安東石油
Antonoil

安 東 油 田 服 務 集 團
Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 3337)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008
AND CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

FINANCIAL HIGHLIGHTS

1. **Revenue increased by 78.2% to RMB310.1 million**

2. **EBITDA(1) increased by 82.5% to RMB92.9 million**

3. **Net profit attributable to the Company's shareholders decreased by 80.4% to RMB8.3 million primarily due to foreign exchange losses and share option-related expenses**

4. **Earnings per share was RMB0.4 cents**

Note (1)

EBITDA is defined as profit for the period plus net finance costs, income tax expense, depreciation, amortisation and share option-related expenses.

RESULTS

The board of directors (the "Board") of Anton Oilfield Services Group (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2008, together with the comparative figures for the corresponding period in 2007. The interim results for the six months ended 30 June 2008 have been reviewed by the Company's Audit Committee, comprising solely the independent non-executive directors, and the Company's auditors, PricewaterhouseCoopers.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	Six months ended 30 June 2008 (Unaudited) RMB'000	2007 (Audited) RMB'000
Revenue	4	**310,098**	174,020
Other income, net		**–**	266
Operating costs			
Material costs		**(137,243)**	(75,624)
Staff costs		**(65,607)**	(15,485)
Operating lease expenses		**(3,157)**	(5,239)
Depreciation and amortisation		**(10,870)**	(3,967)
Others		**(35,782)**	(27,048)
		(252,659)	(127,363)
Operating profit	5	**57,439**	46,923
Interest income		**13,723**	2,716
Exchange losses, net		**(48,709)**	(1,189)
Finance expenses		**(5,666)**	(3,043)
Finance costs, net	6	**(40,652)**	(1,516)
Share of profit of a jointly-controlled entity		**3,419**	–
Profit before income tax		**20,206**	45,407
Income tax expense	7	**(12,368)**	(3,772)
Profit for the period		**7,838**	41,635
Attributable to:			
Equity holders of the Company		**8,329**	42,352
Minority interests		**(491)**	(717)
		7,838	41,635
Earnings per share for the profit attributable to the equity holders of the Company (Unaudited, expressed in RMB per share)			
– basic and diluted	8	**0.004**	0.027
Proposed dividend	9	**–**	–

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 June 2008 (Unaudited) *RMB'000*	As at 31 December 2007 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**183,959**	147,346
Land use rights		**15,077**	15,101
Intangible assets		**124,995**	99,072
Investment in a jointly-controlled entity		**53,908**	34,109
Deferred income tax assets		**2,289**	2,852
		380,228	298,480
Current assets			
Inventories		**165,350**	121,088
Trade and notes receivables	*10*	**455,798**	319,001
Prepayments and other receivables		**89,456**	43,142
Short-term investments		**131,000**	–
Restricted bank deposits		**–**	82,610
Term deposits with initial terms of over three months		**215,000**	–
Cash and cash equivalents		**327,891**	976,654
		1,384,495	1,542,495
Total assets		**1,764,723**	1,840,975
EQUITY			
Equity attributable to the equity holders of the Company			
Capital		**197,411**	195,006
Reserves		**1,258,286**	1,189,653
		1,455,697	1,384,659
Minority interests		**4,619**	5,110
Total equity		**1,460,316**	1,389,769

	Note	As at 30 June 2008 (Unaudited) RMB'000	As at 31 December 2007 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**4,524**	5,045
Other long-term payables		**–**	37,500
		4,524	42,545
Current liabilities			
Short-term borrowings		**29,500**	163,500
Trade payables	*11*	**68,815**	60,217
Accruals and other payables		**183,643**	170,171
Current income tax liabilities		**17,925**	14,773
		299,883	408,661
Total liabilities		**304,407**	451,206
Total equity and liabilities		**1,764,723**	1,840,975
Net current assets		**1,084,612**	1,133,834
Total assets less current liabilities		**1,464,840**	1,432,314

