



安東油田服務集團
Anton Oilfield Services Group

(於開曼群島註冊成立之有限公司)

(股份代號：3337)

2011 Interim Results

29 August 2011

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1H 2011 Overview

Operating and Financial Review

Outlook

Q & A

1H 2011 Overview

1H 2011 Highlights

- Total revenue increased by 56.0% to RMB526.4 million
- Operating profit increased by 36.9% to RMB82.7 million
- Profit attributable to equity holders of the Company increased by 25.6% to RMB50.7 million
- Earnings per share was RMB0.0239

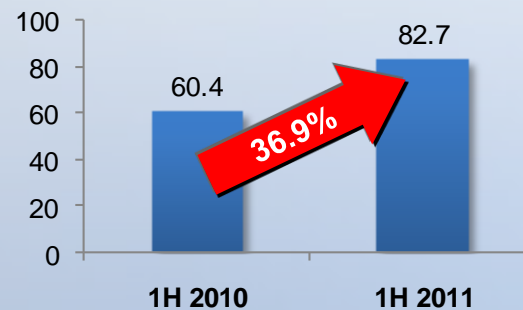
Total revenue

RMB (million)



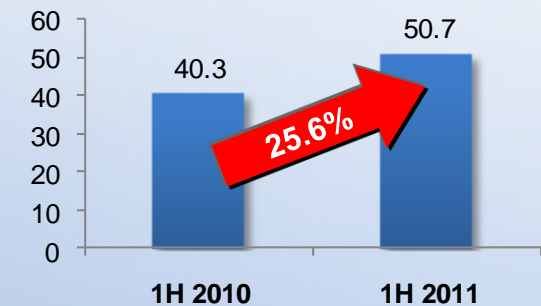
Operating profit

RMB (million)



Profit attributable to equity holders of the Company

RMB (million)



The Group maintained its high-speed growth momentum in 1H 2011

1H 2011 Highlights

Strong Growth Momentum Maintained

- Significant increase in revenue due to successful expansion into the overseas market coupled with steady growth of the domestic natural gas business.
- Stable growth in profit.

Rapid Development of Overseas Business

- Major growth in the Middle East; won long-term service contracts with oil companies.
- Successfully launched directional well technology in the overseas market for the first time, rolled out comprehensive business line in the market.

Steady Growth of Natural Gas Business in China

- Major growth continued in the domestic natural gas business. Fully unfolded businesses driven by the growing construction of production capacity for natural gas development and the building up of gas storage facilities.
- Won the bid for landmark unconventional gas development projects in China; successfully completed the multistage fracture operations for the first shale gas horizontal well in China.

Oil and Gas Development Dept Established

- Intended to participate in oil & gas block transferral tenders in the PRC; and, as project manager, invest in the blocks through project financing. This way, the Group can build a foreseeable customer base for its Integrated services in the long run.

Ongoing Implementation of HR Strategy

- Continued to recruit high-end technical talents and reinforced talent management for key positions.

Exploring Multiple Financing Channels

- Focused on debt financing as the major means to raise capital; obtained short-term credit facility of about RMB830 million.
- Considered to issue interbank notes to secure capital for future development.

Operating & Financial Review

Business Review

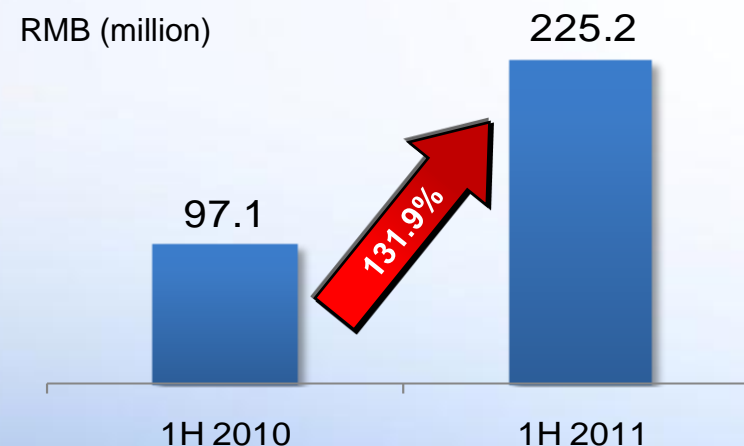
Down-hole Operation (Production Enhancement Service)

- Revenue: RMB120.5 million (+49.7%)
- Driven by growing businesses of multistage fracture and oil production technical services
- Successfully won the bid for multistage fracture project for two shale gas horizontal wells

