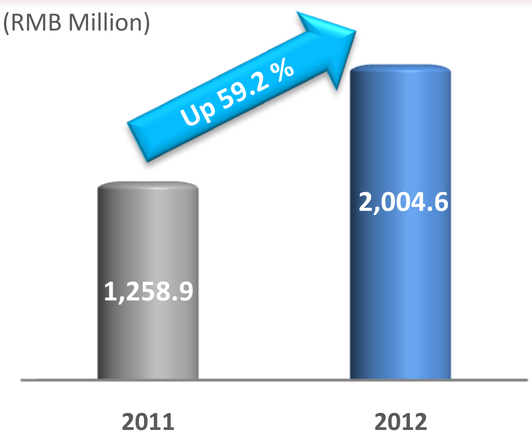
OUTLOOK

Q&A

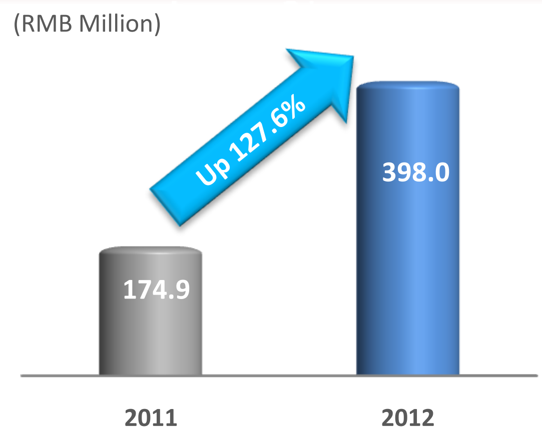
2012 Annual Results
Outline

2012 Annual Results Outline

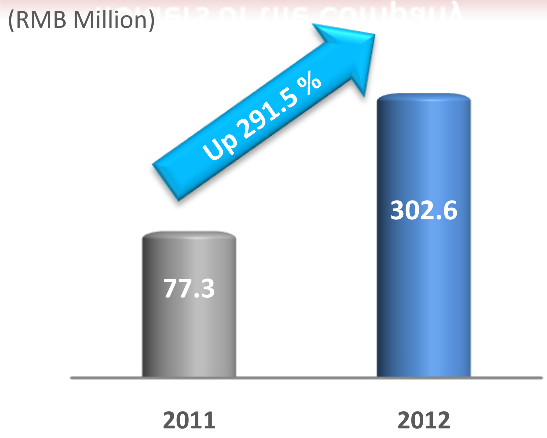
Revenue



Operating profit



Profit attributable to equity holders of the Company



- **Revenue in 2012 totaled RMB2004.6 million, up 59.2% y-o-y**
- **Operating profit totaled RMB398.0 million, up 127.6% y-o-y**
- **Profit attributable to equity holders of the Company amounted to RMB302.6 million, up 291.5% y-o-y**
- **Earnings per share were RMB0.143; proposed dividend was RMB0.0456 per share**