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Cash flows from operating activities		
Net cash outflows from operations	**(146,094)**	(31,345)
Interest paid	**(4,461)**	(2,359)
Interest received	**13,723**	2,716
Income tax paid	**(13,439)**	(4,472)
Net cash used in operating activities	**(150,271)**	(35,460)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(23,709)**	(53,598)
Proceeds from disposal of property, plant and equipment	**787**	34
Purchase of intangible assets	**(1,655)**	(2,637)
Acquisition of a subsidiary, net of cash acquired	**(24,656)**	–
Payment of acquisition consideration	**(29,900)**	–
Increase in investment in a jointly-controlled entity	**(16,380)**	–
Increase in short-term investments	**(131,000)**	–
Increase in term deposits with initial term of over three months	**(215,000)**	–
Decrease in restricted bank deposits	**82,610**	85,896
Net cash (used in)/generated from investing activities	**(358,903)**	29,695
Cash flows from financing activities		
Proceeds from short-term borrowings	**50,000**	66,000
Repayments of short-term borrowings	**(184,000)**	(70,000)
Issue of new shares	**45,218**	–
Share issue expenses	**(1,813)**	–
Net cash used in financing activities	**(90,595)**	(4,000)
Net decrease in cash and cash equivalents	**(599,769)**	(9,765)
Cash and cash equivalents, at beginning of the period	**976,654**	46,137
Exchange loss on cash and cash equivalents	**(48,994)**	(1,189)
Cash and cash equivalents, at end of the period	**327,891**	35,183

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Anton Oilfield Services Group (the "Company") was incorporated in the Cayman Islands on 3 August 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in providing oil field technology services and manufacturing and trading of related products in the People's Republic of China (the "PRC").

Prior to the incorporation of the Company and the completion of the reorganisation on 31 October 2007 for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Reorganisation"), the Group's businesses were carried out by the subsidiaries now comprising the Group. The subsidiaries now comprising the Group were controlled by Mr. Luo Lin (the "Controlling Shareholder") before the Reorganisation.

The Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited on 14 December 2007.

The condensed consolidated interim financial information was approved for issue on 5 September 2008.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with International Accounting Standard 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007, which have been prepared in accordance with International Financial Reporting Standards.

The Reorganisation represents a business combination involving entities under common control of the Controlling Shareholder. Accordingly, the Reorganisation has been accounted for as a business combination under common control in a manner similar to a uniting of interests. The condensed consolidated financial statements of the Group for the six months ended 30 June 2007 have been prepared on the merger basis as if the Company had been the holding company of those companies comprising the Group throughout the period, or since their respective dates of incorporation/establishment.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007, as described in those annual financial statements, except for the following accounting policies which are new to the financial statements of the Group:

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities longer than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables are included in "trade and notes receivables", "prepayments and other receivables" and "short-term investments" in the balance sheets.

(b) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of the item being hedged. Derivative financial instruments are included in "short-term investments" in the balance sheets.

For derivative instruments that do not qualify for hedge accounting, changes in the fair value of these derivative instruments are recognised immediately in the income statement within "other gains/losses".

There are no standards, interpretations or amendments to published standard or interpretations that are mandatory for the first time for the financial year beginning 1 January 2008 and are relevant to the operations of the Group.

The new standards, interpretations or amendments to published standards or interpretations that have been issued, that are relevant to the operations of the Group, but are not effective for the financial year beginning 1 January 2008 have not been adopted are as follows:

- IFRS 8, 'Operating segments', effective for annual periods beginning on or after 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The expected impact is still being assessed in detail by management.

- IAS 23 (revised), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. This amendment is not relevant to the Group, as the Group currently applies a policy of capitalising borrowing costs.

- IFRS 2 (amendment), 'Share-based payment', effective for annual periods beginning on or after 1 January 2009. Management is assessing the impact of changes to vesting conditions and cancellations on the Group's share-based payment schemes.

- IFRS 3 (revised), 'Business combinations' and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates' and IAS 31, 'Interests in joint ventures', effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. Management is assessing the impact of the new requirements regarding acquisition accounting, consolidation and associates on the Group.

- IAS 1 (revised), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The expected impact is still being assessed in detail by management.