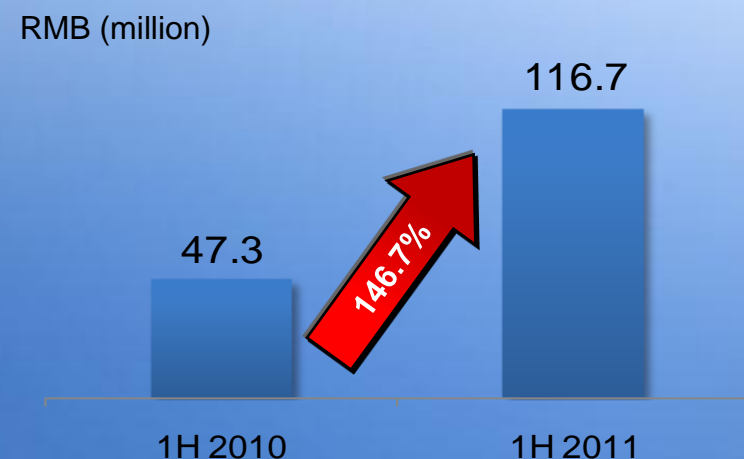
Equipment Service

- Revenue: RMB104.7 million (+ 5.3 times)
- Three coiled tubing teams into full operation, with long-term contracts signed in the Middle East
 - Revenue of coiled tubing services: RMB89.9 million (+17.7 times)
- Rapid promotion of tubular helium testing technology across the country
 - Revenue of tubular helium testing services: RMB21.0 million (+78.0%)
- Full commencement of the construction of fracture pumping service capacity.

Down-hole Operation's Revenue increased by 131.9% in 1H 2011



Down-hole Operation's EBITDA increased by 146.7% in 1H 2011

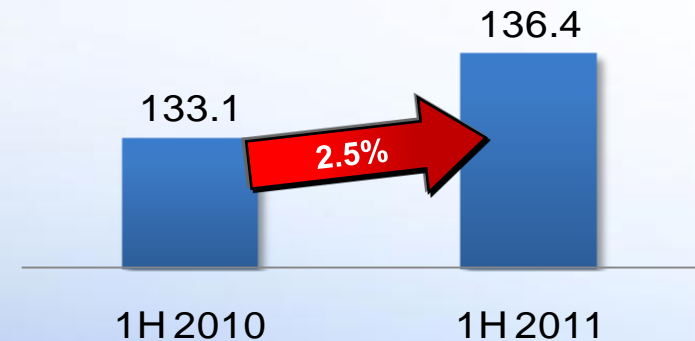


Business Review

- **Integrated Well Completion Technology Services**
 - Stable growth
 - Revenue: RMB47.1 million (+18.0%)
- **Sand Screen Well Completion Technology**
 - Some projects postponed to 2H
 - Revenue: RMB16.1 million (-37.3%)
 - Recovered growth expected in 2H
- **Shandong Precede, a subsidiary, continued to report stable development**
 - Revenue: RMB61.8 million (+9.0%)

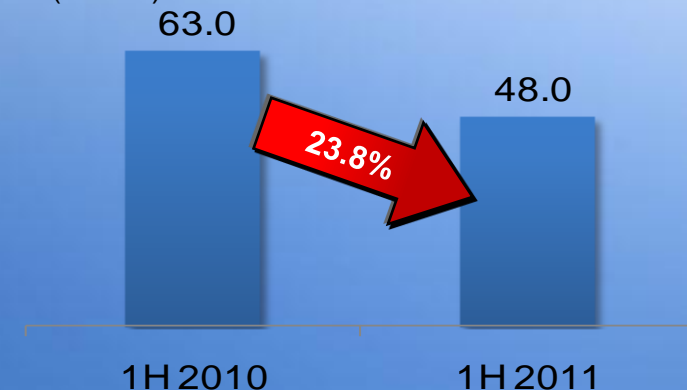
Well Completion's Revenue increased by 2.5% in 1H 2011

RMB (million)



Well Completion's EBITDA decreased by 23.8% in 1H 2011

RMB (million)



Business Review

■ Directional Well Technology

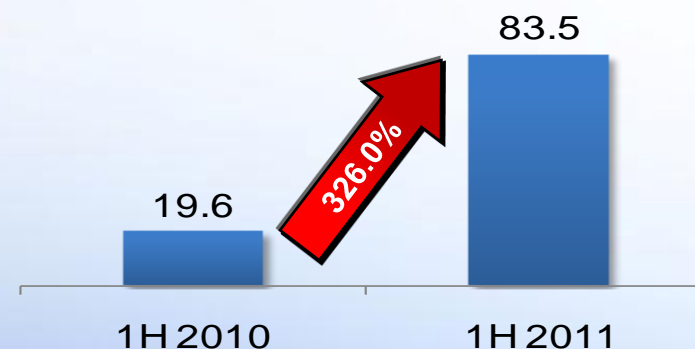
- Rapid growth achieved, with the technology successfully introduced in the overseas market for the first time
- Revenue: RMB52.4 million (+167.3%)
- 6 teams in full operation in both domestic and overseas markets. Will increase investment to strengthen the service capacity in the future