Business Highlights

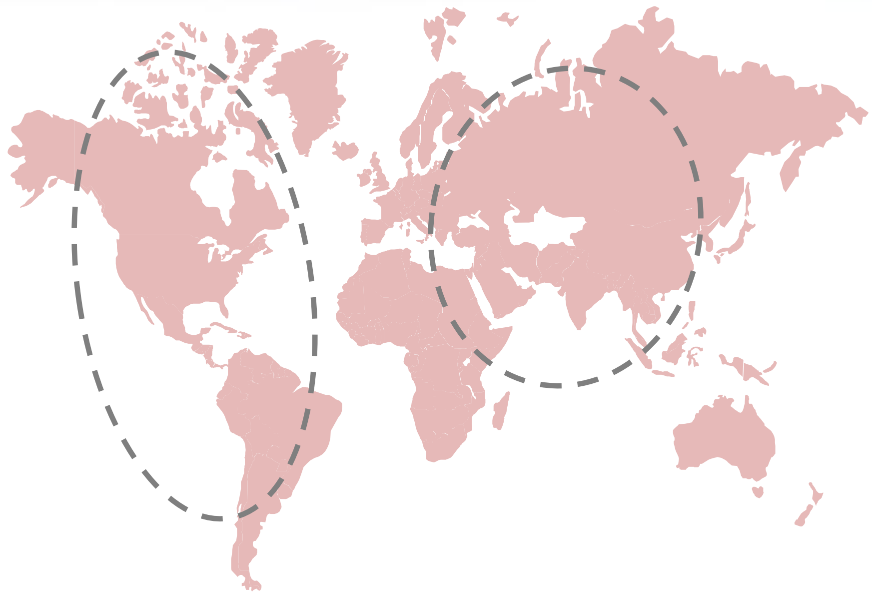
1. Market demand exceeded expectations; strategic partnerships forged with clients for long-term cooperation and business growth
2. Core services continued to lead growth, with new services swiftly opening up the market to further contribute to the growth
3. Implemented the integrated-service strategy with regular services driven by technical services targeting high-end markets, and ramped up the service capacity targeting the regular market with successful market reception
4. “Talent First” strategy further implemented, large-scale talent acquisition and training accelerated
5. Operational management strengthened, profitability and capital efficiency fully enhanced

OPERATING & FINANCIAL REVIEW

Market Demand Exceeded Expectations, Strategic Partnership Established

Domestic markets

- Conventional and tight gas E&P activities increased to accelerate the construction of natural gas production capacity
- Long-term partnerships with clients established in Tarim Basin, Erdos Basin and Sichuan Basin



Overseas markets

- Demand continuously increased as Chinese investors' overseas oilfields entered production construction phase
- In light of Chinese investors' demand, long-term partnership established in Al-Ahdab and Halfaya projects in Iraq

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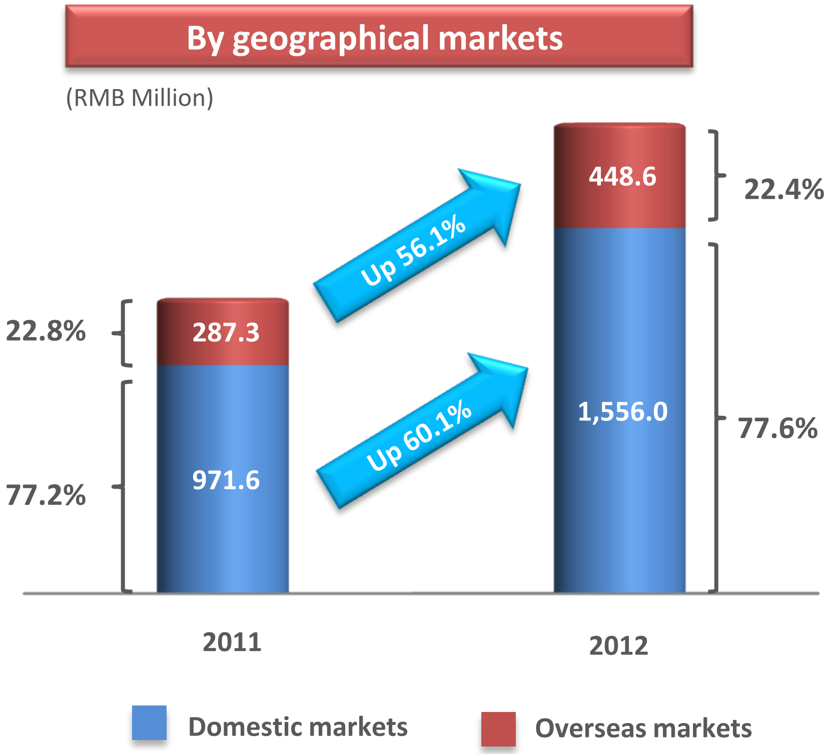
BOTH DOMESTIC AND OVERSEAS MARKETS RECORDED ACCELERATED GROWTH



