

# 2017 ANNUAL REPORT



ADDRESS: 16W/6 EL NASR ST., NEW MAADI, CAIRO.

WEBSITE: [WWW.SINOTHARWA.COM.EG](http://WWW.SINOTHARWA.COM.EG)

## HR DEPARTMENT

### TRAINING:

Training at SINOTHARWA has a positive impact on all the employees of the company as it aims to develop all the technical skills of the employees of the company and work to raise the professional efficiency & productivity of the employees.

### OPERATION TRAINING:

We provide International technical courses to expand the knowledge base of all employees & to facilitate the daily technical duties & creates a supportive workplace.

<i><b>Operation Courses</b></i>	<i><b>Ac. Hours</b></i>	<i><b>Pl. Hours</b></i>
<i><b>Basic Drilling Practice</b></i>	810	450
<i><b>Advanced Drilling Practice</b></i>	360	360
<i><b>Rig Mathematics</b></i>	360	360
<i><b>Stuck Pipe Prevention</b></i>	414	270
<i><b>Down Hole Problem</b></i>	492	270
<i><b>Basic Well Control</b></i>	1230	990
<i><b>Drilling Fluid School &amp; Solid Control Equipment</b></i>	570	360
<i><b>Hydraulics Calculation of Drill String</b></i>	270	270
<i><b>Basic Bit Design And Dull Bit Grading</b></i>	528	360
<i><b>Basic Mud login</b></i>	600	360
<i><b>IWCF &amp; Well Control</b></i>	3000	2000
<i><b>Total Operation Training Hours</b></i>	<b>8,634</b>	<b>6,050</b>

**ENGINEERING TRAINING:** SinoTharwa Provide engineering training courses to enhance the competencies of all engineering staff & gain the required skills for improving the engineering process quality.

<i><b>Engineering Courses</b></i>	<i><b>Ac. Hours</b></i>	<i><b>Pl. Hours</b></i>
<i><b>Basic engine</b></i>	144	144
<i><b>Rig top drive system/VFD Control system</b></i>	156	156
<i><b>Block control &amp; Drill watch system</b></i>	60	60
<i><b>Draw works</b></i>	150	72
<i><b>Engine 3512</b></i>	108	108
<i><b>ET for Cat engine</b></i>	138	138
<i><b>Rig Amphion Control system</b></i>	132	144
<i><b>H2S &amp; LEL System</b></i>	72	72
<i><b>Tesco top drive</b></i>	60	72
<i><b>Refrigeration &amp; Air conditioning system</b></i>	192	144
<i><b>Electro pneumatic system &amp;Elect. hydraulic system</b></i>	48	48
<i><b>Varco top drive</b></i>	72	72
<i><b>Power generation system</b></i>	84	84
<i><b>Failure analysis</b></i>	228	144
<i><b>Rig SCR control system</b></i>	216	120
<i><b>Mud pumps</b></i>	162	144
<i><b>On Job Training</b></i>	2000	2000
<i><b>Total Engine Training Hours</b></i>	<b>4,022</b>	<b>3,722</b>

**QHSE TRAINING:** We provide a QHSE Training Course in order to develop a positive safety culture & to create a safe & healthy environment.

<i><b>QHSE Courses</b></i>	<i><b>Ac. Hours</b></i>	<i><b>Pl. Hours</b></i>
<i><b>DORS</b></i>	2000	2000
<i><b>MARS</b></i>	408	400
<i><b>Rig Pass</b></i>	4344	1500
<i><b>On – Job –Training</b></i>	10,080	8000
<i><b>First Aid</b></i>	126	126
<i><b>Total QHSE Training Hours</b></i>	<b>16,958</b>	<b>12,026</b>

## NON-TECHNICAL TRAINING:

<i><b>Non-Technical Training Courses</b></i>	<i><b>Ac. Hours</b></i>	<i><b>Pl. Hours</b></i>
<i><b>Preventive Maintenance</b></i>	708	700
<i><b>Pest Control</b></i>	120	120
<i><b>Hygiene</b></i>	90	-
<i><b>Maintenance Workshop</b></i>	216	-
<i><b>Total QHSE Training Hours</b></i>	<b>1134</b>	<b>820</b>

<i><b>Actual Training Hours</b></i>	<b>30,298</b>
<i><b>Planned Training Hours</b></i>	<b>22,618</b>



## PERSONNEL:

The personnel division complies with the entire governmental and legal requirements throughout coordination with labor and social insurance offices.

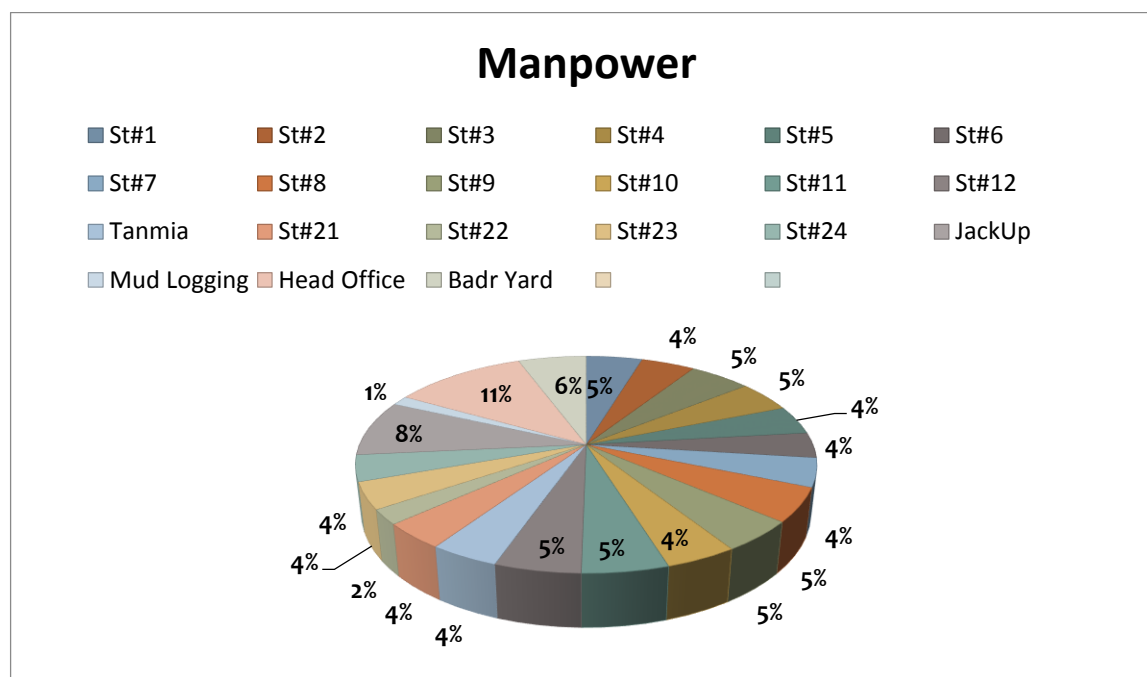
### OVERVIEW ON ACTIVITIES OF 2017:

- 1- Monitor and analyze the score of **2017 performance appraisal** for all staff.
- 2- Finalizing **annual medical exemption** of 2017 that related to social insurance authority was saved annually EGP 3,200,000.
- 3- Maintaining **the company organization chart** to ensure covering all departments needs to face the company new challenges in 2017.

### 2017 Manpower Highlights:

Location	No. of Employees
St#1	66
St#2	63
St#3	72
St#4	65
St#5	60
St#6	53
St#7	60
St#8	71
St#9	65
St#10	60
St#11	72
St#12	72
St#14	38
St#15	32
Tanmia	58
St#21	54

Location	No. of Employees
St#22	31
St#23	56
St#24	55
St25	25
St26	49
JackUp	114
Algeria Office	5
Integrated Services	20
Head Office	156
Badr Yard	80



## MEDICAL

### MEDICAL INSURANCE:

We have contracted **(GIG- Globe Med)** for medical service provision for rig site employees, hoping to achieve our employee's satisfaction.

### MEDICAL NETWORK:

As part of our plan to expand and improve Sinotharwa direct medical network, we have successfully added the following:

- Al Agzakhana Pharmacy
- Active Pest Control Co.
- Insectox Pest Control Co.

### MEDICAL PROCEDURES:

All chronic medications were uploaded over I-care electronic system and every new chronic patient is added automatically.

A new medical procedure has been activated to record the daily consumption of medications and transfer requests for Head office employees

Medical Division commenced recording all medical Data for all employees including Medical Reports, Radio diagnosis, Lab. Investigations, sick leaves and aiming at building up a dependable data base when needed.

#### SPECIAL CASES:

The company has continued its support for almost all exceeding family medical cases such as (chronic cases and major operations) through our special cases policy with an average cost of EGP 100,000.

## GENERAL SERVICES

### WORK PERMITS:

- Issued 39 work permits for the expat employees, Company head office & company different locations.

### COMPANY'S BUILDING MAINTENANCE: -

- Maintenance & follow up for the company head office building & Guest house at Badr yard.

### GUEST HOUSE AT BADR YARD: -

- The general services department provides all the services to the guest house and facilitate the high standard enabling good living style to all Sinotharwa employees.

## PUBLIC RELATION

### MANAGE TRAVEL ADMINISTRATION:

The Public department organize all the document and reservation for the Chinese expatriate staff , Algeria crew staff& jack up expatriate staff starting from their country home residence to the rig site & vice versa .

The public relation department organize all the documents and reservation for the company working staff Egyptians & Expatriate staff, business trips.

### PROTOCOLS:

Egypt Air contract renewed for the 12<sup>th</sup> year with the permanent success & mutual cooperation. In the consequence & result of strengthening our relationship with our “partner of Success”.

## QHSE DEPARTMENT

### INTRODUCTION:

Sinotharwa has a global operating standards and work instructions that set out how we manage risks associated with quality, health, safety, environment through integrated safety rules that ensure that safety is the best tools for the continual improvement.

The ability to manage operational risk safely builds on our experience in expecting the potential risks and how to analysis these risks & set the control measures to mitigate the occurrences, also including learning from incidents& sharing lessons learned with our interested parties to increase the awareness's.

We built and maintaining a safe rules at our facilities, safety is one of our values that guide our behavior. Our values clarifies the principles and expectations for everyone who works with Sinotharwa, including expectations for operating safely to achieve a high level of quality.

### ❖ CLIENTS' SATISFACTION

Sinotharwa Company is interested in clients opinions, observations and suggestions concerning our Company's performance by understanding where we are exceeding their expectations and targets, or need to improve, we can allocate our resources to provide better products/services, knowledgeable staff, and executive management. The aim of customer satisfaction survey is one of the main goals of Sinotharwa Company to be a proactive in monitoring satisfaction, throughout obtaining a constructive feedback that we can incorporate into our strategy. Meanwhile this feedback is analyzed and reach to Mr. Chairman' office directly to find opportunities to improve our Company's performance.

During 2017 the customer survey & analysis program was implemented and all the program results were recorded and actions required were addressed. Through paying a special attention our clients' feedbacks we can conclude that we successfully achieved customer satisfaction target.

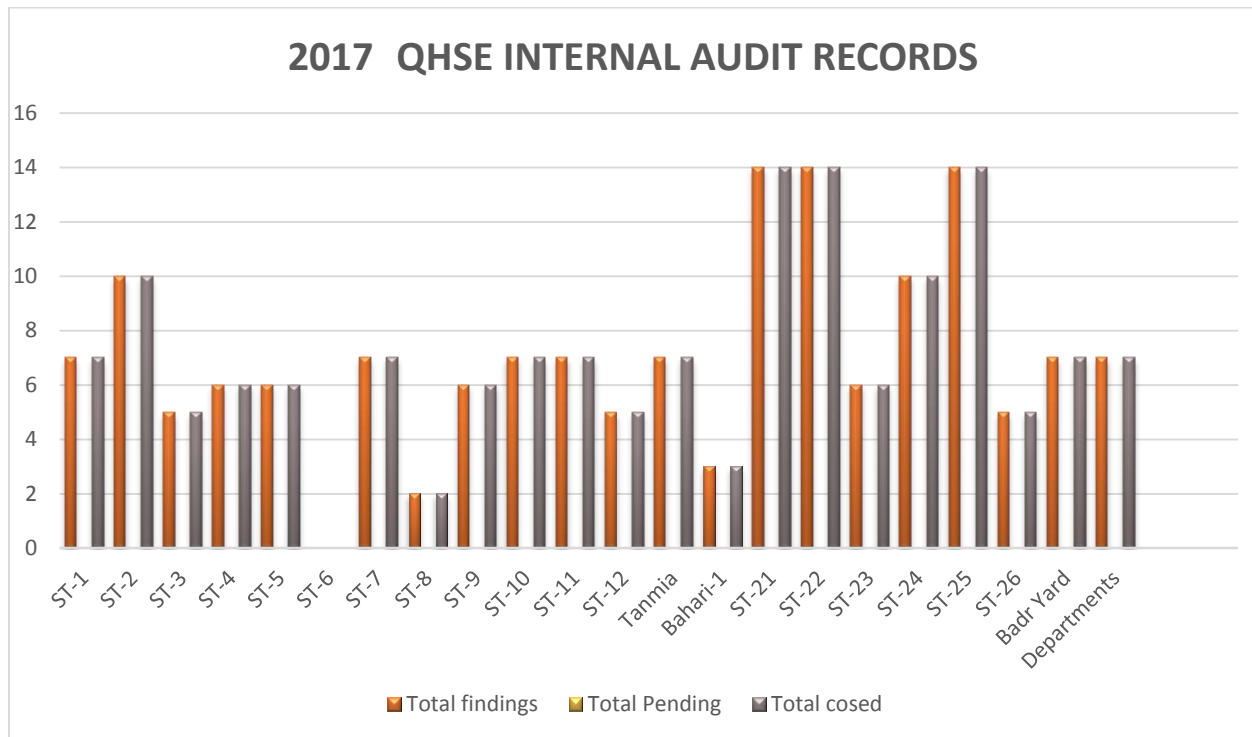
Quality, health, safety & environmental management system auditing in addition of technical inspections surveys considered to be one of the major proactive measures which helps the organization accomplish its objectives by bringing a systematic, disciplined approach through performance monitoring process which helps in evaluating and improvement of Risk Management, Control .

QHSE internal audit is a process carried out by Independent Internal Auditors to monitor the proper implementation of the QHSE –MS in a manner that guarantees that processes & service realization methods conform to the QHSE objectives; to detect and pinpoint any deficiencies and propose corrective and/or preventive actions.

The Purpose of the QHSE internal auditing is to give guidelines for the internal QHSE auditor to perform internal QHSE audits to verify whether QHSE activities are being carried out and comply with the planned arrangements to determine the effectiveness of ST QHSE system at all levels of the company.

The role of the company auditing team do not stop by recording observations, findings and non-conformities but extends to close monitoring and frequent follow up till 100 % compliance by checking & confirming that all actions in place and In order to ensure the client requirements, terms and conditional operational ones and the ones related to HSE are well implemented.

Below chart shows how much auditing process participates in keeping all areas software & hardware in the right shape through comparison with previous years.



## CORRECTIVE / PREVENTIVE ACTION TRACKING SYSTEM (CAR/PAR)

This specific system consider to be the beating heart of an effective QHSE system implementation as it received inputs as a result of various programs' application where proactive & reactive measures were practiced. The system precision comes out from accurate diagnosing & analysis then allocating duties & consequently appropriate corrective or preventive actions to be taken within agreed time frames.

## SERVICE PROVIDERS PERFORMANCE REVIEW

Contractors and suppliers are key to our Sinotharwa business performance, and QA Team evaluate their capabilities and efficiency and follow up the performance of the companies that fall under the category of high risk during the contract period to ensure the implementation of quality system, security, safety and environmental protection.