■ Integrated Services

- Revenue: RMB31.1 million
- Entered the coal bed methane service market

Drilling Technology's Revenue increased by 326.0% in 1H 2011

RMB (million)



Drilling Technology's EBITDA increased by 275.3% in 1H 2011

RMB (million)

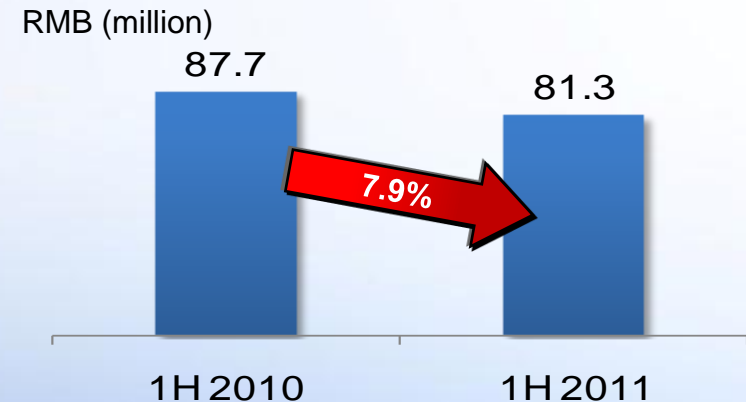


Business Review

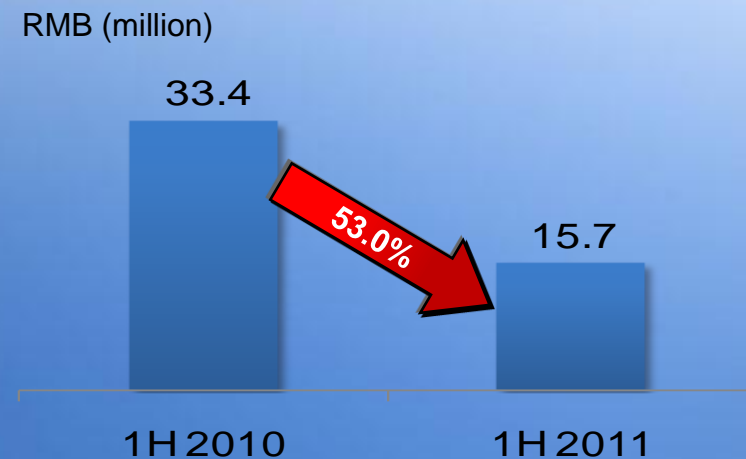
■ Tubular Services Cluster

- Upon independent development, the cluster maintained a service-based development strategy and focused on the provision of value-added technical services, while reducing the sales of drill pipe and collar in terms of business volume.
- The Group made investments to develop the business independently from management, marketing network and research and development system for tubular services, thus the significant decrease in profit from the same period last year. It is expected to recover gradually in the future.

Tubular Services' Revenue decreased by 7.9% in 1H 2011



Tubular Services' EBITDA decreased by 53.0% in 1H 2011

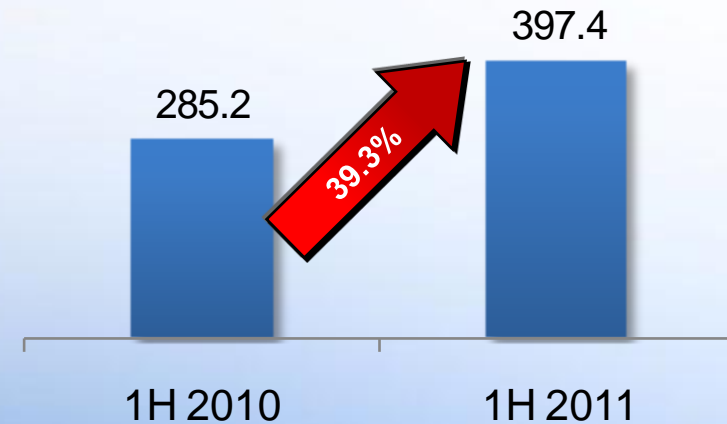


Analysis of Domestic Market

- Full launch of capacity construction of natural gas
 - Satisfactory results reported in directional well technical services, integrated well completion technical services, horizontal well multistage fracture technical services, coiled tubing service and tubular helium testing service
- Commencement of underground gas storage facilities
 - Satisfactory results achieved in directional well technical services, well completion technical services, screen well technical services and tubular helium testing services
- Unconventional natural gas investment becoming an industry trend
 - Possess technologies necessary for unconventional natural gas development
 - Valuable experience gained from the completion of the multistage fracture operations of China's first shale gas horizontal well in 1H