4. REVENUE AND SEGMENT INFORMATION

The Group conducts its business within one business segment – the business of manufacturing and selling oilfield equipment and providing related services. As the products and services provided by the Group are subject to similar business risks, no segment information has been prepared by the Group for the six months ended 30 June 2007 and 2008. The Group primarily operates within one geographical segment in the PRC, therefore no geographical segment data is presented.

Analysis of revenue by category	**Six months ended 30 June**	
	2008	2007
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Sales of goods	**214,994**	143,718
Sales of services	**95,104**	30,302
	310,098	174,020

5. EXPENSE BY NATURE

Operating profit is arrived at after charging/(crediting) the following:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Staff costs		
– Salaries and other staff expenses	**44,425**	15,485
– Share-based compensation	**21,182**	–
Gain on disposal of property, plant and equipment	**(219)**	(27)
Reversal for impairment of receivables	**(1,515)**	–
Sales tax and surcharges	**4,335**	603
Depreciation	**8,789**	3,964
Amortisation	**2,081**	3

6. FINANCE COSTS, NET

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Interest income	**(13,723)**	(2,716)
Interest expenses on bank borrowing	**4,473**	2,988
Exchange losses, net	**48,709**	1,189
Bank surcharges and others	**1,193**	55
	40,652	1,516

7. INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Income tax is provided on the basis of the profits of the Company's subsidiaries for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable enterprise income tax rate for the subsidiaries of the Group was 25% in 2008 (for six months ended 30 June 2007: 33%), based on the relevant PRC tax laws and regulations, except that certain subsidiaries which are taxed at preferential tax rates or, for the subsidiaries established overseas, subject to the prevailing rates of the countries they located. The statutory income tax is assessed on an individual entity basis, based on their results of operations. The commencement dates of tax holiday period of each entity are individually determined.

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Audited)
	RMB'000	*RMB'000*
Current income tax		
– PRC profit tax	**11,805**	3,772
Deferred income tax	**563**	–
	12,368	3,772

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period:

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**8,329**	42,352
Weighted average number of ordinary shares in issue *(thousands of shares)*	**2,092,051**	1,547,250
Basic earnings per share *(RMB per share)*	**0.004**	0.027

The weighted average number of shares for the six months ended 30 June 2007 for the purpose of basic earnings per share has been retrospectively adjusted for the effects of the 1 share issued upon the incorporation of the Company, the 999,999 shares issued during the Reorganisation of the Group and the capitalisation issue of 1,546,250,000 ordinary shares, which are deemed to have been in issue throughout the period.

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 30 June 2008, the only dilutive factor of the Company was the outstanding share options. For the purpose of calculating diluted earnings per share, the Company assumed the outstanding share options had been exercised upon the grant dates of the options. Meanwhile, a calculation is made in order to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares from 1 January 2008 to 30 June 2008) based on the monetary value of the subscription rights attached to outstanding share options, which are deducted from the total number of outstanding share options to determine the number of diluted shares deemed to be issued at no consideration.

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**8,329**	42,352
Weighted average number of ordinary shares in issue *(thousands of shares)*	**2,092,051**	1,547,250
Adjustments for assumed conversion of share options *(thousands of shares)*	**32,922**	–
Weighted average number of ordinary shares for diluted earnings per share *(thousands of shares)*	**2,124,973**	1,547,250
Diluted earnings per share *(RMB per share)*	**0.004**	0.027

9. DIVIDEND

The directors of the Company proposed not to distribute dividend for the six months ended 30 June 2008 (for the six months ended 30 June 2007: nil).

10. TRADE AND NOTES RECEIVABLES

	As at 30 June 2008 (Unaudited) ***RMB'000***	As at 31 December 2007 (Audited) *RMB'000*
Trade receivables, net *(a)*	**451,587**	317,541
Notes receivables *(b)*	**4,211**	1,460
	455,798	319,001

Note:

(a) Ageing analysis of gross trade receivables at the respective balance sheet dates is as follows:

	As at 30 June 2008 (Unaudited) ***RMB'000***	As at 31 December 2007 (Audited) *RMB'000*
Within 6 months	**313,695**	300,941
6 months-1 year	**130,506**	10,265
1 – 2 years	**9,026**	12,535
2 – 3 years	**4,126**	554
Over 3 years	**478**	203
Trade receivables, gross	**457,831**	324,498
Less: Impairment of receivables	**(6,244)**	(6,957)
Trade receivables, net	**451,587**	317,541

(b) Notes receivables are bank acceptance with maturity dates within six months.