In order to ensure that all parties performing services on behalf of the company including contractors, vendors...etc. are competent enough and capable to handle all demands in effective & professional manner, all were subjected to pre-contracting assessments process which aims to come up with a clear evaluation about the contractor capabilities and degree of commitment to quality, health & safety requirements and to which extend they are able to improve as to cope with the accelerating QHSE demands of drilling industry.

Also it was found mandatory to ensure that all service providers especially those handling transportation, heavy lifts, inspections, Testing & calibrations contractors are fully aware by the company QHSE policies,

standards and general requirements that are relevant to the scope of every service been introduced through conducting periodical meetings in the attendance of the company top management which also transfers a clear message of leadership and commitment to all QHSE related issues. These sorts of meetings were found very important in addressing services non-conformities, actions required to prevent re-occurrence and improvement aids as well.

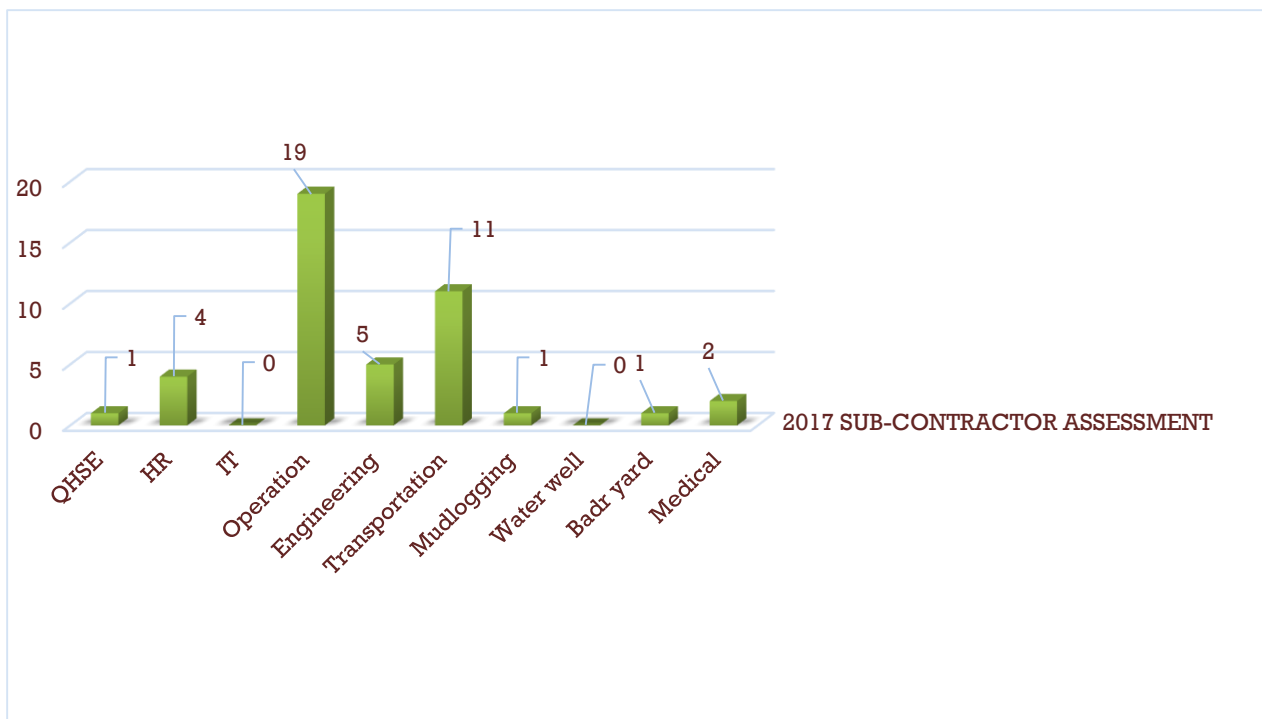
## CONTRACTORS ASSESSMENTS (PRE-CONTRACTING)

Systematic review of contractor's processes and their programs is in place and used to ensure compliance with Sinotharwa requirements. A simple questionnaires to extended review for insuring that QHSE program is implemented prior contract.

BELOW CHART SHOW THE ASSESSMENT ON DIFFERENT SUB-CONTRACTORS IN 2017

## DOCUMENTS CONTROL

Document Control describes methods used for the control, distribution and identification of ST documents, to ensure that appropriate documents are maintained to current issue and that latest issues are distributed to the personnel involved, Documents Control shall apply to all controlled document, uncontrolled documents, engineering drawings, contract documents and electronic data.



## 2017 - ST DOCUMENTS TRANSACTIONS "INCOMING & OUTGOING DOCS":



## 2017 WORK INJURY STATISTICS:

Providing a safe working environment for our employees and sub-contractors is of fundamental importance to Sinotharwa. Occupational safety across our operations is managed at an organizational level through the relevant Sinotharwa's QHSE MS.

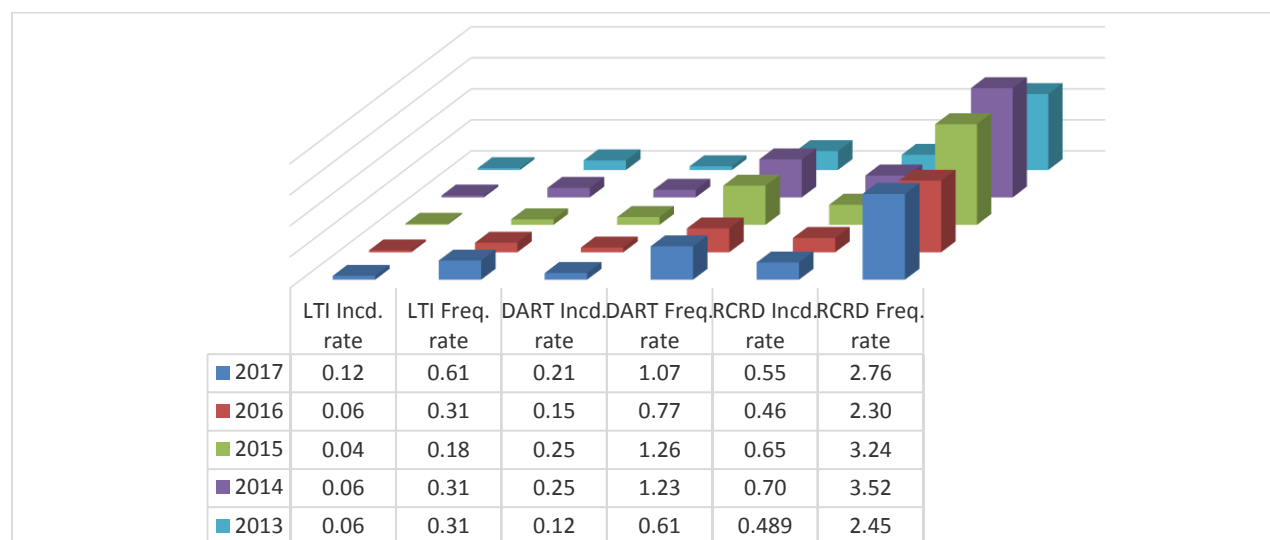
The responsibility for ensuring the proper implementation of these operational standards and the availability of trained and suitably qualified personnel rests with senior company management. Third parties and top management also conducts periodic site visits and audits. The responsibility for safety extends to all our employees, who are required to ensure that all governing safety rules and operating procedures are followed.

Occupational safety is also managed at a corporate level by the individual HSE committees that are in place across sinotharwa's sites and operations. The majority of these committees have joint management / labor representation. Our overall safety performance with regard to work injuries over the last five years is shown in the table below. No permanent or partial disabilities were reported across Sinotharwa workforce in 2017.

SinoTharwa's 2017 Total Recordable Incident Rate (TRIR) of 0.55 reflects a recognized decrease from that reported in 2016, and is the lowest achieved on record.



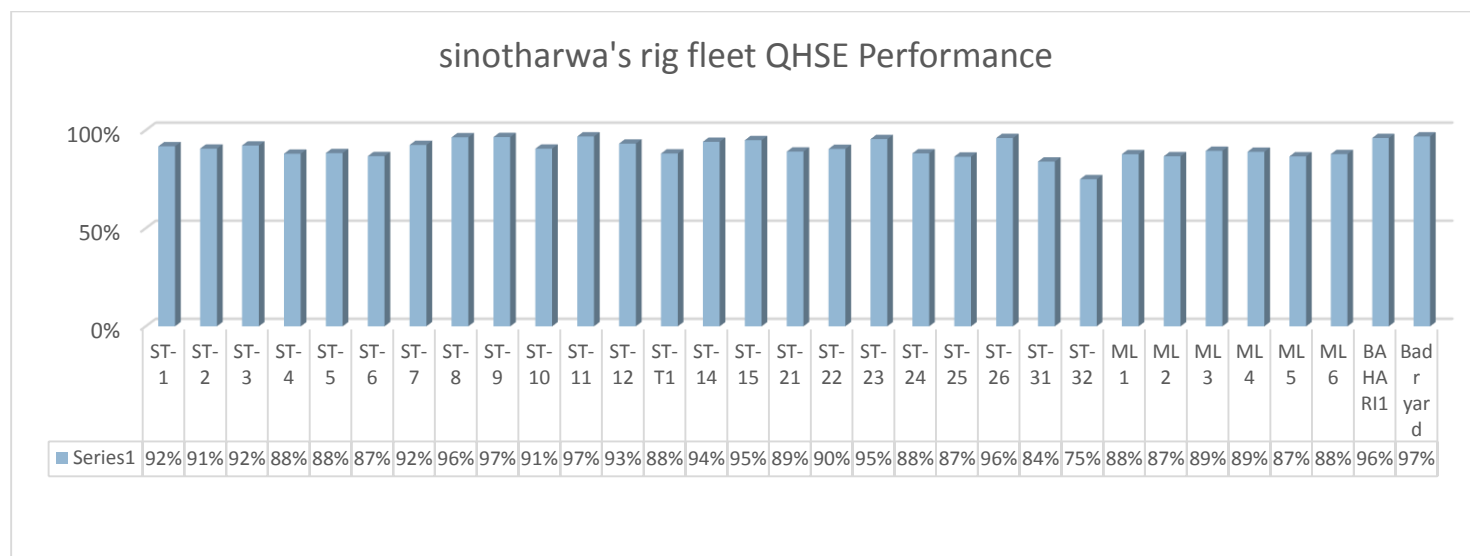
## WORK INJURY STATISTICS BENCHMARKING



## QHSE PERFORMANCE

With the very strict QHSE targets planned to be achieved during 2017 complying with the company continual trend toward the target of Zero harm.

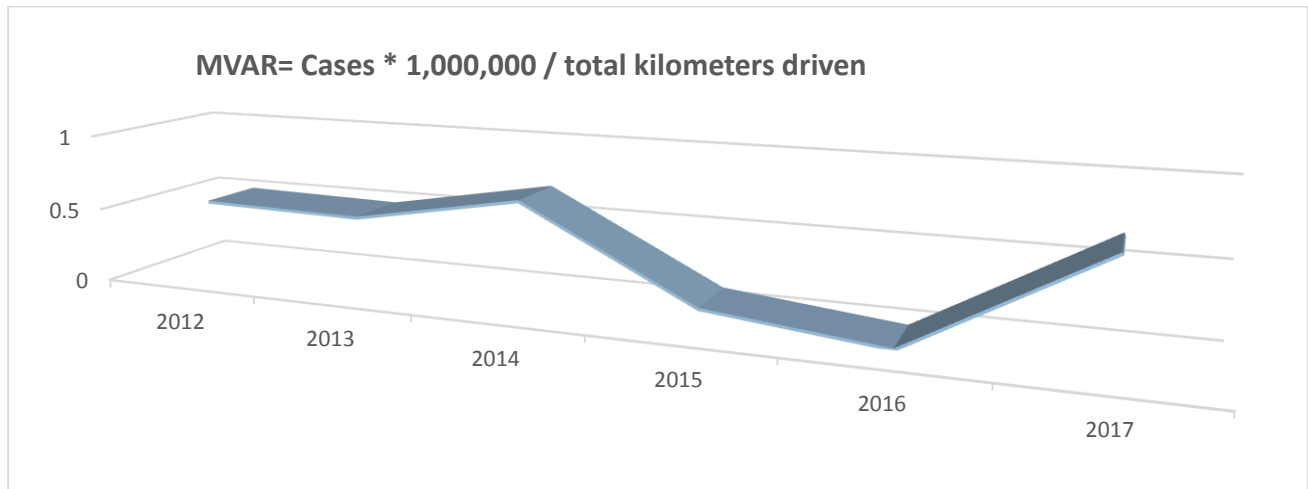
Plus having a better standard of customer satisfaction, our rigs succeeded to achieve a general QHSE performance average of 97 %.



## 2017 MOTOR VEHICLE ACCIDENTS RATE ALONG SINOTHARWA YEARS (MVAR)

Resulting from the considerable efforts of SinoTharwa's to improve road safety, a total of only 4 road-traffic accidents were reported in 2017 corresponding to approximately 6 million kilometers driven.

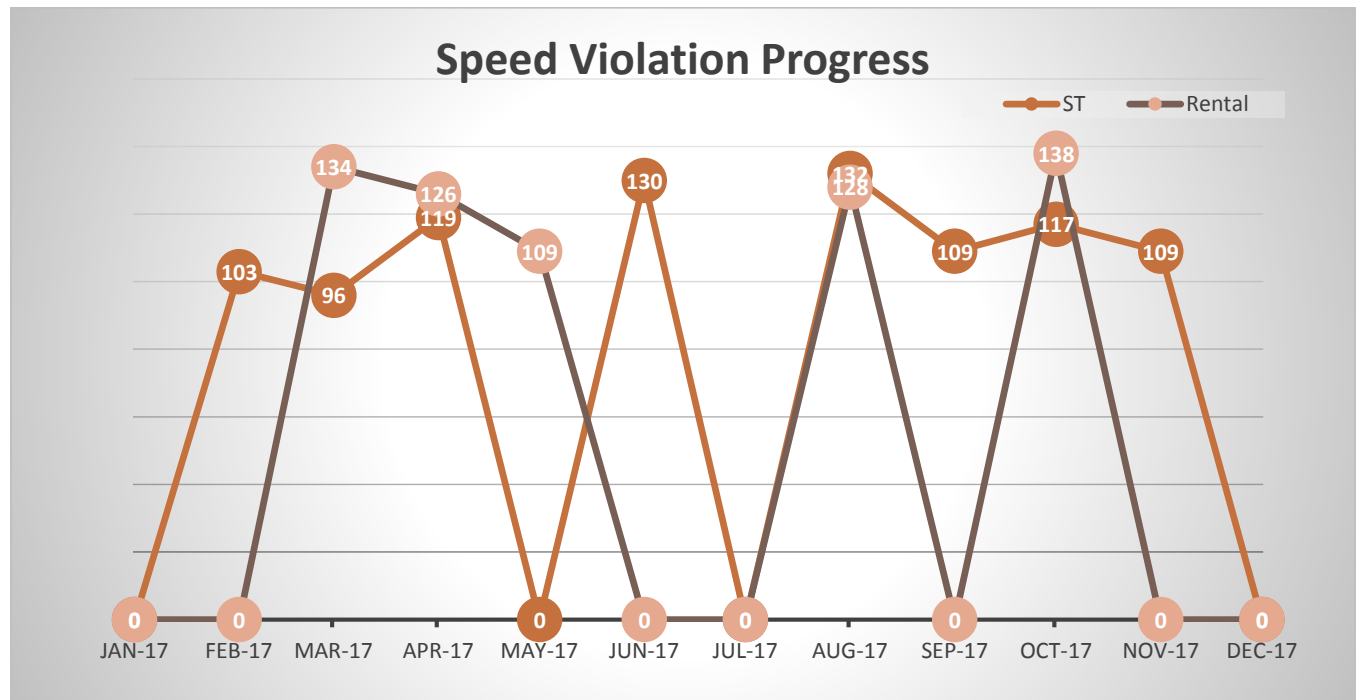
Compared to 2016 and 2017, the accidents reported have increased. SinoTharwa will continue to work to improve road safety for our staff and sub-contractors by trying to change the behavior of the workforce to comply with the strict company rules regarding speed limits and the use of seat belts. Below figure represents our history records for vehicle accidents.