Contribution of Domestic Business increased by 39.3% in 1H 2011

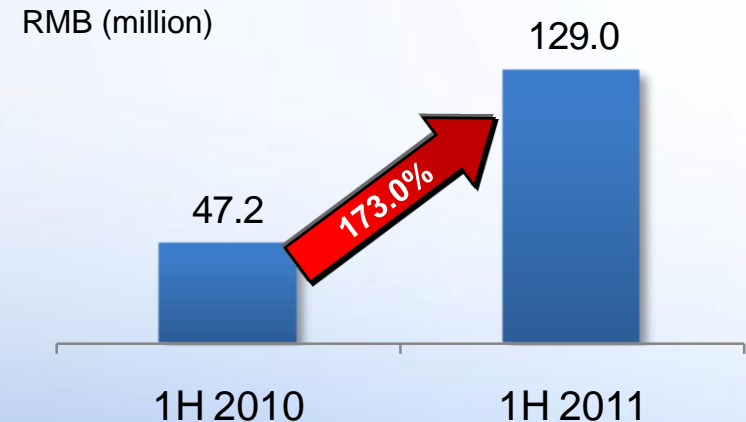
RMB (million)



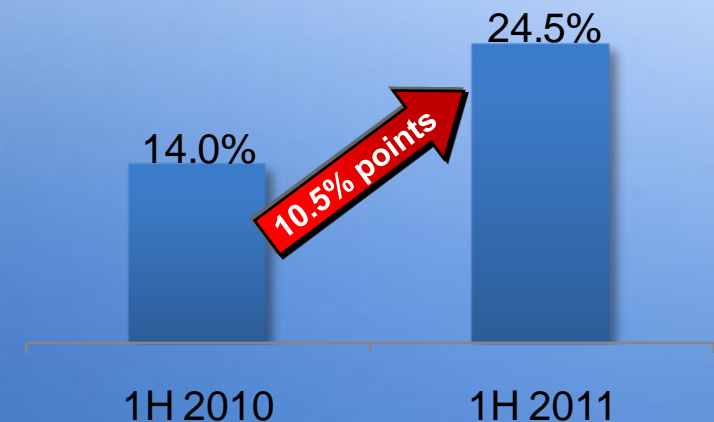
Analysis of Overseas Market

- The “follow-up” strategy proved effective; revenue contributed by the overseas market continued to rise.
 - Revenue proportion: 24.5% of the total revenue (1H 2010: 14.0%)
- **Market focuses by geography**
 - Middle East market: 80.8% of total overseas revenue
 - Further opening up the South American market
- **Market and business layout**
 - Full lines of business being introduced in the overseas market successfully, forming a comprehensive business layout abroad.
 - Built up the on-site service capacity targeting at the needs of the local markets, and established strategic partnership with customers