11. TRADE PAYABLES

Ageing analysis of trade payables at the respective balance sheet dates is as follows:

	As at 30 June 2008 (Unaudited) *RMB'000*	As at 31 December 2007 (Audited) *RMB'000*
Less than 1 year	**67,112**	58,562
1-2 years	**1,112**	1,133
2-3 years	**445**	390
Over 3 years	**146**	132
	68,815	60,217

The fair value of trade payables approximated the carrying value due to their short maturity period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's businesses continued to expand rapidly during the first half of 2008. Total revenue jumped by 78.2% to reach RMB310.1 million from RMB174.0 million in the first half of 2007, with each of the four business divisions achieving satisfactory growth. The Group's strong growth was achieved through its focus on continuously introducing new products and services, leveraging its broad customer base and successfully integrating recent acquisitions.

The Group's strong growth also benefited from the favorable operating environment of the oilfield service industry in China. China's GDP grew by 10.4% in the first six months of 2008, driving continued strong demand for energy. Oil price set new records during the period under review, as global energy supply remained tight.

Net profit of the Group declined to RMB7.8 million during the period under review from RMB41.6 million in the first half of 2007, primarily due to the foreign exchange losses of RMB48.7 million and share option-related expenses of RMB21.2 million.

Revenue by division (%)

	Six months ended 30 June	
	2008	2007
Well Services	**48.9%**	47.5%
Drilling Services	**33.0%**	30.7%
Production Services	**6.1%**	10.2%
Field Services	**12.0%**	11.6%

WELL SERVICES

The well services business continued to grow rapidly, with revenue rose by 83.3% to reach RMB151.6 million in the first half of 2008, compared to RMB82.7 million in the first half of 2007. Its contribution to the Group's total revenue rose to 48.9% in the first half of 2008 from 47.5% in the first half of 2007.

Sales of sand screens reached 76,668 meters during the period under review, compared to 16,800 meters in the first half of 2007. The strong growth is mainly attributable to the successful consolidation of the operations of Beijing Hinen-Hitech Petroleum Technology Development Co., Ltd. ("Hinen-Hitech") and Beijing Huarme Petroleum Technology Co., Ltd. ("Huarme"), which the Group acquired in November 2007.

The Group introduced selective well completion service in late 2007. Major oilfield customers have shown their strong interest in such advanced technological solutions since the service was introduced. In the first half of 2008, the Group performed well completion services on twelve wells.

The Group completed the acquisition of Jilin Dongxin Oil Engineering Technology Co., Ltd. ("Jilin Dongxin") in March 2008, further enhancing the Group's service capability. The Group performed 149 acidization, fracturing and chemical EOR (enhanced oil recovery) operations during the first half of 2008.

The Group also completed two cementing jobs during the reporting period and provided drilling fluid, killing fluid and micro glass bubble products and services.

DRILLING SERVICES

The Group's drilling services division expanded its service scope and started to provide drilling technology services and drilling project management services in the first half of 2008. This is a major step of the Group towards becoming a one-stop oilfield services provider and enabled the Group to offer integrated service packages that cover the entire process of drilling, cementing and well completion.

Revenue from the new drilling technology service unit was RMB13.3 million in the first half of 2008. We are procuring advanced equipment, such as LWD (logging while drilling) and MWD (measurement while drilling) equipment to enhance our capability in the drilling services market, especially in providing drilling solutions for the technologically challenging directional and horizontal wells.

Total revenue from the drilling services division amounted to approximately RMB102.4 million in the first half of 2008, representing an increase of RMB49.1 million or 92% compared to approximately RMB53.3 million in the first half of 2007. Revenue from the sales of drill pipes, heavy-weight drill pipes, drill collars, as well as related services such as testing and welding, continued to rise strongly during the reporting period.