## FLEET VEHICLE TRACKING AND E-FLEET MANAGEMENT SYSTEM

Vehicles Fleet Management System is a system that allows the companies to monitor their valuable cargo, the vehicles and personnel (passengers) on roads at any time.

The system operation is based on the principle of transmission of the information obtained from GPS satellites over the units installed on the vehicles, to a center over the GSM/ GPRS together with various sensor etc. information collected from the vehicle and provision of such information to the users over the Internet.



## ENVIRONMENTAL PROTECTION

Sinotharwa environmental protection procedures, these procedures stem from Sinotharwa believe of having zero discharge on Onshore & offshore operations with respect to the applicable laws, regulations, standards best practices and guidelines. This procedures are based on initial steps which revolves around Sinotharwa environmental management system.

All International and Local/National Environmental Legislation related to the operations of the company must be complied with all locations which must maintain and periodically update a register of all appropriate Environmental Legislation; the purpose of this policy is to ensure review and compliance with Environmental legislation and other requirements relevant to the Company's operations.

stem from Sinotharwa believes ,a contract had been established a contract with the Energy and Environment Research Center (E2RC) to execute the environmental measures and the required measurements which will be execute at all Sinotharwa fleets will be as followed:

sound level (noise)

Light intensity.

Respire able particulate concentration

Heat stress.

Gases and vapor indoor.

Exhaust stack gases emission from generator

Environmental Measures were executed at ST#3 and Badr Yard and it was at the acceptable limits.

## ENVIRONMENTAL EVENTS DURING 2017

### WORLD WATER DAY:

An international day to celebrate freshwater was recommended at the 1992 United Nations Conference on Environment and Development (UNCED). The United Nations General Assembly responded by designating 22 March 1993 as the first World Water Day.

Each year, World Water Day highlights a specific aspect of freshwater.

In 2015, World Water Day has the theme "Water and Sustainable Development".

In 2016, the theme is "Water and Jobs,"

In 2017 "Wastewater"

### WORLD EARTH DAY

World Earth Day is celebrated every year as an annual event by the people all across the world on 22nd of April in order to increase

The awareness among people about the environment safety as well as to demonstrate the environmental protection measures.

First time, the world earth day was celebrated in the year 1970 and then started celebrating annually on global basis by almost 192 countries.

So, kindly find the attached file which show some important notes about this day and how to make Earth day every day.

## 2017 COMPANY QHSE ACHIEVEMENTS & AWARDS:

Sinotharwa drilling company been awarded by the following international certificates after external audit during 2017:

- 1) Passed the surveillance audit of OHSAS 18001:2007 certification regarding the occupational health and safety.
- 2) All of these certificates were awarded to Sinotharwa drilling company with zero non-conformity recorded, reflecting the company's commitment to fully comply with all applicable standards, as well as the goal of zero discharge.



## OPERATIONS DEPARTMENT

### OUR MISSION

- We will be our **customers'** trusted partner and their preferred solution provider.
- We will conduct our operations in an **incident-free** workplace, all the time, everywhere.
- Our **people's** passion and commitment to overcoming challenges will be our trademark.
- We will deliver outstanding value to our customers, our employees, and our shareholders.

### OUR BUSINESS STRATEGY

Our business strategy is to focus our company on modern up to date drilling units with our main focus on onshore and offshore operations. We believe that we have one of the most modern fleets in the industry and by combining quality assets and experienced and skilled employees we will be able to provide our customers with safe and effective operations, and establish, develop and maintain a position as a preferred provider of drilling services for our customers, that combination will facilitate the procurement of term contracts and premium daily rates.

We have grown our Company significantly since its incorporation in 2005 and have strong ambitions to continue our growth, the combination of term contracts and quality assets will provide us with the opportunity to obtain debt financing for such growth, and allow us to increase the return on our invested equity.

### THE KEY ELEMENTS IN OUR STRATEGY ARE AS FOLLOWS:

- 1- Commitment to provide customers with safe and effective operations
- 2- Combine high-Tech and advanced drilling units with experienced and skilled employees;
- 3- Continue to develop our fleet with onshore & offshore rigs; and
- 4- Develop our strong position in the offshore drilling in both deep & shallow waters as well as onshore areas.
- 5- Support our rig fleet by most modern and advanced mud logging units as a new service provider.

### SINOTHARWA RIGS FLEET:

#### SINOTHARWA RIGS FLEET:

##### A - LAND DRILLING RIGS:

Rig	Manufacturer	Year of Built	HP	Max. Drilling Depth W/5" DP, ft	Top drive	Operator	Location, Field	Status
ST-1	Lanzhou, China	2002	2000	20,000	Available	Petrobel	Abu rudies	Active

Rig	Manufacturer	Year of Built	HP	Max. Drilling Depth W/5" DP, ft	Top drive	Operator	Location, Field	Status
ST-2	Bomco, China	2001	1500	16,000	Available	Dana Gas	El Delta	Active
ST-3	Bomco, China	2006	2000	20,000	Available	Petrobel	Abu rudies	Active
ST-4	Bomco, China	2007	2000	20,000	Available	Khalda	El Salam	Active
ST-5	Bomco, China	2007	1500	16,000	Available	Agiba	Meleiha	Active
ST-6	Bomco, China	2007	1500	16,000	Available	Agiba	Meleiha	Active
ST-7	Bomco, China	2008	1000	12,000	Available	Agiba	Meleiha	Active
ST-8	EPHH	2008	1500	16,000	Available	Agiba	Meleiha	Active
ST-9	EPHH	2007	2000	20,000	Available	GPC	Ras Gharib	Active
ST-10	EPHH	2008	1500	16,000	Available	Khalda	El-Razak	Active
ST-11	Bomco, China	2008	2000	20,000	Available	Petroshahd	Shahd	Active
ST-12	Bomco, China	2008	2000	20,000	Available	Soco	Ras Badran	Active
Tanmia-1	EPHH	2011	1500	16,000	Available	Al Alamien	Al Alamien	Active
ST-14	EPHH	2014	1500	16,000	Available	GTIM, Algeria	Adrar	Active
ST-15	EPHH	2014	1500	16,000	Available	GTIM, Algeria	Adrar	Active
ST-16	Bomco, China	2014	2000	20,000	Available	Not Yet	-	Not Active

### B- LAND WORK OVER RIGS:

Rig	Manufacturer	Year of Built	HP	Max. Work over Depth W/3.5" DP, ft	Operator	Location, Field	Status
ST-21	SJ Petroleum , China	2006	650	12,000	Agiba	Meleiha	Active
ST-22	SJ Petroleum , China	2007	650	12,000	Qarun	Karama	Active
ST-23	SJ Petroleum , China	2007	650	12,000	Petrobel	Abu Rudies	Active

Rig	Manufacturer	Year of Built	HP	Max. Work over Depth W/3.5" DP, ft	Operator	Location, Field	Status
ST-24	SJ Petroleum , China	2008	650	12,000	Khalda	El Salam	Active
ST-25	SJ Petroleum , China	2014	650	12,000	Khalda	El Salam	Active
ST-26	SJ Petroleum , China	2014	650	12,000	Petrobel	Abu Rudies	Active
ST-27	SJ Petroleum , China	2016	650	12,000	Not Yet	-	Not Active
ST-28	SJ Petroleum , China	2016	550	10,000	Not Yet	-	Not Active
ST-29	SJ Petroleum , China	2016	550	10,000	Not Yet	-	Not Active

### C - LAND WORK OVER PULLING UNITS:

Rig	Manufacturer	Year of Built	HP	Max. Drilling Depth W/5" DP, ft	Operator	Location, Field	Status
ST-30	SJ Petroleum , China	2016	550	5,000	Not Yet	-	Not Active
ST-31	SJ Petroleum , China	2016	550	5,000	Qarun	Karama	Active
ST-32	SJ Petroleum , China	2016	550	5,000	Petrodara	Ras-gharb	Active
ST-33	SJ Petroleum , China	2016	550	5,000	Not Yet	-	Not Active
ST-34	SJ Petroleum , China	2016	550	5,000	Not Yet	-	Not Active
ST-35	SJ Petroleum , China	2016	550	5,000	Not Yet	-	Not Active
ST-36	SJ Petroleum , China	2016	550	5,000	Not Yet	-	Not Active

**D- OFFSHORE DRILLING RIGS:**

Rig	Builder	Year of Built	HP	Max.Drilling Depth, ft	Max.water Depth, ft	Operator	Location	Status
ST Bahari-1 Jack Up	Dalian Shipping Offshore Co .LTD, China	2010	3200	30,000	400	Gupco	Gulf of Suez	Active

**FLEET DEVELOPMENT:**

The following table summarizes the development of our active fleet of drilling based on the dates when the units began operations:

Unit type	Land Rigs						Offshore Rigs	Total
	2000 HP	1500 HP	1000 HP	650 HP	550 HP	Pulling units	Jack Up	
2005	1	-	-	-	-	-	-	1
2006	-	1	-	-	-	-	-	1
2007	2	-	-	2	-	-	-	4
2008	2	4	1	2	-	-	-	9
2009	1	-	-	-	-	-	-	1
2010	-	-	-	-	-	-	-	-
2011	-	1	-	-	-	-	1	2
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	1	2	-	2	-	-	-	5
2015	-	-	-	-	-	-	-	-
2016	-	-	-	1	2	7	-	10
2017	-	-	-	-	-	-	-	-
Total	7	8	1	7	2	7	1	33

**TOTAL 33 RIGS.**



## FACTORS AFFECTING OUR RESULTS OF OPERATIONS:

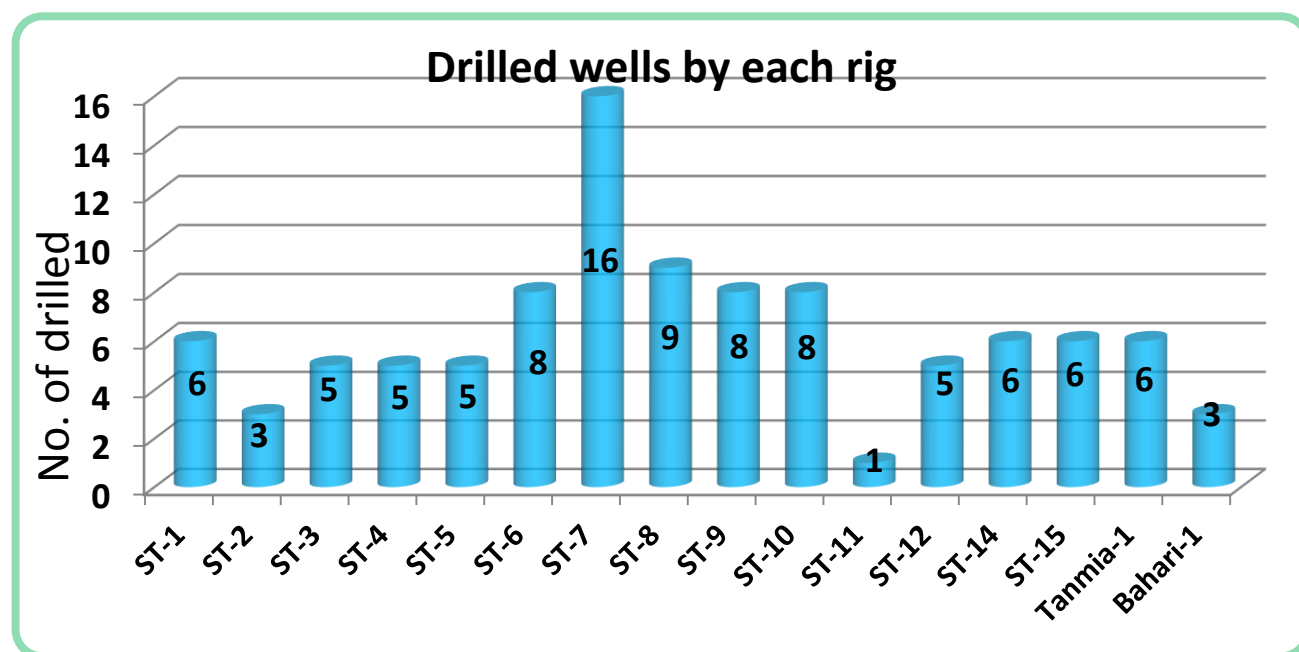
The principal factors which have affected our results since 2005 and are expected to affect our future results of operations and financial position include:

- 1- The number and availability of our drilling units.
- 2- The daily rates obtainable for our drilling units.
- 3- The daily operating expenses of our drilling units.
- 4- Administrative expenses.
- 5- Loans Interest and other financial items.

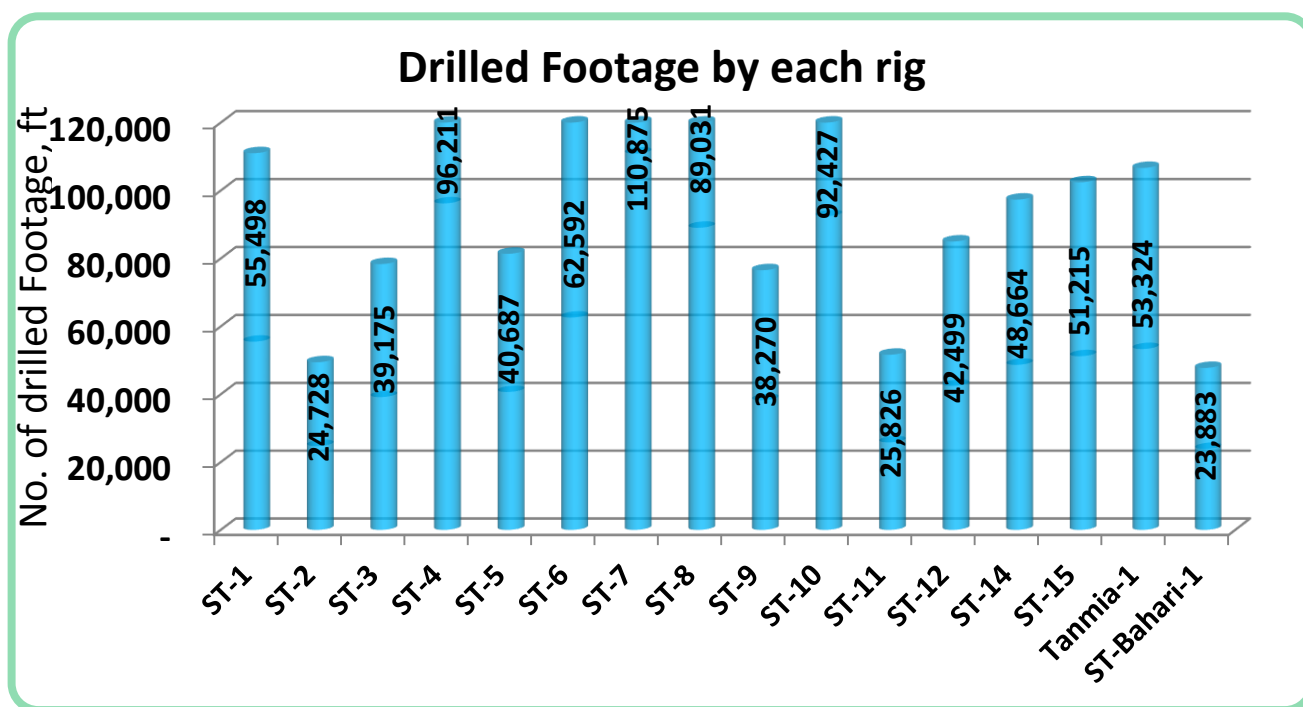
## 2017 STRATEGIC MEASUREMENTS

In 2017 the following actions, among others, were the direct result of implementing our strategy:

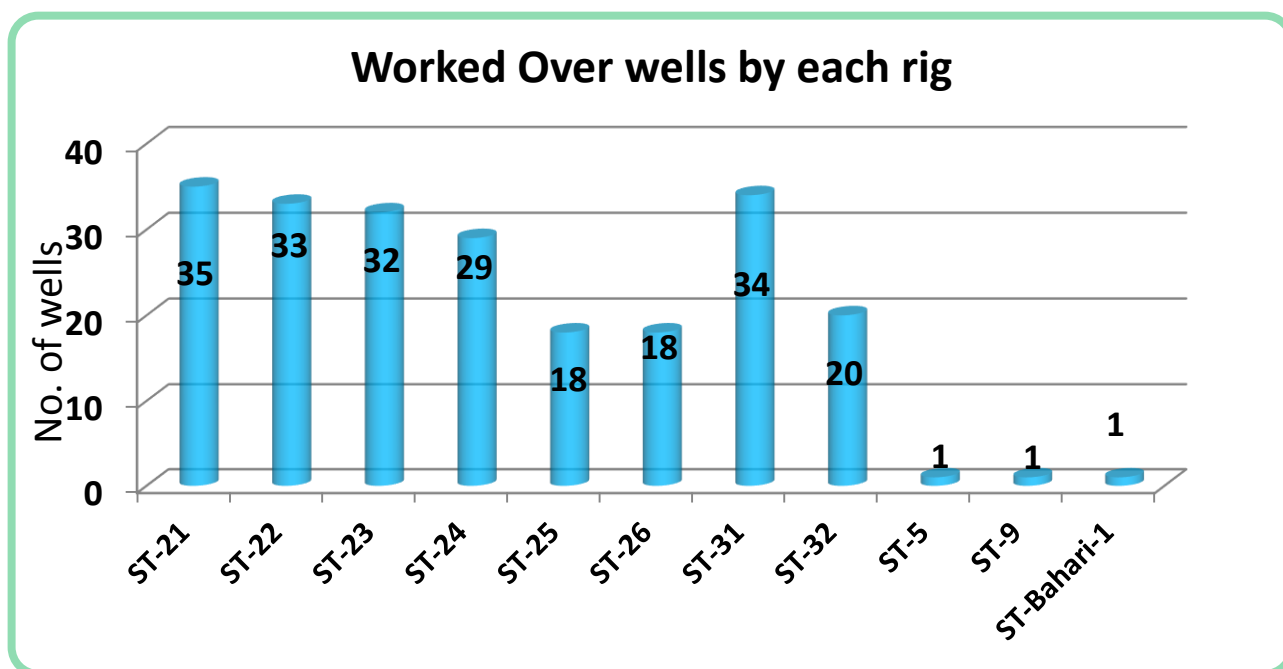
- 1- Average rigs utility (Excluding move & maintenance time) **99.23 %.**
- 2- Average rigs utility (Including move time only) **93.66 %.**
- 3- Average rigs utility (Including move & maintenance time) **92.13 %.**
- 4- Total working (operating) days: **7,298 days.**
- 5- Total drilled wells during 2017: **100 wells.**



6- Total drilled footage during 2017: 894,905 ft.



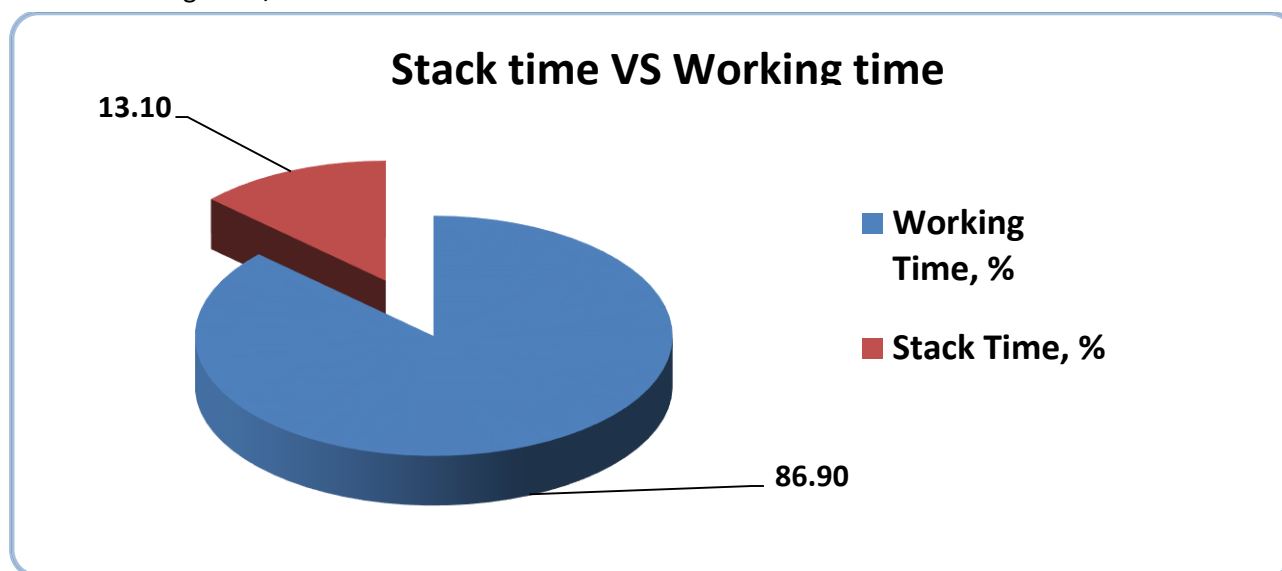
7-Total work over wells during 2017= 222 wells.



8-Provide training in a wide range of drill rig operations and procedures.

## OPERATING TIME VS STACK TIME DURING 2017:

- Total Stacking time = 1,100 days.
- Operation time = 7,298 days.
- Total time = 8,398 days
- Stacking time / Total time = 13.10 %.



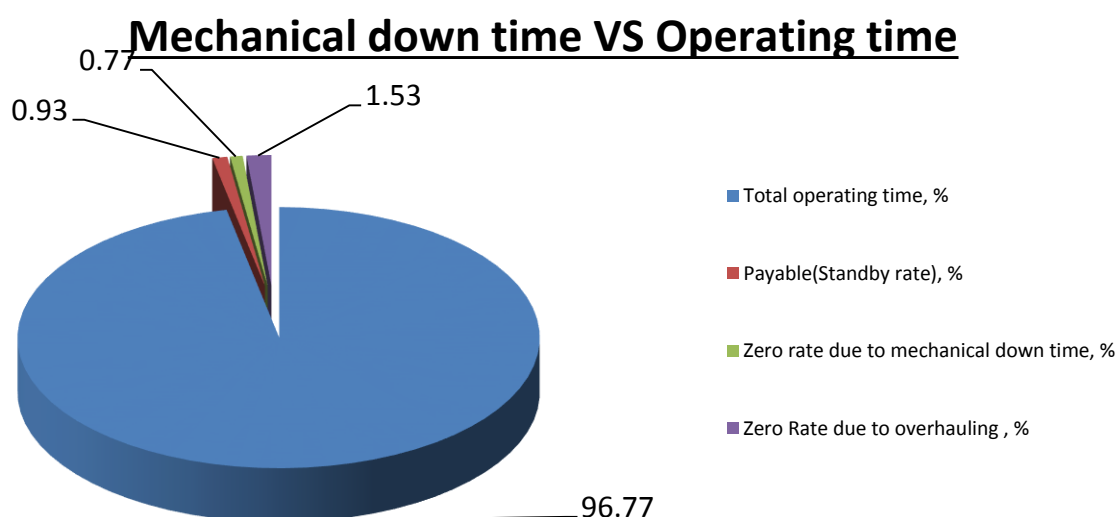
## 2017 RIGS UTILITIES:

Rig	Work periods, days	Rig utility		Repair time %	Rig move time with Zero rate %	No. of rig moves	Average move day/move
		Including move time %	Excluding move time %				
ST-1	365	73.96	77.03	22.97	3.08	6	8.87
ST-2	204	93.32	99.68	0.32	6.36	3	11.33
ST-3	365	94.36	98.05	1.95	3.69	5	9.7
ST-4	365	90.98	95.39	4.61	4.41	5	10.22
ST-5	228	95.04	98.47	1.53	3.43	6	7.23
ST-6	270	97.79	99.39	0.61	1.60	8	6.7
ST-7	365	93.22	97.12	2.88	3.89	16	7.86
ST-8	365	95.69	99.98	0.02	4.29	9	8.57
ST-9	365	95.48	97.28	2.72	1.80	9	7.63
ST-10	365	95.67	98.92	1.08	3.24	8	7.77
ST-11	181	100.00	100.00	0.00	0.00	1	7
ST-12	211	95.41	98.29	1.71	2.88	5	8.27

Tanmia-1	296	90.59	99.40	0.60	8.81	6	10.57
ST-14	365	91.58	100.00	0.00	8.42	6	11.96
ST-15	365	95.70	100.00	0.00	4.30	6	9.62
ST-21	365	86.24	99.98	0.02	13.74	35	2.46
ST-22	349	86.14	99.83	0.17	13.70	33	2.43
ST-23	365	99.93	99.93	0.07	0.00	32	0.89
ST-24	347	92.21	100.00	0.00	7.79	29	2.86
ST-25	181	87.58	99.97	0.03	12.38	18	2.56
ST-26	282	97.65	99.89	0.11	2.24	18	1.31
ST-31	104	90.68	96.60	3.40	5.92	34	2.79
ST-32	104	90.68	96.60	3.40	5.92	20	1.31
ST-Bahari-1	365	100.00	100.00	0.00	0.00		

### MECHANICAL DOWN TIME VS OPERATING TIME IN ALL SINOTHARWA RIGS:

Total Time, hrs.	Total Operating time, hrs.	Total repair time, hrs	Payable (stand by rate), hrs.	Zero rate due to mechanical down time, %	Zero Rate due to Overhauling, %
175,149.0	169,492.8	5,656.3	1,627.3	1,357.0	2,672.0
	96.77 %	3.23 %	0.93 %	0.77 %	1.53 %



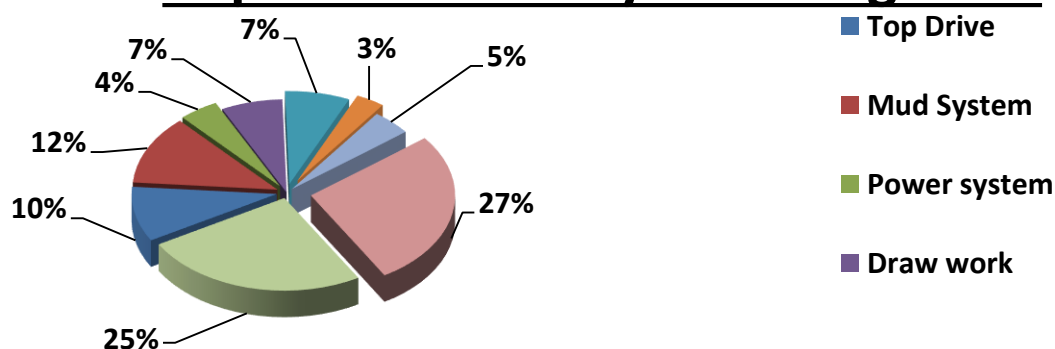
**REPAIR TIME ANALYSIS DURING 2017:**

Rig	Top Drive	Mud System	Power System	Draw works	Well Cont. Equipment	Personnel Negligence	Auxiliary equipment	Overhauling	Others	Total
ST-1	31.5	61.5	8.5	3.5	4.5	11.5	0	1530	438	2089
ST-2	16.5	60	0	0.5	14	5	0.5	0	23.5	120
ST-3	28	36.5	0	7.5	2.5	1.5	0	0	155	231
ST-4	41.5	272	102	12.5	123.5	7	0	0	1.5	560
ST-5	86	22.5	8	0	0	5.5	0	0	34.5	156.5
ST-6	17	42	6	8.5	12.5	13.5	0	0	43	142.5
ST-7	105.5	20	22.5	3	58	2.5	0	0	160	371.5
ST-8	8	20.5	0	1.5	10.5	3	0	0	5.5	49
ST-9	31.5	4	0	0	0	0	246	0	2.5	284
ST-10	128.5	39.5	0	2.5	34.5	1	0	0	4	210
ST-11	10	8	0	0	5	6	0	0	3	32
ST-12	9.5	10.5	15.5	4.5	20	8.5	0	0	84.5	153
ST-14	11.5	0.8	0.5	9	5.5	1.5	0	0	16.5	45.3
ST-15	2.75	6.75	0	0	0	0	0	0	0.5	10
Tanmia -1	12	12	1.5	5	0	5.5	0	0	61.5	97.5
Bahari-1	1.5	1	0	0	1	0	0	0	2.5	6
ST-21	0	0	21.5	3.5	0	0	0	0	9.5	34.5
ST-22	0	1.5	25	17	13	20	1	0	51.5	129
ST-23	0	13.5	0	2	0	0	0	0	1	16.5

ST-24	0	8.5	3	1.5	3.5	6	3	0	31	56.5
ST-25	0	21	4	0	3	10	0	0	57	95
ST-26	0	17	3	4	0	5	1	0	11.5	41.5
ST-31	0	0	7	302	96	35	0	0	135	575
ST-32	0	0	22.5	0	3	35	0	0	90.5	151
Total	541.25	679	250.5	388	410	183	251.5	1530	1423	5656.3

\*Auxiliary equipment include air compressor, drill string, rotary hose, raising line sheaves and solid control equipment.

### Repair Time Analysis during 2017



### ACTIONS TAKEN TO REALIZE THE ABOVE ACHIEVEMENTS:

- 1- Follow up maintenance schedule to minimize rig repair.
- 2- Visit and auditing all rigs to improve maintenance and close gaps.
- 3- Optimizing cost by transfer material and spare parts from rig to another and minimize orders.
- 4- Cover all rig needs (material and spare parts).
- 5- Follow up & close third party auditing items, tracking system, started with critical and major items.
- 6- Technical training for all personnel on job and training center (Stuck pipe prevention, drill string design, advanced drilling practice, IWCF, accident investigation, Defensive driving...).

### LOOKING FORWARD

While we achieved in 2017, we remain singularly focused on our future and the continued execution of our strategy in 2018. We expect to deliver and commence operations on both onshore and offshore drilling safely and reliably. We will invest in improving the management systems for our business as we prepare for the significant growth of Sinotharwa. We will continue to train, motivate and retain our people to sustain our reputation for operational excellence.

## ENGINEERING DEPARTMENT

### PLAN

1. Schedule equipment overhauling.
2. Improve rig performance and utility to minimize rig shut down time.
3. Define company requirements & scope of work of all activities.
4. Improve the maintenance crew skills.
5. Balance the competing demands of scope, time, cost, quality, resources and risk

### ACHIEVE

1. Build the central workshop as per company vision.
2. Create teams and groups for carry out the maintenance activities & overhauling, trouble shooting.
3. Held on job training & academic courses for our staff.

### CHECK

1. Follow up the global standard.
2. Continues improvement.
3. Quality auditing for all rigs.
4. Analysis down time and equipment repair.
5. Detect failure analysis & study it.