Contribution of Overseas Business increased by 173.0% in 1H 2011

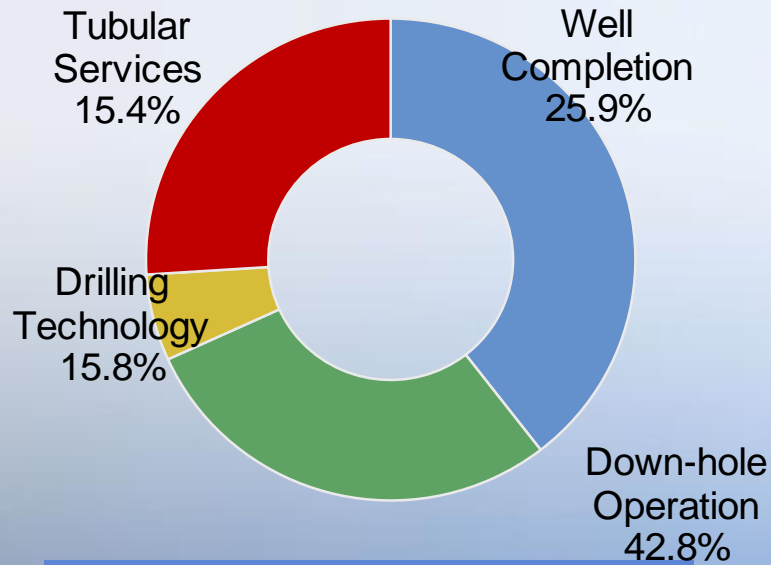


Substantial increase of overseas market contribution in 1H 2011

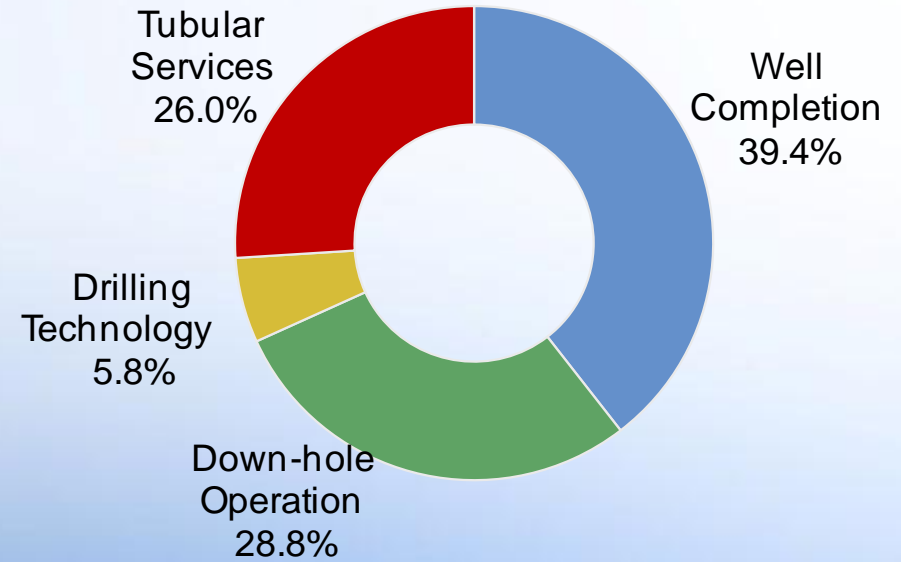


Structure of Business Cluster

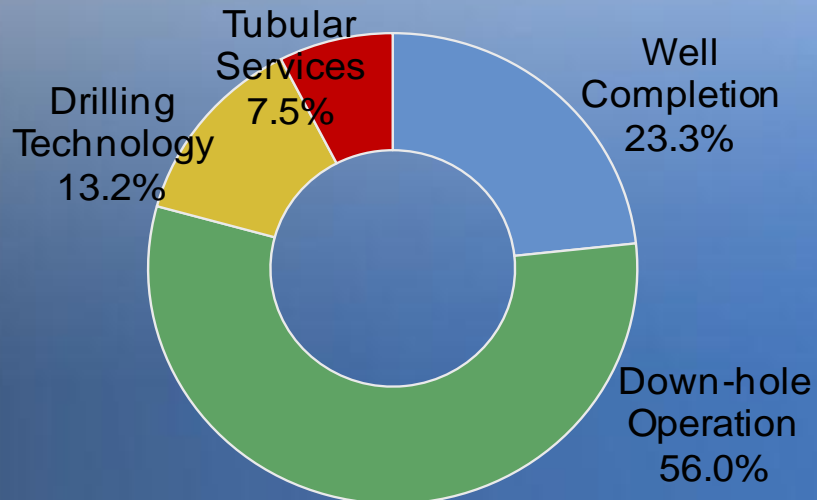
Revenue Breakdown in 1H 2011



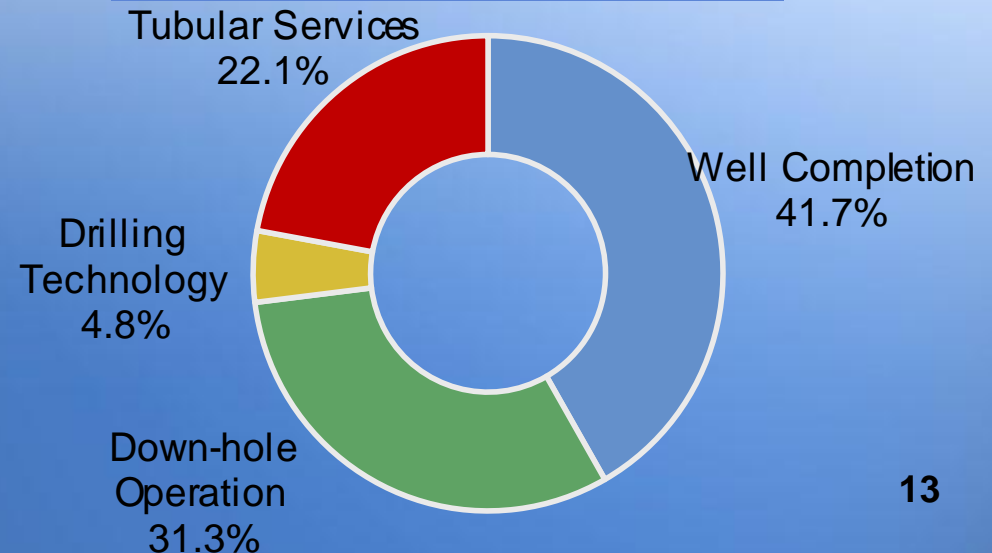
Revenue Breakdown in 1H 2010



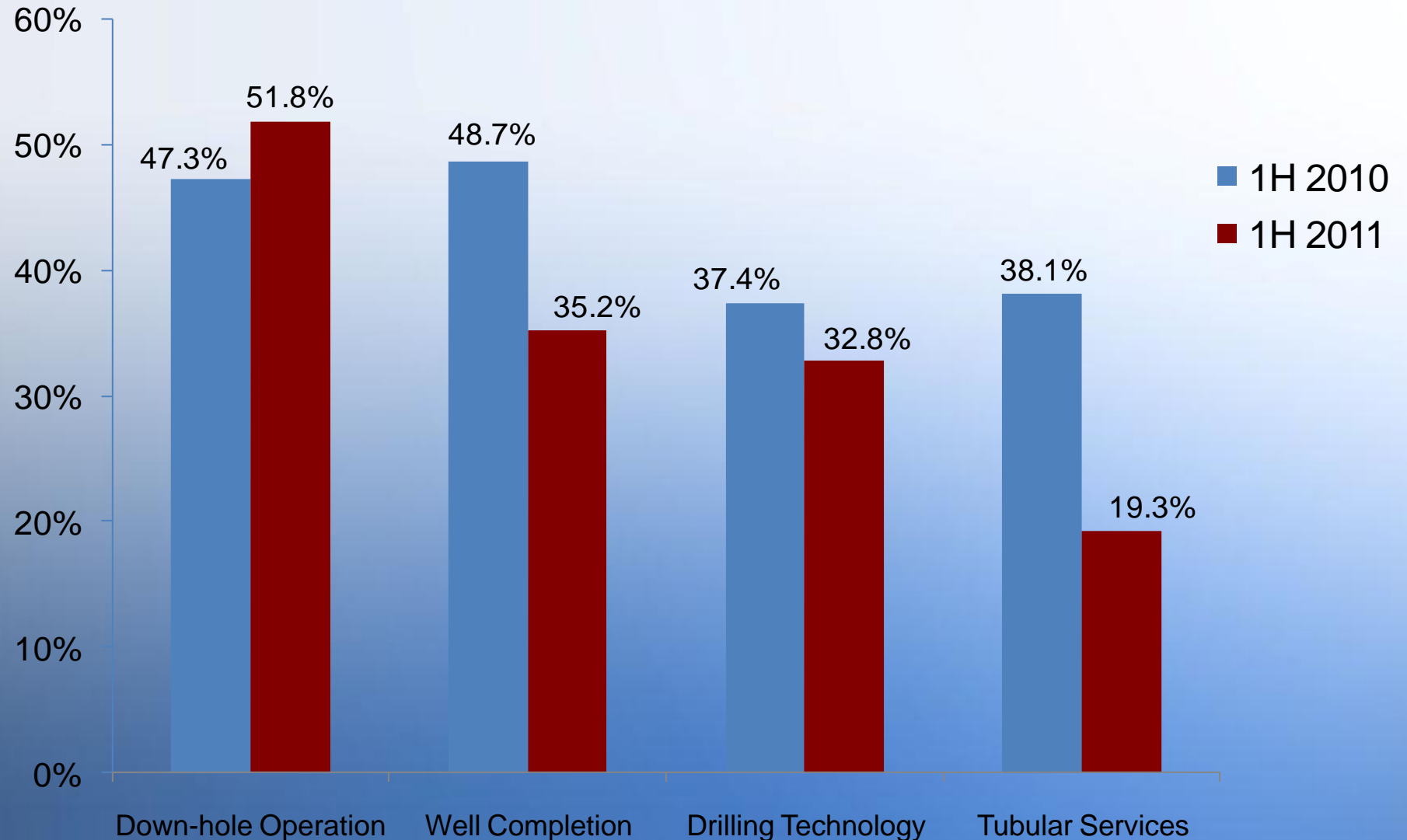
EBITDA in 1H 2011



EBITDA in 1H 2010



EBITDA Margin by Clusters



Income Statement

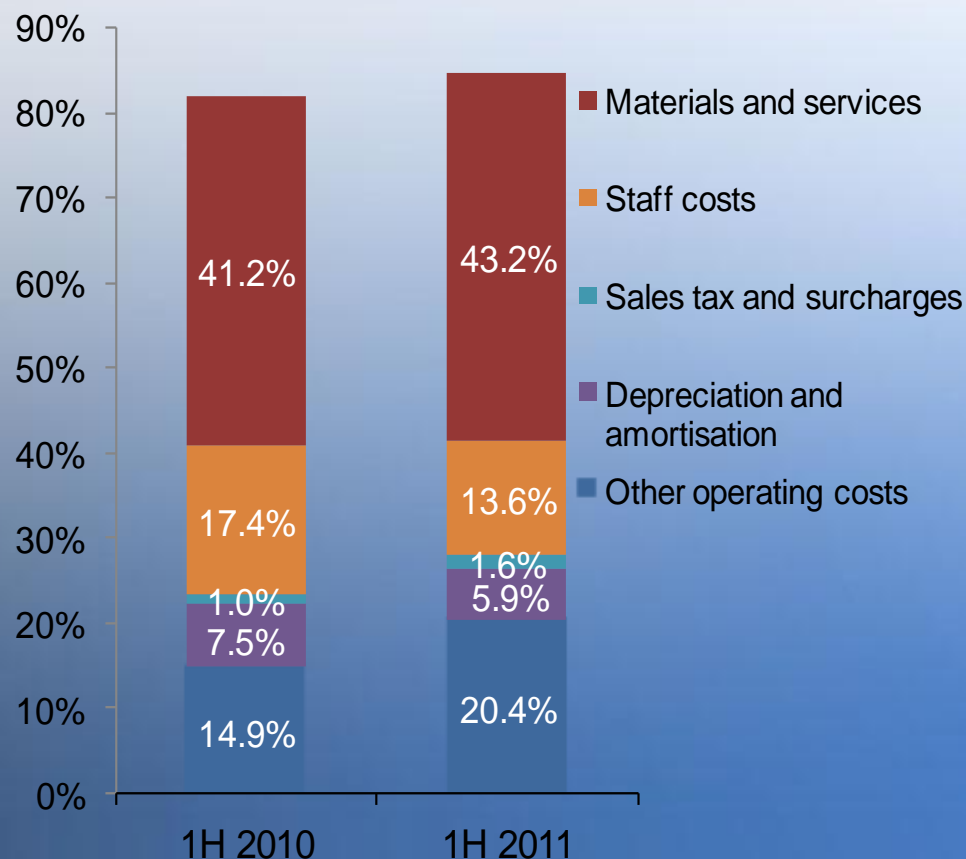
(RMB Thousand)		
(Unaudited)	1H 2011	1H 2010
Revenue	526,407	337,477
Other income / (loss), net	2,194	(70)
Operating costs	(445,859)	(276,964)