Sales volume of key products – drilling services:

	Unit	**Six months ended 30 June 2008**	2007
Drill pipe	tonne	**711**	300
H-W drill pipe/collar	piece	**983**	290

PRODUCTION SERVICES

Revenue from production services amounted to approximately RMB19.0 million in the first half of 2008, representing an increase of RMB1.2 million or 6.7% compared to approximately RMB17.8 million in the first half of 2007. This division manufactures and sells specialized production equipment such as polished rods, couplings and downhole pumps, which feature higher anti-corrosion and anti-attrition performances.

Sales volume of key products – production services:

	Unit	**Six months ended 30 June 2008**	2007
Polished rod	piece	**2,547**	4,073
Coupling	piece	**57,172**	38,561
Pump	unit	**308**	54

FIELD SERVICES

The Group's field services consist of a comprehensive range of on-site services offered to large oil and gas producing areas, during the exploration and production processes. Our primary services include equipment leasing, coating, mechanical maintenance and ground construction. During the reporting period, field services revenue grew to RMB37.1 million, representing an increase of RMB16.9 million or 83.7%, compared to approximately RMB20.2 million in the first half of 2007.

MARKETING

Leveraging on our nationwide sales network, the Group focuses on further strengthening our relationships with key oilfield customers and introducing new products and services to the market. During the first half of 2008, the Group successfully introduced the integrated drilling technology services to the Northeast China market. We are focusing our efforts on promoting our advanced well service solutions to more oilfield markets.

While we continue to focus on our existing domestic major oilfield customers, we are also seeing strong demand from the international market for our products and services. The Group is strengthening its marketing efforts to overseas markets, which have resulted in promising initial result. During the first half of 2008, the Group's sales to overseas market reached RMB23.9 million, primarily from sales of sand screens.

Revenue by region (%)

	Six months ended 30 June	
	2008	2007
North China	**17.5%**	8.9%
Northwest China	**38.4%**	51.7%
Northeast China	**20.0%**	14.0%
Southwest China	**15.3%**	24.3%
Overseas	**7.7%**	–
Others	**1.1%**	1.1%

RESEARCH AND DEVELOPMENT

Focusing on the high-end oilfield service market, the Group greatly emphasizes the importance of research and development, which is a key factor that enables the Group to keep introducing new products and services to satisfy our customers' demand.

During the reporting period, we obtained approval for 10 patents, which increased the total number of patents registered by the Group to 61. Meanwhile, the Group has 168 patent applications still pending for approval. Going forward, our research and development efforts will mainly focus on the areas of technology related to sand control, well completion, downhole tools and wells service chemicals.

HUMAN RESOURCES

Human resources is one of the key factors in supporting our long term growth. As of 30 June 2008, the Group has a total of 761 employees.

OUTLOOK

With the PRC's economy continuing to grow at a fast pace, increasing oil and gas output remains one of the key challenges faced by Chinese oil companies. We believe that investment in oil and gas exploration and production in the PRC will maintain its growth trend of recent years and that the macro industry environment is favorable for the Group's future development.

The Group expects to maintain its strong growth by taking advantage of the favorable industry environment and increasing our market share. Through strengthening our research and development efforts, expanding co-operations with our partners and seeking merger and acquisition opportunities, we will further expand our services offering and product portfolio, with the goal of becoming a leading "one-stop" oilfield services provider.

FINANCIAL REVIEW

Revenue

The Group's revenue in the first half of 2008 amounted to RMB310.1 million, representing an increase of RMB136.1 million or 78.2% compared to the first half of 2007. The substantial increase in our revenue was mainly attributable to the sharp increase of revenue from well services, drilling services, and field services.

Materials costs

The materials costs increased from approximately RMB75.6 million in the first half of 2007 to RMB137.2 million in the first half of 2008, representing an increase of 81.5%. The increase was mainly due to the change of overall revenue mix and the increase of material costs for drilling tools, which surpassed the growth of corresponding revenue.

Staff costs

Staff costs amounted to approximately RMB65.6 million in the first half of 2008, representing an increase of RMB50.1 million or 323.2% from RMB15.5 million in the first half of 2007. The increase was mainly attributable to the RMB21.2 million amortization charges related to share options granted in the second half of 2007 and in February this year. The increase in the total number of the Company's staff, especially senior technical professionals and managerial staff, and the increase of the overall compensation level also led to the increase of staff costs.