Domestic markets

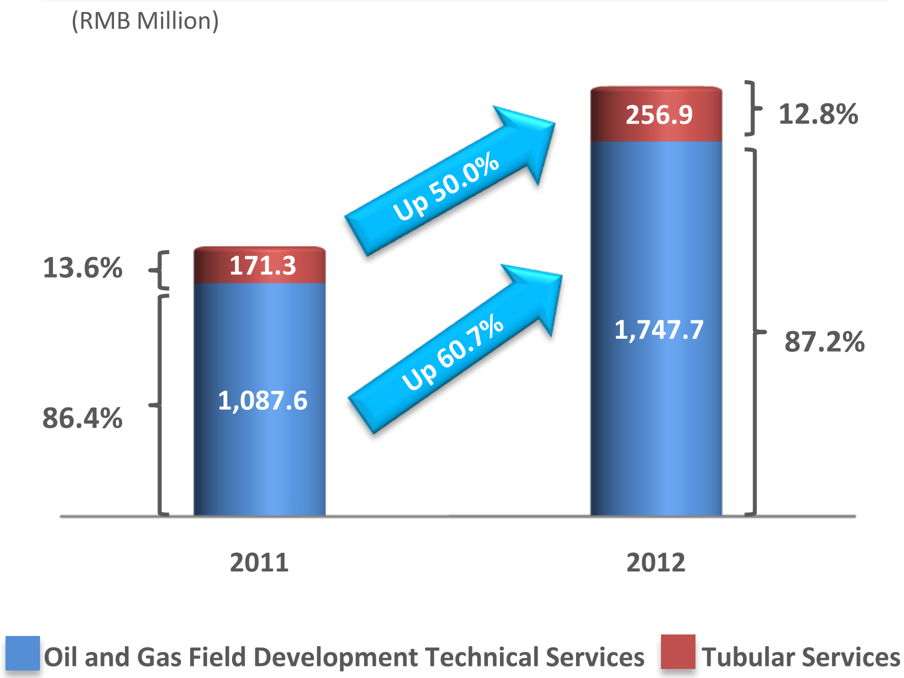
- Tarim Basin, Erdos Basin and Sichuan Basin drove domestic market development

Overseas markets

- Al-Ahdab project in steady development, while growth in Halfaya project accelerated

BOTH CORE AND SUPPLEMENTARY SERVICES IN REMARKABLE DEVELOPMENT

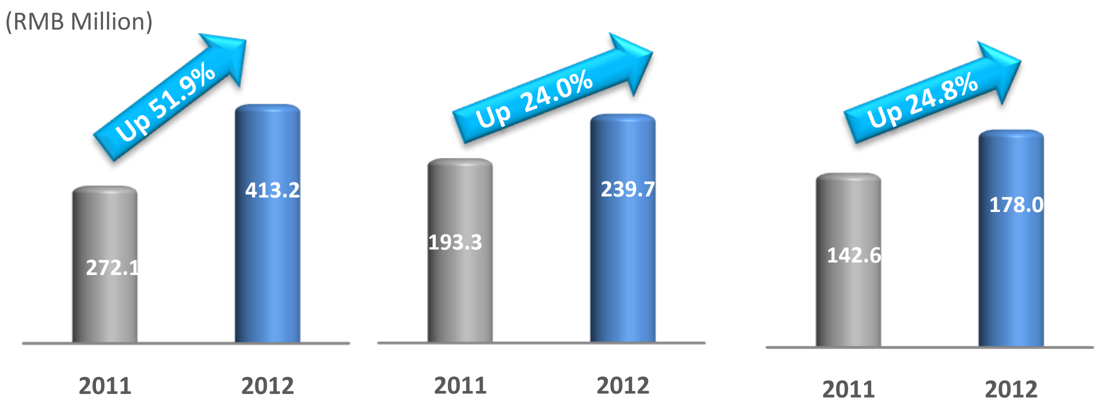
Revenue breakdown by core/supplementary services



- The core business, oil and gas field development technical services, continued to lead revenue growth, with an increase of 60.7%
- Among which, down-hole operation cluster +50.2%; well completion cluster +43.3%; drilling technology cluster +119.2%
- The supplementary business, tubular services cluster, also grew at a fast pace at 50.0%