Materials and services	(227,166)	(139,203)
Staff costs	(71,334)	(58,816)
Depreciation and amortisation	(31,223)	(25,363)
Sales tax and surcharges	(8,621)	(3,330)
Others	(107,515)	(50,252)
Operating profit	82,742	60,443
Interest income	1,074	1,637
Finance costs, net	(6,543)	(1,466)
Share of loss of a jointly controlled entity	(5,984)	(1,879)
Profit before income tax	71,379	58,735
Income tax expense	(15,140)	(12,628)
Profit for the period	56,239	46,107
Profit attributable to equity holders of the Company	50,655	40,339

Proportion of major costs to sales revenue

Sales revenue

1H 2011: RMB526.4 million

1H 2010: RMB337.5 million



Materials and Services:

Higher materials and services costs due to increased business volume and inflation.

Staff Costs:

Higher proportion but growth declined compared with the faster growth rate of revenue.

Depreciation and Amortisation:

Increased use of the equipment invested in 2H 2010 caused higher depreciation.

Other Operating Costs:

Increased R&D and investment in overseas market led to higher other operating costs.

Finance Costs & Investment Loss:

- The Group proactively enhanced its financial structure, increased new bank loans which generated corresponding finance costs.
- The Group proactively lowered the sale of conventional drilling tools, which led to the loss in its JV, Northern Anton Heavy Anton Machinery Manufacturing Co.