### ACT

1. Elaboration the thinking and executing processes.
2. Document the lesson learned and activate in next plan.

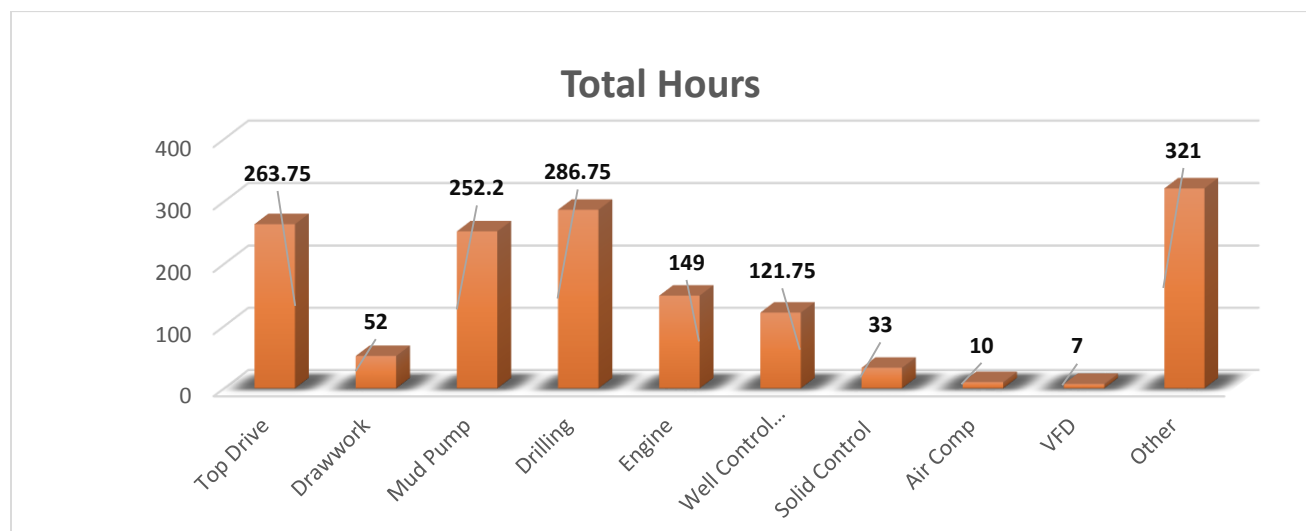
## MAINTENANCE ACTIVITIES

- O/H for OEM equipment (BOMCO) & (EPHH) the agreement signature finished and spare parts and started receiving some parts and started project in Sept, 2017 .
- SJ service engineer for recertification already has finished the visit for the WORKOVER rigs (ST-21,ST-22,ST-23,ST-24) and prepared report in English and held A meeting after survey to discuss the open items and the needed spare parts (received ST-21,ST-23 required parts list and under review and will create PO for the required parts .
- EPHH plan for ST-8, 9, 10 EPHH make survey for ST-9 and still working with him for the required scope and plan for the O/H project (they sent the recommend parts for o/h and under review for approval in same time received st-9 COC.
- Oracle issue already uploaded in some ST Rigs data and now proceed with the other rigs .

- finished Annual Overhaul Engineering Budget .
- finished review SinoTharwa tracking system For Major Equipment(well control-Top Drive-Power System-hoisting Equipment)
- follow with Badr Workshop 2017 overhaul plan for Major Equipment
- Follow with All Rigs All Safety Equipment check List to be Monitor on Daily Basis
- Started a new contract with new vendors for service ,repair and Fabrication

## EQUIPMENT DOWN TIME 2017

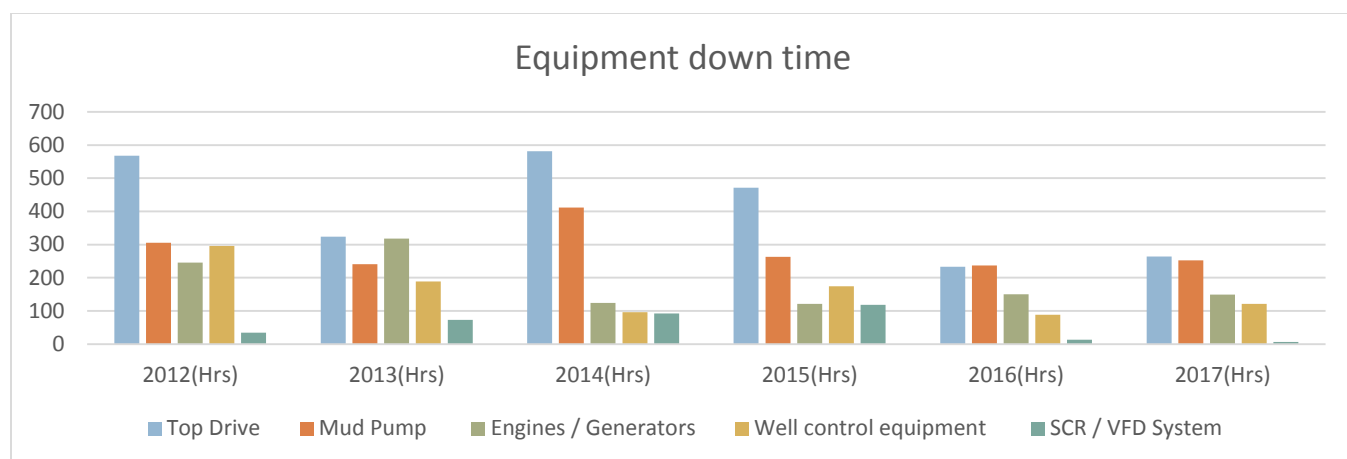
Equipment	Top Drive	Drawwork	Mud Pump	Drilling	Engine	Well Control Eq.	Solid Control	Air Comp	VFD	Other
<b>Total Hours</b>	263.75	52	252.2	286.75	149	121.75	33	10	7	321



## EQUIPMENT DOWN TIME

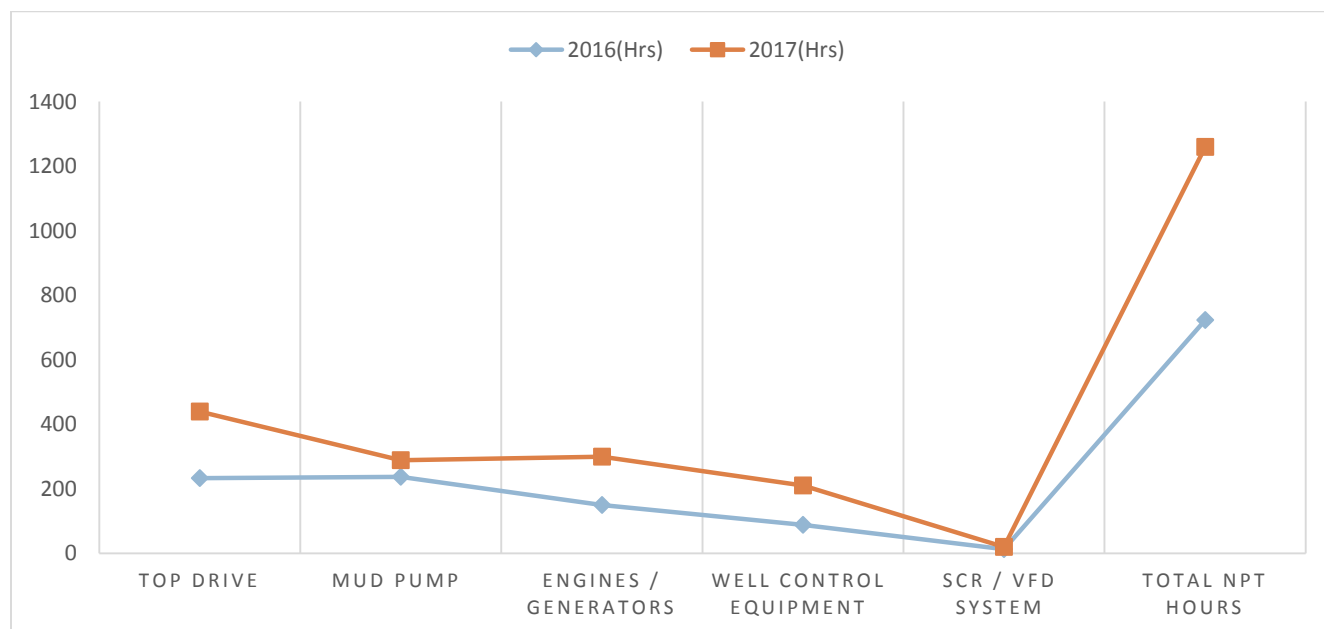
Equipment	2012(Hrs)	2013(Hrs)	2014(Hrs)	2015(Hrs)	2016(Hrs)	2017(Hrs)
<b>Top Drive</b>	568	324	581.5	471.5	233.25	263.75
<b>Mud Pump</b>	306	240.5	412	263	237	252.2
<b>Engines / Generators</b>	246	318	124.5	121	150.25	149
<b>Well control equipment</b>	295.5	188.5	96	174.5	89	121.75
<b>SCR / VFD System</b>	34.5	73.5	92.5	118	13.5	7





## 2016-2017 NPT

Equipment	2016(Hrs)	2017(Hrs)
Top Drive	233.25	206.25
Mud Pump	237	52.25
Engines / Generators	150.25	149
Well control equipment	89	121.75
SCR / VFD System	13.5	7
<b>TOTAL NPT HOURS</b>	<b>723</b>	<b>536.25</b>

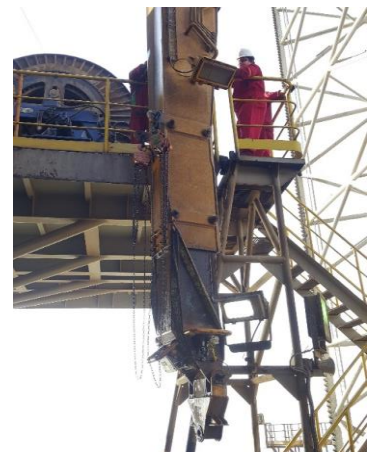


## TECHNICAL SUPPORT

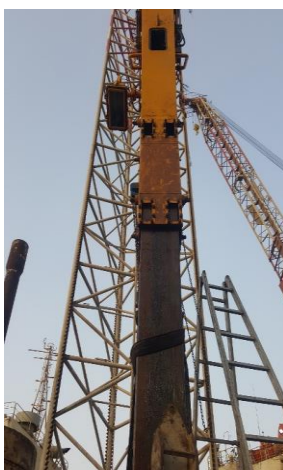
### ACTIVITIES

- Installing Tesco ECI-900 HP Top Drive for ST-7,1000 HP Rig
- Installing Tesco Top Drive instead of Varco Top Drive in ST-5 , 1500 HP Rig
- Sort troubles in knuckle Boom Crane For ST- Bahari
- Follow ST-2 acceptance / start operation with Dana gas
- Follow ST-6 acceptance / start operation with Agiba
- Follow ST-7 acceptance / start operation with Agiba
- Follow ST-4,ST-24 acceptance /start operation with khalda
- Follow ST-10 acceptance /Start operation with khalda .
- Implemented study for the firefighting system in all sinotharwa rigs and ordered a new models
- Implemented study for the screw compressors in all sinotharwa rigs and ordered a new models
- Prepared well control system recertification plan for rigs 1,7,Tanmia
- Prepared well control system recertification plan for st-16

### KNUCKLE BOOM CRANE



- Prepared well control system recertification plan for all due rigs
- Sort all ( VFD ,PLC & Driller HMI issues ) in ALL VFD Rigs
- study for replacing All traditional lights in ST rigs with a better quality LED equivalents in order to enhance lighting efficiency and increase life time of lighting system which in turns will reduce costs .
- Review SCR & VFD Strategic Items Plan for 2018
- Review Strategic Items of Mechanical Parts Plan for 2018
- Starting Oil Visibility Study for a better quality and a better life time for the Equipment
- Review All COC Manufacture Overhaul Recommended Parts for Sinotharwa Rigs recertification & Started performing it
- Plan for 5 Years Recertification for ST-Bahari
- Start DCS Upgrading for ST-Bahari

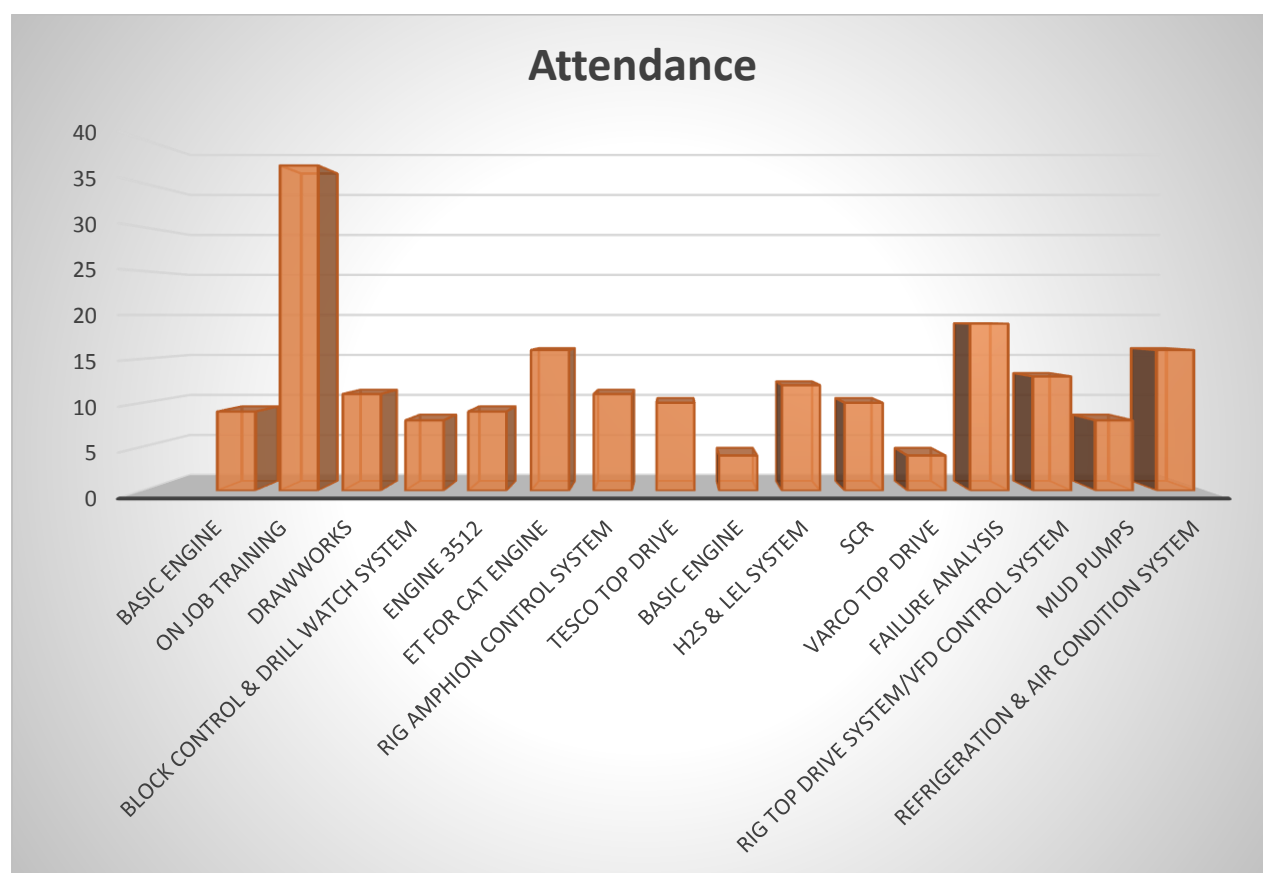


## INVESTMENT IN TRAINING & DEVELOPMENT (T & D)

- As a part of engineering activity is to improve technical skills & qualification for all maintenance crew at rig sites.
- Engineering department implement in 2015 training programs, and it was continued in 2016 and in 2017 for all maintenance crew at rig site, in our training rooms & our workshop to be sure that all maintenance crew at rig sites theoretically & practically trained.