Three Signature Services Drove Growth, New Services Quickly Opened up The Markets

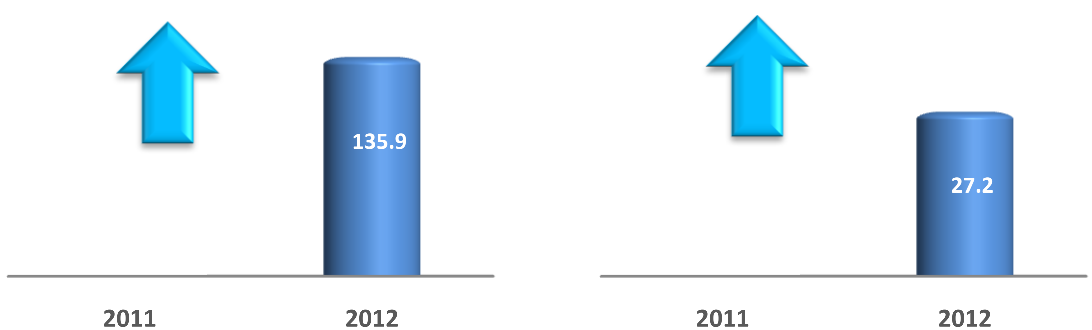
Multistage fracking | **Coiled tubing** | **Directional drilling**



- Three signature services booked revenue of RMB830.9 million, up 36.7% y-o-y, contributing to 41.5% of the Group's total revenue. Among these, multistage fracking service completed 139 jobs in 2012 at dominant market position, thanks to accelerated development of tight gas

New Services

Drilling fluid | **Pressure pumping**



- New services (oil based drilling fluid and pressure pumping services) quickly opened up the markets, booking revenue of RMB 163.1 million, contributing to 8.1% of the Group's total revenue. Among these, oil-based drilling fluid accomplished large-scale application in high-end market in Tarim Basin, pressure pumping services successfully introduced to the market upon the service capacity construction and accomplished large-scale application in Erdos Basin

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Integrated-service Strategy Implemented, Successfully Established Service Capacity Targeting the Regular Market

- **Investments made to increase the capacity of stimulation operations and of integrate services, with a focus on strengthening the construction of regular service capacity. The CAPEX of the Group in 2012 was about RMB278.4 million, used mainly as investment in pressure pumping equipment to increase stimulation capacity. The first phase of pressure pumping capacity construction with a combined service capacity of 24,000 HHP has been completed**

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Expediting and Expanding Talent Acquisition and Training

- Continue to implement the "Talents First" strategy, further expanding and expediting its talent acquisition. As at 31 December 2012, the Group grew its staff size by 351 to 1,613 people from the end of 2011

- Attract top talents and seasoned professionals from state-owned enterprises and Fortune 500, while recruiting university graduates on a massive scale and nurturing in-house talents

- Introduced renowned global business consulting firm, Hewitt Associates, to complete the organizational design for the next 3 to 5 years with reference to the best practice of world-leading oil service companies to make a further step forward in preparation of more talent reserves and future talent development