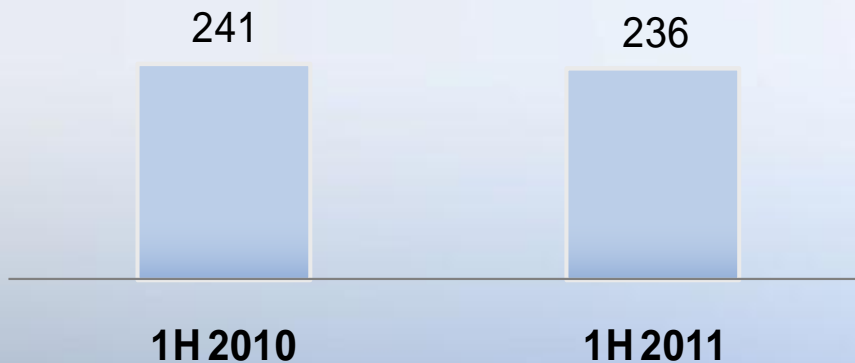
Balance Sheet

RMB (Thousand)

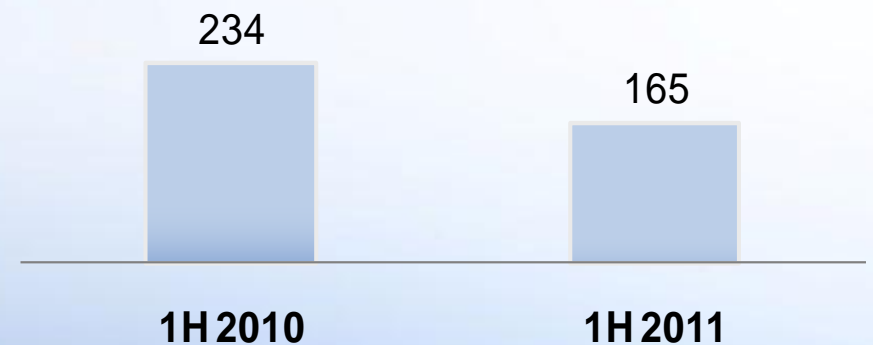
	30 June 2011 (Unaudited)	31 December 2010 (Audited)
Property, plant and equipment	452,049	419,471
Land use rights	23,545	25,486
Intangible assets	354,039	345,858
Investment in a jointly controlled entity	44,350	50,244
Deferred income tax assets	7,363	3,008
Inventories	282,465	265,423
Trade and notes receivables	788,709	671,993
Prepayments and other receivables	114,313	70,118
Restricted bank deposits	36,074	114,353
Cash and cash equivalents	151,863	188,960
Other current assets	5,000	6,000
Total assets	2,259,770	2,190,914
Total equity	1,671,335	1,650,561
Non-controlling interests	39,829	36,547
Non-current liabilities	6,816	2,150
Current liabilities	581,619	538,203
Total liabilities	588,435	540,353
Total equity and liabilities	2,259,770	2,190,914

Working Capital Management

Trade Receivables Turnover Days



Inventory Turnover Days



Trade Payables Turnover Days



Capital Expenditure

Approved investment plans: RMB165.8 million

CAPEX in 1H2011

Details	Amount (RMB million)
Investments in fixed assets	90.5
Investments in intangible assets	12.6
Payment for the equity investments of prior years	4.0
Total	107.1

Major use of CAPEX:

- ✓ Investment in directional drilling apparatus
- ✓ Investment in coiled tubing and ancillary equipments
- ✓ Equipments for tubular helium testing
- ✓ Early investments for various production bases
- ✓ Construction of on-site service bases in the Middle East markets

Outlook

Market Outlook

Domestic

- Steady growth of the capability of natural gas production and gas storage facilities by oil companies.
- Unconventional gas will become an investment trend.

International

- Chinese investors are speeding up their construction of production capacity in the Middle East.
- South America has also become their investment targets.

Business Structure



- Continue to establish the strategic positioning with oil and gas field development technical services as the core business
- Develop tubular services independently
- Establish oil & gas development department; actively explore new service models

Building Up of Service Capacities

Combine organic development with M&A, enhance integrated structure for full services

Organic Development

- Invest in fracture equipments, build up fracture pumping service capacity
- Continue to invest in coiled tubing and ancillary equipments as well as tubular helium testing equipments; build up the service capacity of coiled tubing and tubular helium testing
- Increase the investment in directional well apparatus; enhance directional well technology service capability
- Invest in the construction of an integrated tool centre which specializes in tool design, test and assembling

M&A and Investment

- Actively look for value-added M&A opportunities (joint venture, controlling interest or non-controlling interest)

Financing

- Use debt financing as major means for short-term and mid-to-long-term financing.

**Looking ahead to the full year,
opportunities and challenges will co-exist.
We will endeavor to deliver robust growth.**

Q & A