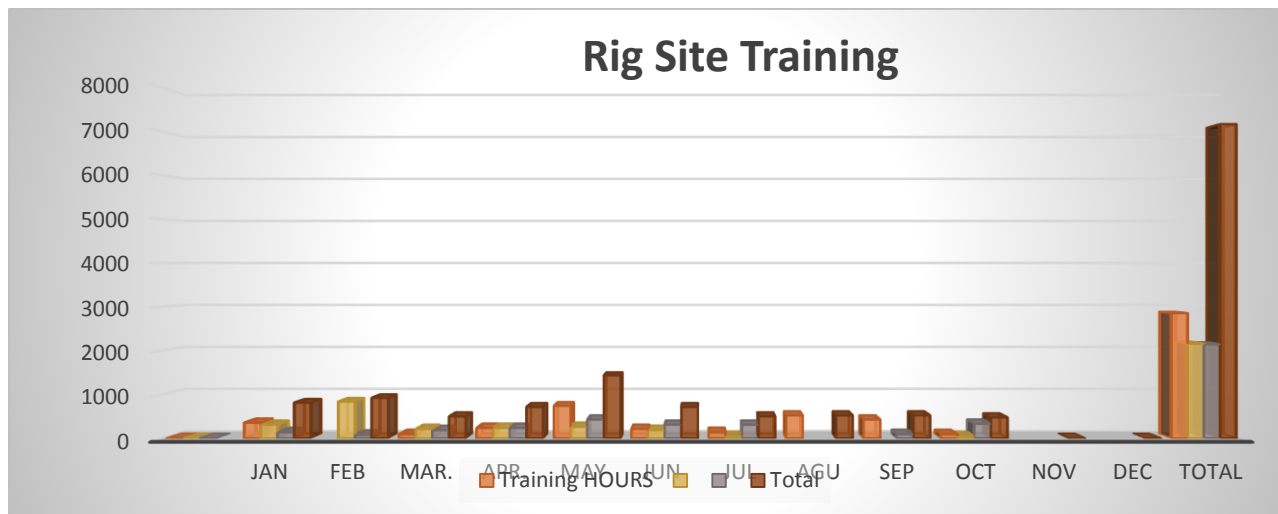
Course Name	Attendance
Basic Engine	9
On Job Training	37
drawworks	11
Block Control & Drill Watch System	8

Course Name	Attendance
Engine 3512	9
ET For Cat Engine	16
Rig Amphion Control system	11
Tesco Top Drive	10
Basic Engine	4
H2s & LEL System	12
SCR	10
Varco Top Drive	4
Failure Analysis	19
Rig top drive system/VFD Control system	13
Mud Pumps	8
Refrigeration & Air condition system	16
<b>Total</b>	<b>197</b>

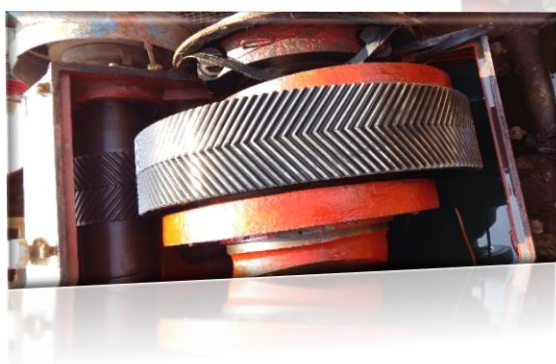


## RIG SITE TRAINING

Month	Training HOURS			Total
	Equipment	Top Drive	Engine	
Jan	360	312	144	816
Feb		840	84	924
Mar.	96	216	190	502
Apr.	240	240	240	720
May	744	264	432	1440
Jun	216	192	312	720
Jul	144	48	312	504
Agu	528			528
Sep	432		96	528
Oct	96	48	336	480
Nov				0
Dec				0
Total	2856	2160	2146	7162



## WORKSHOP OVERHAULS



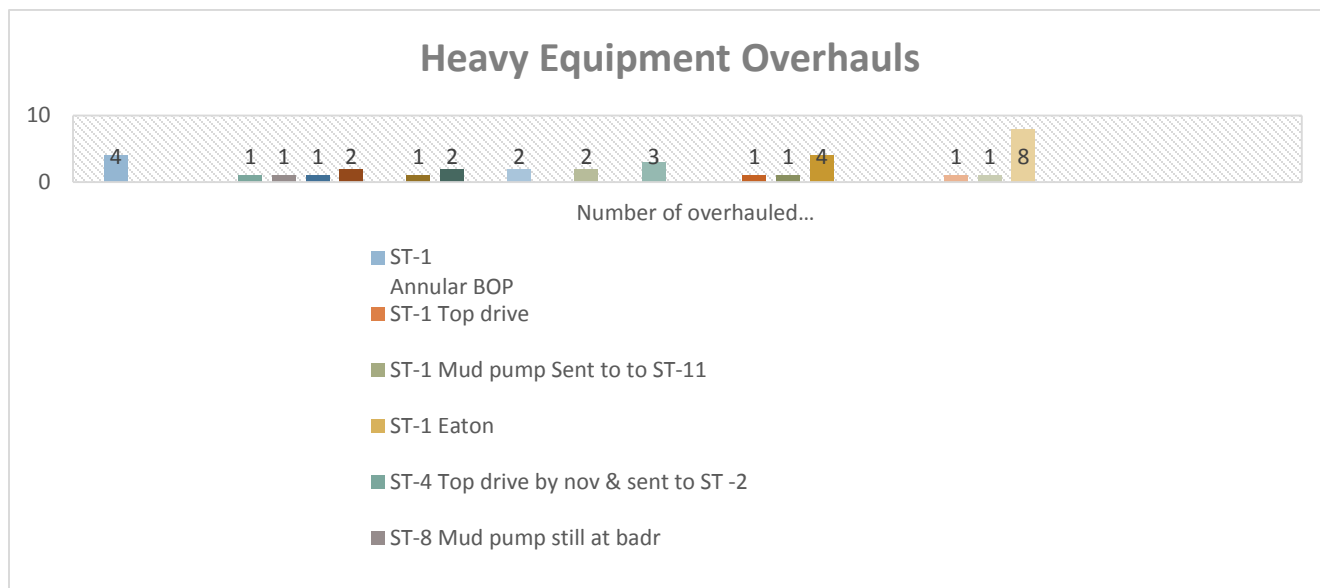
## HEAVY EQUIPMENT OVERHAULS

Rig	Equipment	Number of overhauled Equipment
ST-1	Annular BOP	4
	Top drive	
	Mud pump Sent to to ST-11	
	Eaton	
ST-4	Top drive by nov & sent to ST -2	1
ST-8	Mud pump still at badr	1
ST-21	Single ram BOP	1
ST-25	power tong	2
	W.O Mud Pump & Sent To ST-26	
Spare	Power tong Complete overhaul done as to be spare instead	1
ST-3	Double ram BOP	2
	Man rider	

ST-6	Eaton	2
	diverter	
ST-10	Travelling	2
	Crown Block	
ST-2	Double ram BOP	3
	Crown change only 3 bearing	
	Derrick air winch	
ST-5	Spider elevator	1
ST-tanmia	Double ram BOP & sent to ST-10	1
ST-24	Single BOP	4
	Single BOP Done Ready For Sending to ST-3	
	single BOP Complete Overhaul Sent To ST-23	
	Air Hoist	
ST - 9	Man riding winch	1
W / S	Triplex pump	1
ST-11	Rotary	8
	Hook	
	Travelling Block	
	Crown	
	Chocke Manifold	
	Deadline Ancho	
	drawwork	
	Top Drive and sent to ST-5	



## WORKSHOP



## ENGINES OVERHAULS

### TOP OVERHAUL

Caterpillar Engine 3512	4 EA Top overhaul ( ST - 2,4,8,1)
Caterpillar Engine 3516	1 EA Top overhaul ( ST - BH 1)





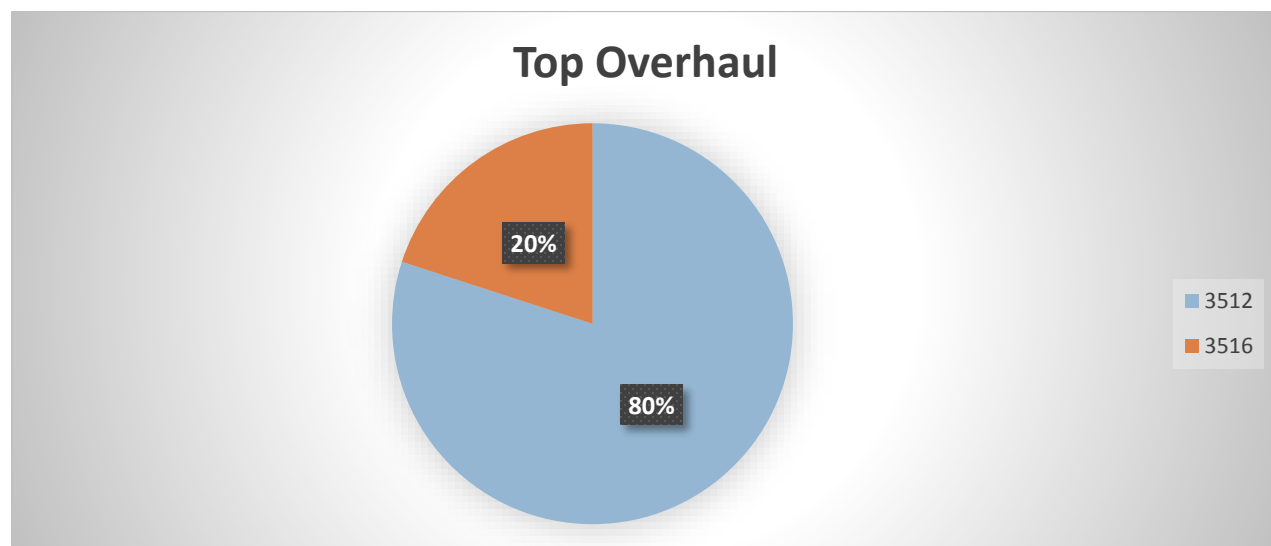
## MAJOR OVERHAUL

MODEL	RIG	TO
3512	5	10
3512	12	ST-4
3512	5	ST-6 at 13/3/2017
3512	4	ST-9 15-5-2017
3512	2	ST-2
C18	22	ST-23 10-2017
3512	9	ST-9
3512	9	ST-9 at 3-11-2017
3512	1	W/S
3512	st-4	ST-1 install at 10-2017
3406	7	ST-4 at 9-2017
3406	21	ST-8 AT 8-11-2017
3406	10	W/S
3512	9	W/S
3406	11	W/S



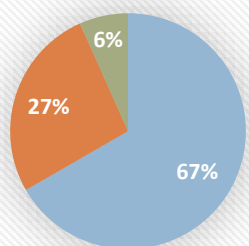
## ENGINES OVERHAULS

Model	Top Overhaul
3512	4
3516	1



Model	Major Overhaul
3512	10
3406	4

## Major Overhaul



■ 3512 ■ 3406 ■ C18



## PROJECT

### NEW BUILT PROJECTS:

- ST-34, Start up and commissioning of the rig with the new water wells owner " PETRO GRAPHICS CO. at Sinai .
- ST-31, Switching the rigs from water drilling rig to work as pulling unit with "Qaroun Co" including implementing all the new requirements from the owner.
- ST-32, Switching the rigs from water drilling rig to work as pulling unit with "Petro Dara Co." including implementing all the new requirements from the owner

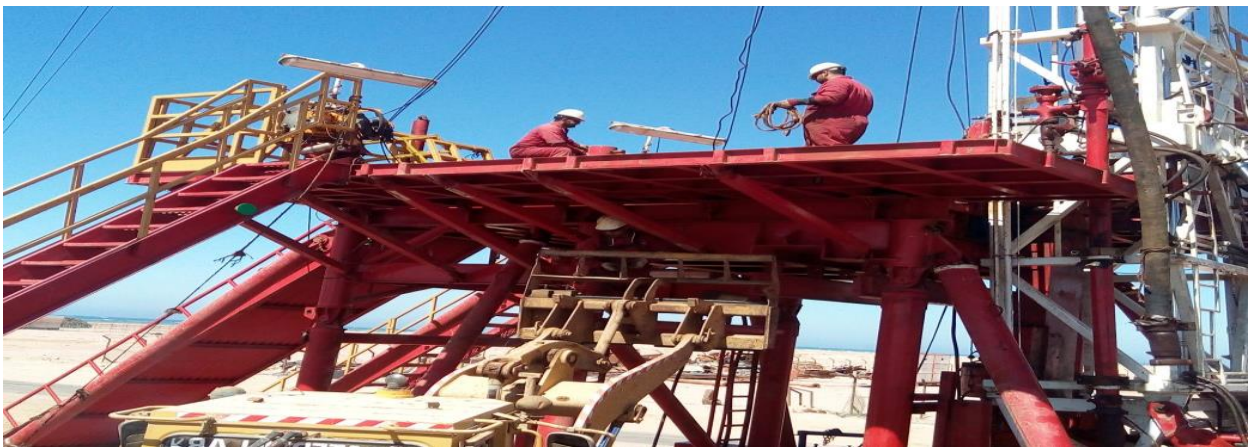
## RENOVATION PROJECTS

- ST-6 @ Sea Dragon “Complete mud system renovation including all mud lines and tanks partitions”
- ST-2 @ Dana Gas” Complete mud system renovation including all mud lines, grating and tanks partitions”
- ST-7 @ Agiba : Complete mud system renovation, Tesco TD installation

## MODIFICATION & REPAIRS

- ST-1 substructure cracks & Pending Repair
- ST-2’s Extra mud tank installation
- ST-4’s hopper suction line extension
- ST-6 Switching From water drilling rig to Oil Rig
- ST-9’s Mast Repair

## ST-26 SWITCHING OPERATION



## ONGOING PROJECTS

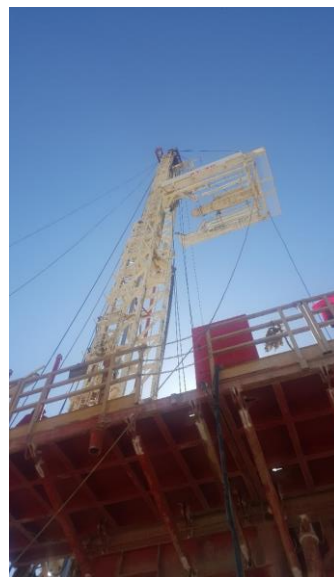
- ST-11 Recertification, CAT IV
- ST-12 Recertification, CAT IV
- ST-27 First integration, Startup & commissioning





## PROJECTS

### ST-25 IN SITE RIGGING UP



## IT & Telecommunication Department

### OBJECTIVE:

The Department follows an overall organization strategy for successful adding value for our targeted company mission over the long run by consistently meeting the business requirement and focusing our efforts to meet our company business goals and achievements

### MISSION:

Developing our information technology Security, policies, procedures, and practices that efficiently and effectively manage IT assets and meet the technology needs of the organization and the committed to deliver an effective and efficient support service, helping users optimize the benefits derived from our solutions.



## TELECOMMUNICATIONS, SYSTEMS & NETWORKING INFRASTRUCTURE



### ***2017's Achievements:***

#### EMAIL AND COLLABORATION SECURITY SOLUTIONS

##### **Install Email Gateway for Anti-Spam and Email Security**

The most advanced blend of cross-generational threat defense techniques with proven methods to find more Phishing emails and malware

- Detects and blocks ransomware attacks, including WannaCry and beyond
- Attack protection, and Zero-day and document exploit detection

#### UPGRADE AND ENHANCE SINOTHARWA INFRASTRUCTURE

Enhance information technology security infrastructure to secure and enhance performance of business data

- Upgrade All Active Directory, file servers, backup server's platforms to latest powerful server windows environment

#### PROTECTION AGAINST RANSOMWARE AND RECENT ACTIVE RISKS

##### **Install most powerful endpoint**

New Generation of Advanced endpoint and ransomware protection,

- Protection against ransomware attacks
- protect from new, previously unidentified, or unknown threats
- Behavioral analysis (against scripts, injection, ransomware, memory and browser attacks)

## NETWORK SECURITY ENHANCEMENT IN SINOTHARWA SITES

### **DMZ - De-Militarized Zone**

Using DMZ to add an additional layer of security to an organization's Local Area Network (LAN)

Allows the remainder of the network to be protected if a rogue actor or hacker is able to succeed in attacking any of the servers

### **WAN switching**

Secure and strengthen the network against any attacks on the WAN switch, by Separating the Intranet from Extranet using VLAN technology apart from the sub-netting separation.