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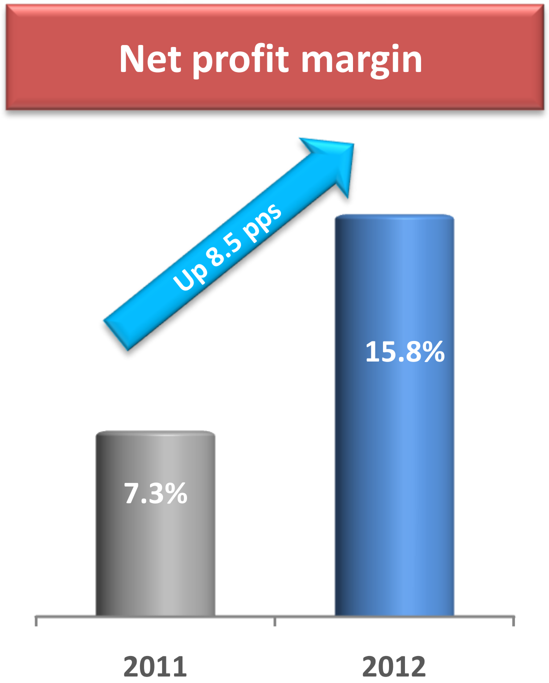
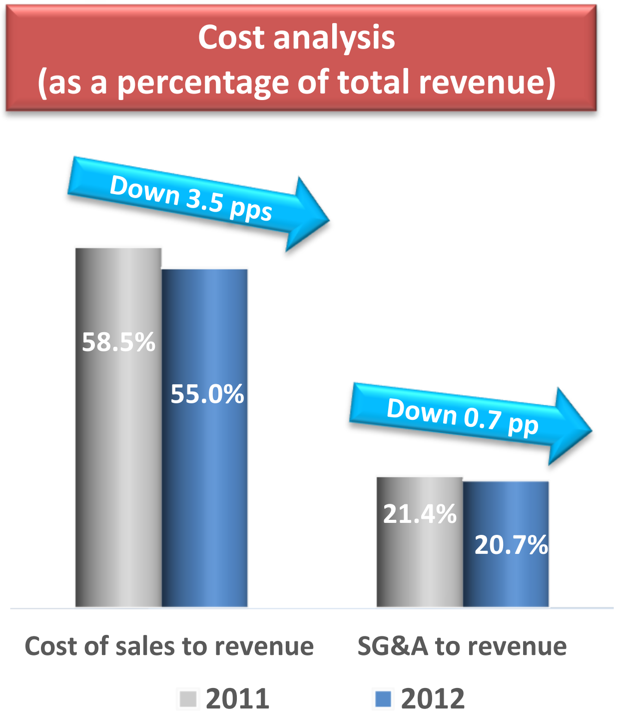
PROFITABILITY SIGNIFICANTLY IMPROVED





Net profit margin increased by 8.5 percentage points to 15.8%, mainly due to:

1. **Increased use of in-house products and favorable terms attained through large volume purchases from strategic suppliers. Cost of sales to revenue down by 3.5 percentage points from 2011**
2. **Incorporating cost and expense control in performance assessment. SG&A to revenue down by 0.7 percentage point**

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CAPITAL EFFICIENCY FULLY ENHANCED