Operating lease expenses

Operating lease expenses amounted to approximately RMB3.2 million in the first half of 2008, representing a decrease of RMB2.1 million compared to the first half of 2007. The decrease was due to the decrease of leased drilling tools.

Depreciation and amortization

Depreciation and amortization amounted to approximately RMB10.9 million in the first half of 2008, representing an increase of RMB6.9 million or 172.5% from RMB4.0 million in the first half of 2007. The increase was mainly attributable to additional machinery and equipment that were added in the casing plant and Huairou manufacturing plant, as well as the increase in amortization of intangible assets from the acquisition of Hinen-Hitech.

Other operating costs

Other operating costs amounted to RMB35.8 million in the first half of 2008, representing an increase of RMB8.7 million or 32.1% compared to RMB27.1 million in the first half of 2007. The increase was mainly attributable to the overall expansion of the Group's businesses.

Operating profit

As a result of the abovementioned, the operating profit for the period under review amounted to approximately RMB57.4 million, representing an increase of approximately RMB10.5 million or 22.4% compared to RMB46.9 million during the same period last year. The operating profit margin was 18.5% in the first half of 2008, representing a decrease of 8.5 percentage points from 27.0% in the first half of 2007. The decline in operating profit margin was mainly due to the increase of staff costs, which included RMB21.2 million of share option-related expenses for the six months ended 30 June 2008.

The Group's EBITDA, calculated as profit for the period plus net finance costs, income tax expense, depreciation, amortization and share option-related expenses, totalled RMB92.9 million for the period under review, representing an increase of 82.5% from the RMB50.9 million for the same period in 2007. EBITDA margin was 30.0%, for the first half of 2008, compared with 29.2% for the same period of 2007.

Finance costs, net

Net finance costs were approximately RMB40.7 million for the period under review, increased by approximately RMB39.2 million compared to RMB1.5 million in the first half of 2007. The sharp increase was mainly because of a RMB48.7 million foreign exchange loss recognized during the period. The RMB appreciated sharply during the first half of 2008, while the Group was holding the funds raised through its IPO completed in December 2007 in US dollars and HK dollars. The IPO proceeds have been mostly converted into RMB as of the end of June 2008.

Income tax expense

Income tax expense amounted to RMB12.4 million in the first half of 2008, representing an increase of approximately RMB8.6 million over the same period of 2007, mainly because (1) total pre-tax profits of the Group's subsidiaries in the PRC increased sharply during the period under review; (2) preferential tax treatments for certain subsidiaries in the PRC are being phased out; (3) share option-related staff costs and foreign currency losses incurred by the group's overseas companies cannot be used to offset profit generated in the PRC.

Profit for the period

As a result of the foregoing, the Group's net profit for the first half of 2008 was approximately RMB7.8 million, representing a decrease of approximately RMB33.8 million or 81.3% from the same period in 2007.

Profit attributable to equity holders of the Company

Profit attributable to equity holders of the Company amounted to approximately RMB8.3 million in the first half of 2008, representing a decrease of RMB34.1 million or 80.4% compared to the first half of 2007.

Trade receivables

As of 30 June 2008, the Group's net trade receivables were approximately RMB455.8 million, representing an increase of RMB136.8 million from 31 December 2007, mainly because of the increase in turnover.

LIQUIDITY AND CAPITAL RESOURCES

As of 30 June 2008, the Group's cash and cash equivalents amounted to approximately RMB327.9 million, representing a decrease of RMB648.8 million from 31 December 2007, mainly because the Group deployed the cash raised through its IPO in its operations, in short-term investments and on capital expenditure programs.

The Group's outstanding short term bank loans as of 30 June 2008 amounted to approximately RMB29.5 million. A domestic bank granted the Group a credit facility of RMB200.0 million, of which RMB198.0 million has not been used.