## TECHNICAL SUPPORT



### ***2017's Achievements:***

#### **PREVENTATIVE MAINTENANCE (PM)**

Regularly performed maintenance is set on a schedule based on calendar dates, performed while the equipment is operating normally to avoid the consequences of unexpected breakdowns, such as increased costs, downtime and more.

- Extending the life of assets, and increasing equipment uptime
- Avoid unplanned breakdowns, lost production as well as equipment and labor downtime
- Decreases the cost of maintenance.



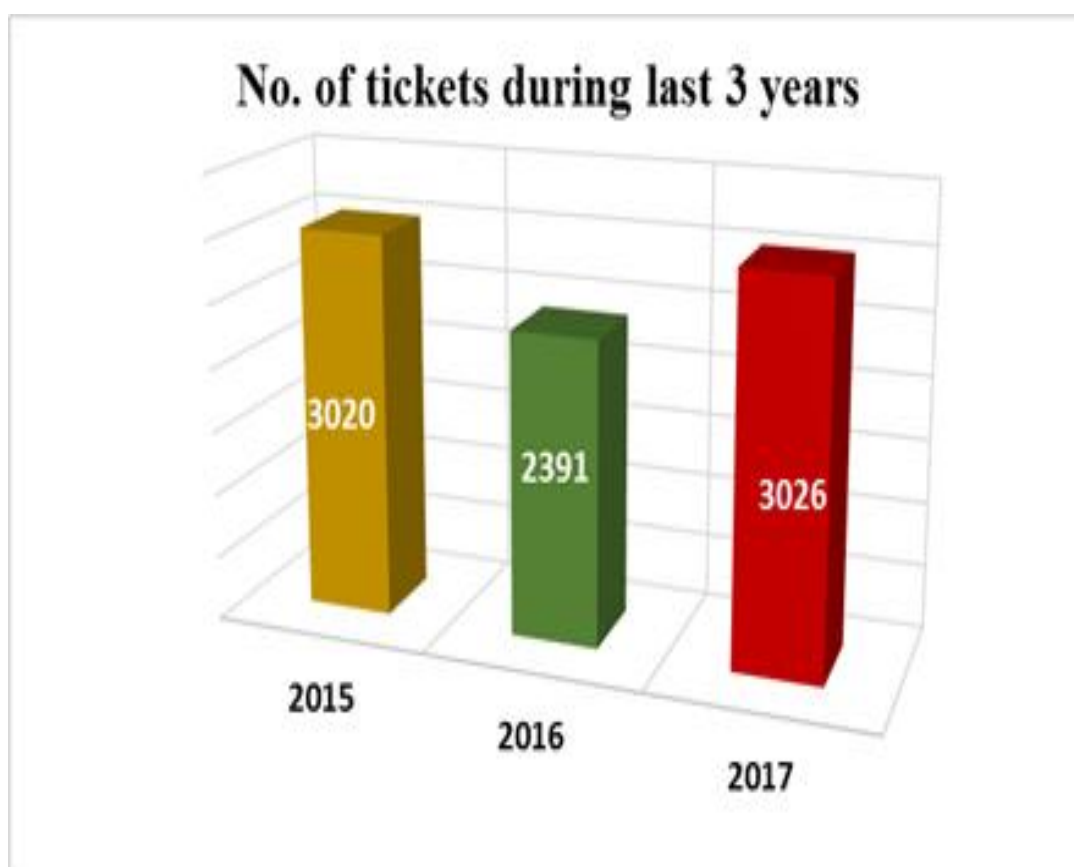
#### UPGRADING ST WORKFORCE SKILLS FOR TODAY'S KNOWLEDGE TECHNOLOGY:

Our employees are the lifeblood of ST organization, and the skills they need to keep ST organization competitive are constantly changing, and to ensure that our workers will have the most up-to-date, cutting-edge skills to improve performance and keep ST organization one step ahead of the competition.

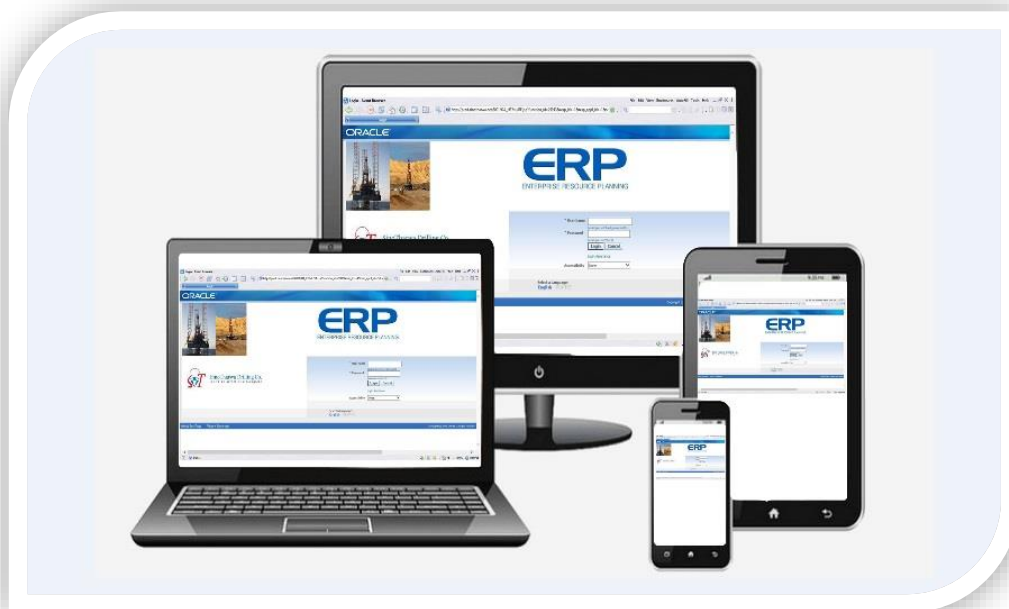
- We enhance and enrich solutions' knowledge base in Service Desk Application that can improve employee technical skills.
- provides Technical Guidance Tips and Solutions for the most common computerized problems.

#### APPLYING SLA USING SERVICE DESK APPLICATION TO ENHANCE OUR SERVICES QUALITY.

The Graph below shows the activity during 2017 compared with the last 2 years based on Service Desk Application Request's number,



## ENTERPRISE RESOURCE PLANNING



### *2017's Achievements:*

#### *Core objectives:*

##### **STREAMLINING THE INFORMATION:**

ERP consists of modules that help in streamlining the flow of information between our various departments. The data of all our departments is in one database so as to ease information exchange. As one of the core objectives of the ERP, it integrates our data and provides for our employees to work as a team to achieve the same goal. The automation of the business process helps managing our resources in a better fashion.

#### *Achievements:*

- Complete the testing phase for the Oracle R12 Payroll Application and start the setup phase.
- Build new HR structure for the Internal Audit Department.
- Complete the Analysis and Design phases for the Oracle Medical Module and start the Implementation phase.
- Go-Live for Enterprise Asset Management Application for ST#11,ST14,and ST15
- Build customized business reports for fast actions and cost saving.
- Update the existing Approval Cycles according to many positions' amendments.
- Go live for Internal Requisition Cycle.

- Go live for PO customized screen.
- Complete the analysis and setup phases for Oracle Asset Management customized module.
- Upgrade the Oracle Database Version from 11.2.0.3 to 12.1.0.2
- Unable Tolerance function for all POs reference to requisition as per budget control project.
- Oracle URL has been published so users can access the applications from outside the network and from their mobile phones for fast actions.
- Activate the Mailer function that allows users to receive their notifications on the mail.

### RETURN ON INVESTMENT OR ROI:

Another one of the core objectives of the ERP is to make our business more profitable. We always look after the latest technology to keep up with the competition and realize better profits. ERP is the ideal platform for our employees to utilize their resources and time in the most optimum way and contribute positively to the profits of our organization.

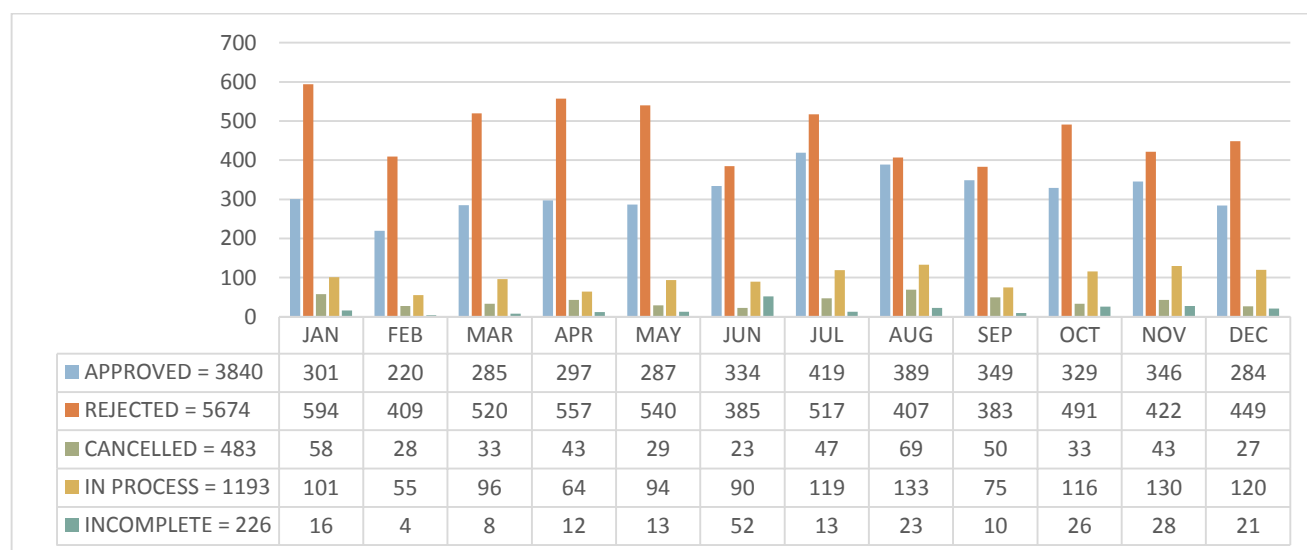
### DECISION SUPPORT SYSTEM:

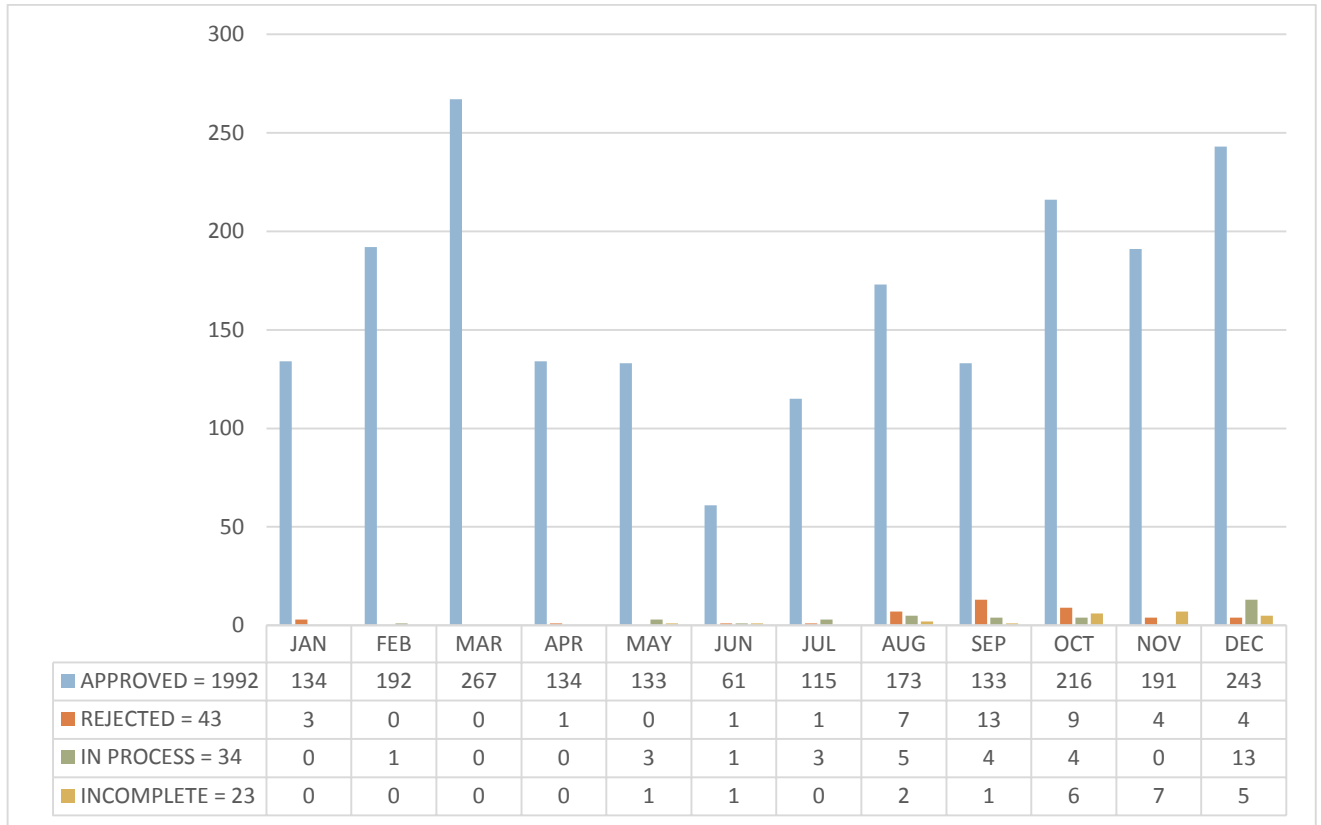
ERP system provides a real-time view of the company's overall performance and provide the right information at the right time which helps managers to make proper decisions in a timely manner. This allows for better decision making and therefore ERP acts like a decision support system.

### *Achievements:*

- Producing KPIs Reports on weekly and monthly basis.