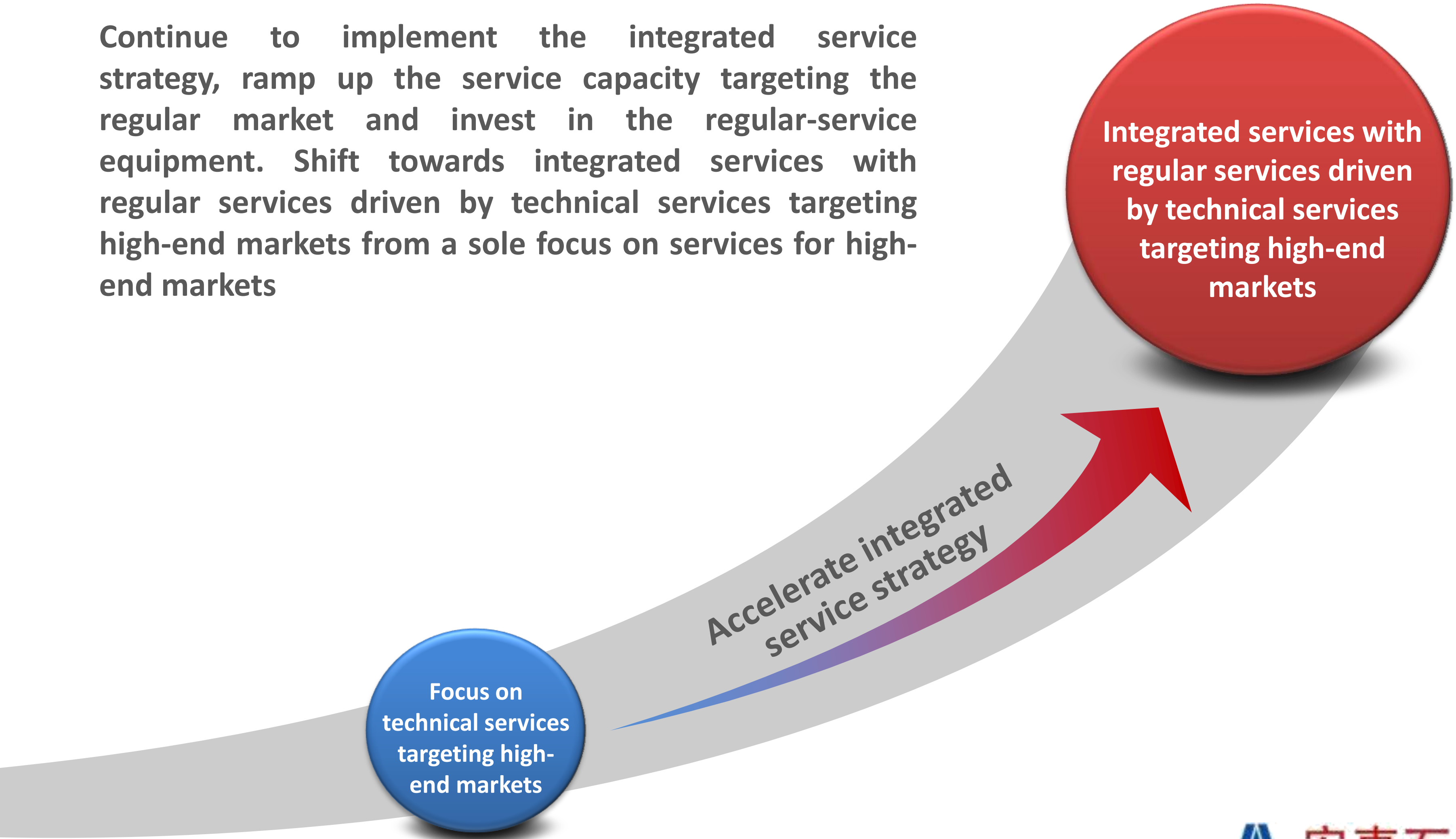
	2012	2011	Change
Trade receivables turnover days	134	178	-44
Inventory turnover days	124	131	-7
Trade payables turnover days	149	102	47

- ✓ Strengthened management in sales settlements, while incorporating the accounts receivables turnover day target as a key performance indicator, and align with a corresponding reward and penalty system to realize the related targets
- ✓ Strengthened inventory management with specific measures to process overdue inventory
- ✓ Pursued strategic suppliers to obtain better payment terms

OUTLOOK

2013- 2015 Strategy

Continue to implement the integrated service strategy, ramp up the service capacity targeting the regular market and invest in the regular-service equipment. Shift towards integrated services with regular services driven by technical services targeting high-end markets from a sole focus on services for high-end markets



MARKETS

Domestic

- Establish strategic partnerships with state-owned oilfield service companies of complementary nature to the Group, so as to fully expand the market. Conventional gas and tight gas projects as major service targets. Leverage the role of Anton Research Institute as a platform to establish strategic cooperation with shale gas investors, providing professional support from geological and reservoir analysis perspectives

Overseas

- Adhere to its "follow-up" strategy, strengthen its foothold in existing markets. Further increase its business volume in the Middle East and boost its business development in South America
- Push ahead with the establishment of partnership with overseas national oil companies