As at 30 June 2008, the gearing ratio of the Group was 6.3%, representing a decrease of 7.7 percentage points compared to the gearing ratio of 14% at 31 December 2007, which was mainly because the Group had paid down some of its short-term bank loans. Gearing ratio is calculated as net debt divided by total capital. Net debt includes borrowings and trade payables. Total capital is calculated as equity plus net debt.

The equity attributable to the Company's equity holders increased from RMB1,384.7 million at 31 December 2007 to RMB1,455.7 million as of 30 June 2008. The increase was mainly due to the after tax profit during the reporting period and the issue of over allotment shares in January 2008.

EXCHANGE RISK

The Group mainly conducts its business in RMB. Only a small quantity of imported and exported goods need to be settled in foreign currencies. The Group is of the opinion that the exchange risk involved in these collection and payments is insignificant. The exchange risk of the Group mainly comes from its foreign currency deposits. The fluctuation in the RMB exchange rate against the US dollar may have a negative impact on the Group's operating results and financial position. As of 30 June 2008, the Group had foreign currency deposits equivalent to RMB162.7 million. Appreciation of RMB would result in exchange loss from these assets denominated in foreign currencies. During the reporting period, the Group did not use any derivatives to hedge against the risk of foreign exchange fluctuations.

CASHFLOW FROM OPERATING ACTIVITIES

Cash outflow from operating activities in the first half of 2008 was approximately RMB150.3 million, compared with a net cash outflow of RMB35.5 million in the first half of 2007 for the Group, mainly because of the increase of working capital, particularly, trade receivables.

CAPITAL EXPENDITURE AND INVESTMENT

The Group's capital expenditure in the first half of 2008 was approximately RMB95.5 million, primarily for installment payments on recent acquisitions.

CONTRACTUAL LIABILITY

The Group's contractual commitments consist primarily of payment obligations under our operating lease arrangements for offices and certain equipment and machinery. The Group's operating lease commitments amounted to RMB22.1 million as of 30 June 2008.

Capital commitments related to investments in property, plant and equipment at the balance sheet date but not yet provided in the balance sheet amounted to RMB1.3 million.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend in respect of the six months ended 30 June 2008 (for the six months ended 30 June 2007: nil).

PURCHASE, SALE OR REPURCHASE OF THE COMPANY'S LISTED SECURITIES

For the six months ended 30 June 2008, none of the Company and any of its subsidiaries has purchased, sold or repurchased any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Directors of the Company have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as the code of practice for carrying out securities transactions by the Company's Directors. After specific enquiry with all members of the Board, the Company confirms that all Directors have fully complied with the relevant standards stipulated in the above-mentioned rules during the six months ended 30 June 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the applicable provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules for the six months ended 30 June 2008, save that the only deviation is the code provision A.2.1 of the Code.

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer of the Company must be separated, and must not be assumed by one person. The Company does not separate the Chairman's and Chief Executive Officer's duties, Mr. Luo Lin served as both the Chairman and the Chief Executive Officer of the Company during the period under review. Mr. Luo Lin was the main founder of the Group, he has been responsible for our operational management since the Group's establishment, and has led the Group's expansion. Mr. Luo Lin possesses rich petroleum industry experience and excellent operational management ability, and the Board of Directors is of the view that continuing to have Mr. Luo Lin serving as the Chief Executive Officer of the Company will safeguard the continuity of our operational management and can protect shareholders' interests.

AUDIT COMMITTEE

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Zhu Xiaoping, Mr. Zhang Yongyi and Mr. Wang Mingcai, has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal controls and financial reporting matters, including the review of the unaudited interim financial results of the Group for the six months ended 30 June 2008.

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board also announces that with effect from 5 September 2008, the principal place of business of the Company in Hong Kong will be changed to Unit 2109, Cosco Tower, 183 Queen's Road Central, Hong Kong.

By the order of the Board
Anton Oilfield Services Group
Luo Lin
Chairman

Hong Kong, 5 September 2008

As at the date of this announcement, the executive Directors of the Company are Mr Luo Lin, Mr Ma Jian and Mr Pan Weiguo; and the independent non-executive Directors are Mr Zhang Yongyi, Mr Zhu Xiaoping and Mr Wang Mingcai.