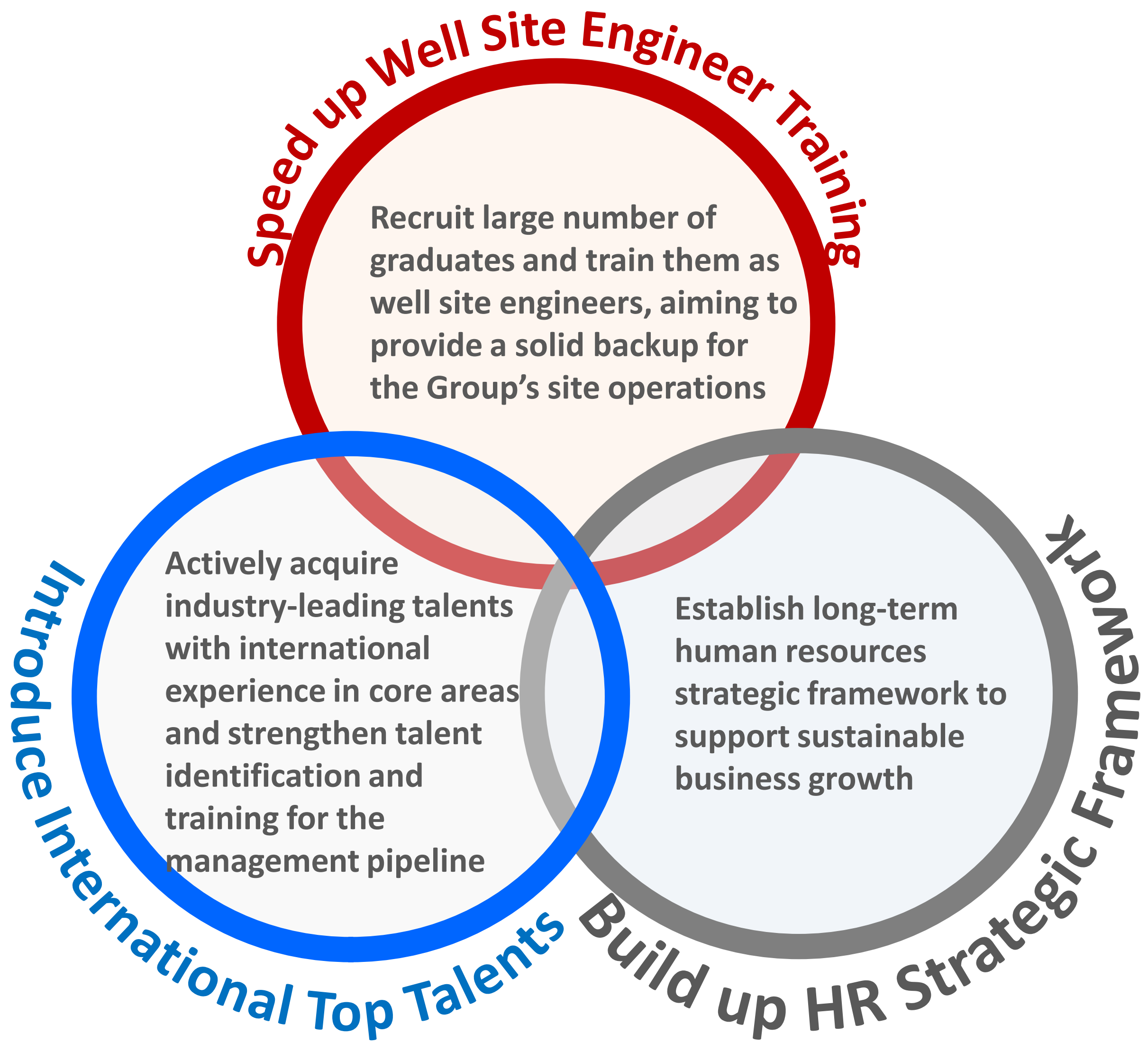
PRODUCTS

Implement integrated-service strategy with regular services driven by technical services targeting the high end markets, especially focusing on providing services to address the output constraints of clients and provide integrated service to tackle the engineering challenges and to enhance efficiency for clients

Signature services in 2013 will include: horizontal well multistage fracking, pressure pumping, coiled tubing, directional drilling and oil based drilling fluid service

Leverage the IPM joint venture with Schlumberger as a marketing platform to win large orders of integrated services, propelling the development of integrated turnkey services

STRATEGIC RESOURCE ALIGNMENT



STRATEGIC RESOURCE ALIGNMENT

Capital expenditure

- Continue to strengthen investments in pressure pumping equipment for stimulation capacity and other equipment. Make appropriate investments in drill rigs to meet demand for integrated turnkey services
- With its principle to reduce investment in non-core asset, leverage strategic partners in the construction of industrial bases to promote in-house service capacity
- Conduct targeted R&D in major technology applications
- Look for M&A and investment opportunities that is in line with the Group's integrated services strategy

Strategic partnership

- Continue to cooperate with international leading oil technology companies to introduce new products
- Continue to establish strategic suppliers to secure long-term development

MANAGEMENT

Corporate Governance

- Introduced executive vice-president of Schlumberger as a non-executive director of the Group, further enhancing its corporate governance structure

QHSE

- Strengthen QHSE management and established QHSE Committee of the board. Appointed the non-executive director from Schlumberger as QHSE Committee chairman to bring in world's leading standards in QHSE management

Informatization

- Working with an IT service provider, Atos Origin, with comprehensive knowledge of the international oilfield service companies' best practice to promote informatization as a means to secure long-term development

FINANCE

Continue to consolidate existing bank financing and MTN financing channel, while expanding the utilization of different debt financing channels including supply chain financing, financial leasing and overseas debt financing, as a backup for the Group's business development

Q & A

APPENDIX 1 : CONSOLIDATED INCOME STATEMENT

For The Year Ended 31 December 2012	2012	2011
Revenue	**2,004.6**	1,258.9
Cost of sales	**(1,103.3)**	(736.0)
Gross Profit	**901.3**	522.9
Other gains, net	**10.6**	2.2
Selling expenses	**(154.5)**	(104.1)
Administrative expenses	**(260.0)**	(164.8)
Research and development expenses	**(66.3)**	(53.3)
Sales tax and surcharges	**(33.1)**	(28.0)
Operating profit	**398.0**	174.9
Finance costs, net	**(30.6)**	(16.2)
Share of loss of a jointly controlled entity	**-**	(14.3)
Impairment loss of long-term investment in a jointly controlled entity	**-**	(31.9)
Profit before Income tax	**367.4**	112.5
Income tax expense	**(49.7)**	(20.8)
Profit for the year	**317.7**	91.7
Profit attributable to Equity holders of the Company	**302.6**	77.3
Non-controlling interests	**15.1**	14.4

APPENDIX 2 : BALANCE SHEETS

For The Year Ended 31 December 2012	2012	2011
Property, plant and equipment	**955.1**	538.6
Land use rights	**28.8**	31.3
Intangible assets	**371.2**	365.4
Investment in a jointly controlled entity	**4.0**	4.0
Deferred income tax assets	**19.6**	17.6
Inventories	**487.0**	271.4
Trade and notes receivables	**948.3**	671.0
Prepayments and other receivables	**239.8**	120.7
Restricted bank deposits	**15.6**	10.4
Cash and cash equivalents	**523.4**	462.2
Term deposits with initial terms of over three months	**-**	5.0
Total assets	**3,592.8**	2,497.6
Capital and reserves attributable to equity holders of the Company	**1,971.9**	1,666.1
Non-controlling interests	**109.1**	74.0
Total equity	**2,081.0**	1740.1
Non-current liabilities	**303.3**	15.8
Current liabilities	**1,208.5**	741.7
Total liabilities	**1,511.8**	757.5
Total equity and liabilities	**3,592.8**	2,497.6

APPENDIX 3 : CASH FLOW STATEMENT

For The Year Ended 31 December 2012	2012	2011
Net cash generated from operating activities	**349.6**	220.4
Net cash used in investing activities	**(273.4)**	(197.6)
Net cash generated from financing activities	**(11.2)**	257.8
Net increase in cash and cash equivalents	**65.0**	280.6
Cash and cash equivalents, at beginning of the year	**462.2**	189.0
Exchange loss on cash and cash equivalents	**(3.8)**	(7.4)
Cash and cash equivalents at end of the year	**523.4**	462.2

Enhance Regular-Services, Enhance Integrate Services to accelerate Fast Growth