### *Requisitions KPIs for 2017 (Graph)*



*Purchase Orders KPIs for 2017 (Graph)*

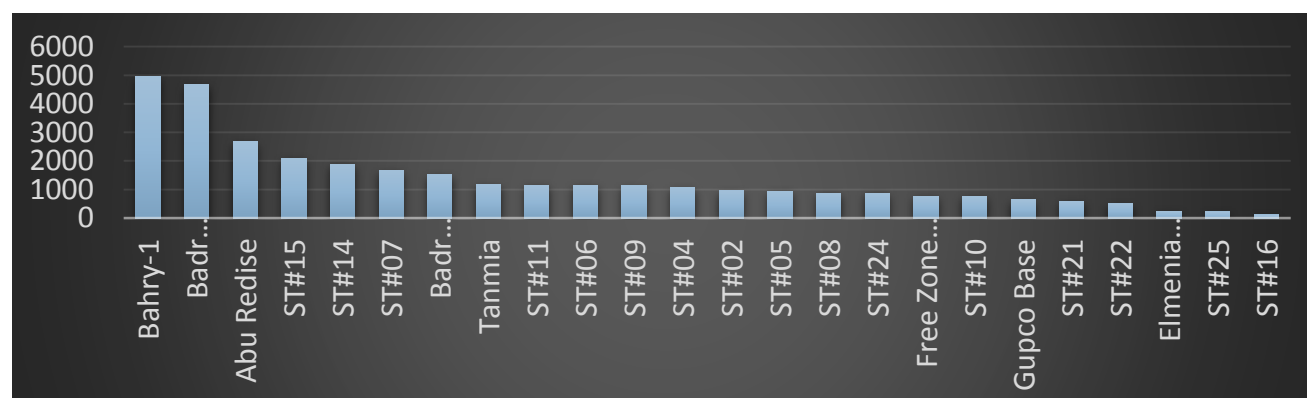
## PROCUREMENT DEPARTMENT

## STOCK CONTROL DIVISION

## INVENTORY DATA AUDITED PER ORGANIZATION

Organization	Number Of Items Audited
Bahari-1	4953
Badr Warehouse	4667
Abu Redise	2679
ST#15	2097
ST#14	1896
ST#07	1673
Badr Workshop	1516
Tanmia	1191
ST#11	1157
ST#06	1149
ST#09	1147
ST#04	1071
ST#02	963
ST#05	935
ST#08	878
ST#24	874
Free Zone Warehouse	763
ST#10	759
Gupco Base	654
ST#21	593
ST#22	498
Elmenia Base	247
ST#25	227
ST#16	112
Grand Total	32699
Bahari-1	4953

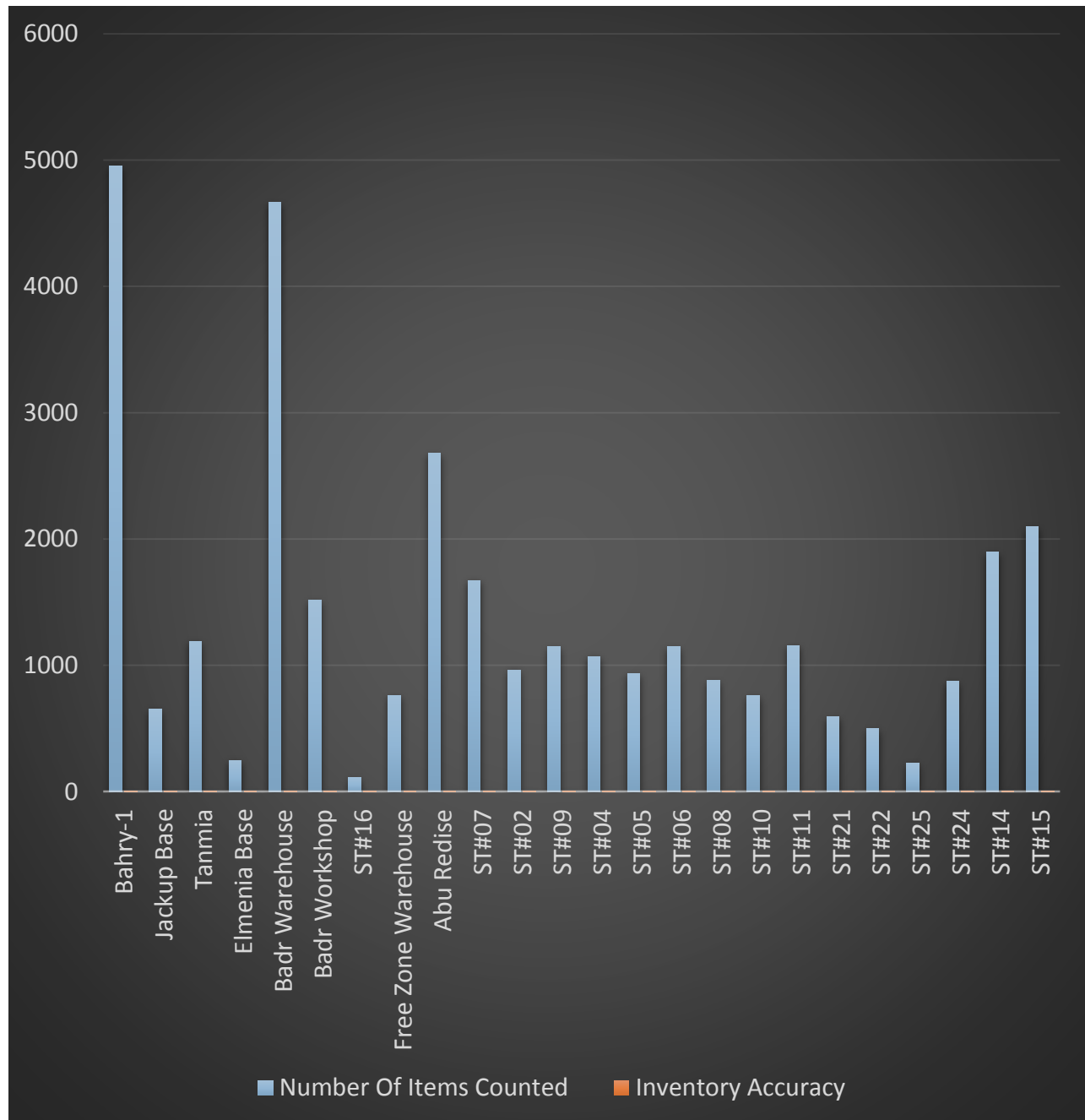
## INVENTORY ITEMS AUDITED PER ORGANIZATION



## INVENTORY ACCURACY PER NUMBER OF ITEMS, 2017

Organization	Number Of Items Counted	Inventory Accuracy
Bahari-1	4953	99.09%
Jackup Base	654	99.39%
Tanmia	1191	99.66%
Elmenia Base	247	98.79%
Badr Warehouse	4667	99.27%
Badr Workshop	1516	99.93%
ST#16	112	100.00%
Free Zone Warehouse	763	100.00%
Abu Redise	2679	99.25%
ST#07	1673	99.64%
ST#02	963	99.58%
ST#09	1147	99.13%
ST#04	1071	99.53%
ST#05	935	99.68%
ST#06	1149	99.65%
ST#08	878	99.77%
ST#10	759	99.21%
ST#11	1157	99.65%
ST#21	593	99.49%
ST#22	498	99.60%
ST#25	227	99.56%
ST#24	874	99.77%
ST#14	1896	99.63%
ST#15	2097	98.76%
Sinotharwa Accuracy	32699	99.40%

## INVENTORY ACCURACY PER NUMBER OF ITEMS CHART

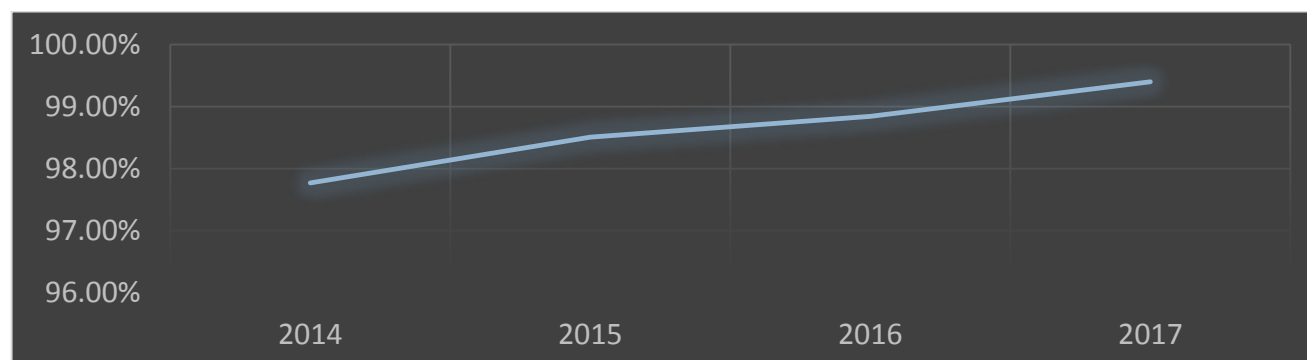


## INVENTORY ACCURACY TIME SERIES

ORGANIZATION	2014	2015	2016	2017
BADR W.H	94.70%	95.24%	98.04%	99.27%
BAHRY-1	94.50%	98.46%	98.55%	99.09%
JACK UP-BASE	98.70%	99.54%	98.05%	99.39%
ABU REDISE BASE	98.90%	95.24%	98.65%	99.25%
ST#01	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE
ST#02	99.25%	99.04%	98.85%	99.58%
ST#03	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE
ST#04	98.30%	99.26%	99.12%	99.53%
ST#05	99.75%	99.60%	96.98%	99.68%
ST#06	99.70%	99.19%	99.10%	99.65%
ST#07	99.80%	99.51%	99.60%	99.64%
ST#08	99.70%	99.40%	99.26%	99.77%
ST#09	98.02%	98.92%	98.02%	99.13%
ST#10	98.03%	99.64%	99.56%	99.21%
ST#11	99.70%	99.52%	99.22%	99.65%
ST#12	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE
ST#14				99.63%
ST#15				98.76%
ST#16				100.00%
TANMIA-01	98.40%	99.48%	99.56%	99.66%
ST#21	99.20%	98.90%	99.34%	99.49%
ST#22	85.90%	95.42%	98.84%	99.60%
ST#23	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE	NOT ACTIVE
ST#24	99.50%	99.35%	99.53%	99.77%
ST#25	NOT ACTIVE	NOT ACTIVE	98.86%	99.56%
ST#26	NOT ACTIVE	NOT ACTIVE	98.90%	NOT ACTIVE
ELMENIA BASE				98.79%
FREE ZONE WAREHOUSE				100.00%
ST INVENTORY ACCURACY	97.77%	98.51%	98.84%	99.40%



## INVENTORY ACCURACY TIME SERIES CHART



## PLANNING DIVISION

### MATERIALS PLANNING

A basic management function involving formulation of one or more detailed plans to achieve optimum balance between current demands with available resources, formulates strategies, implement, and monitors all steps in their proper sequence.

**VISION** : Managing spare parts Inventory effectively and efficiently.

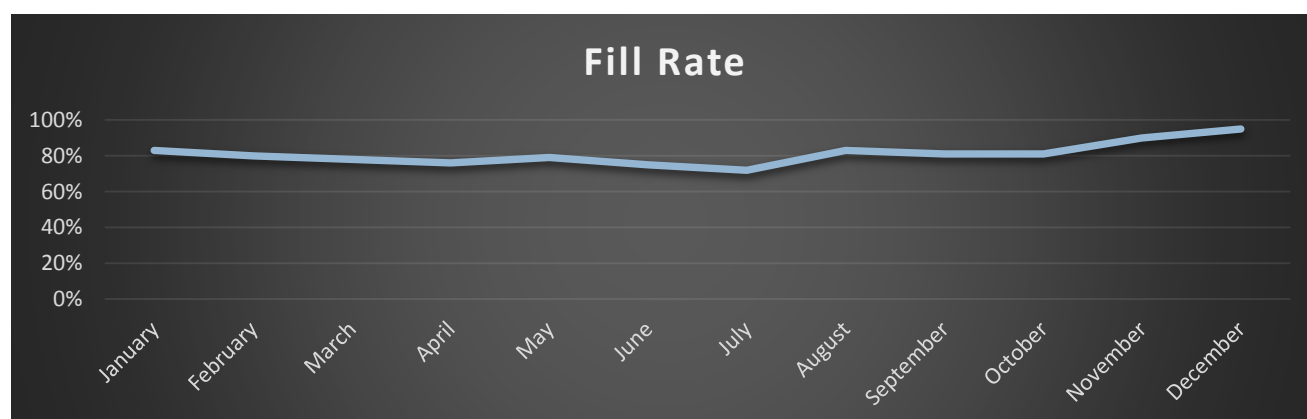
**MISSION** : Increase Fill Rate, Turnover Rate and Decrease Inventory Value

#### FILL RATE:

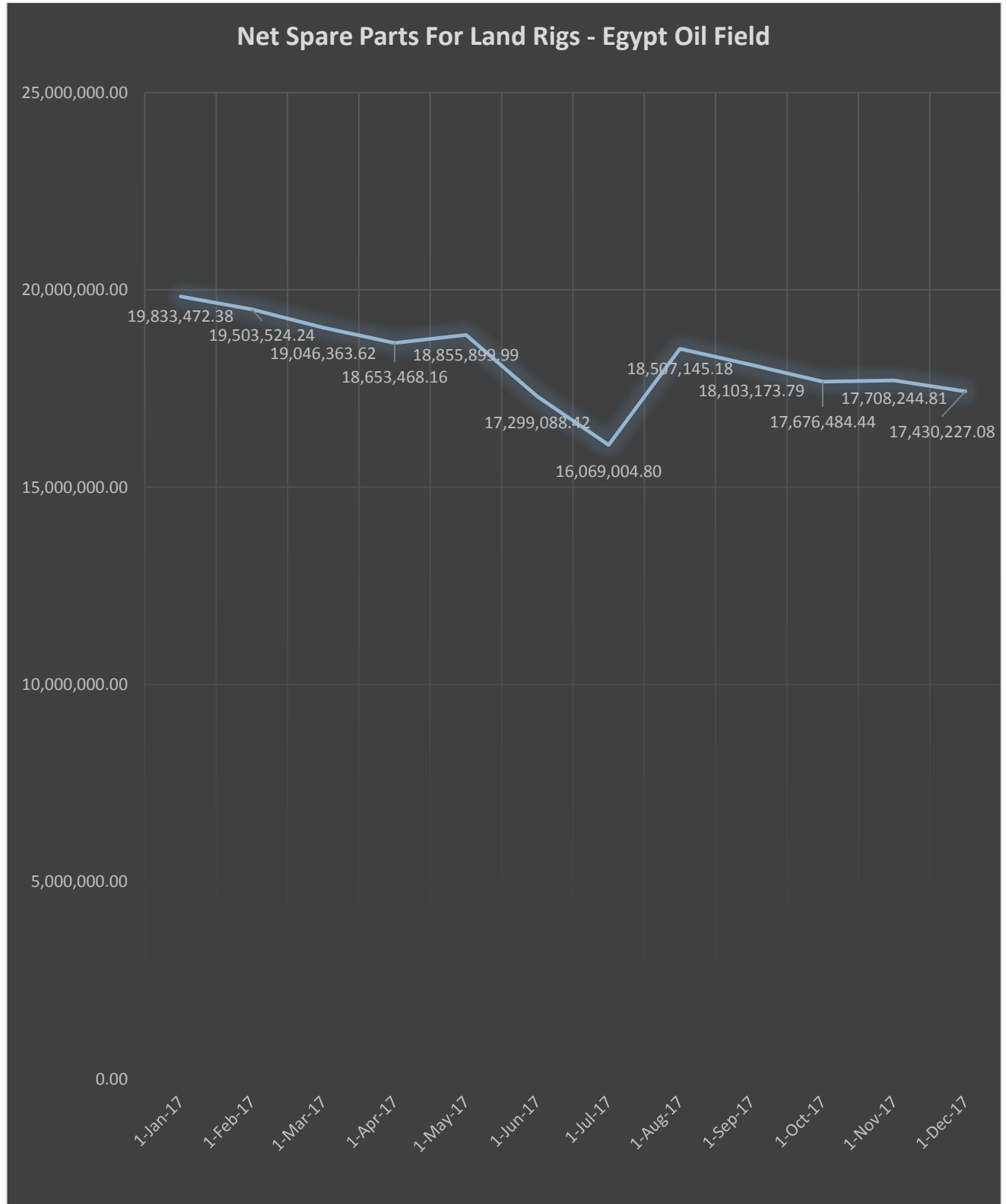
Reflect number of requisition lines covered through planned inventory. Away of requests of major overhauls, capital assets, projects and services

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
FILL RATE	83%	80%	78%	76%	79%	75%	72%	83%	81%	81%	90%	95%

#### FILL RATE CHART:



## NET SPARE PARTS FOR LAND RIGS CHART:



## LOGISTICS DIVISION

- Safety, quality, professionalism.
- Equipment you can count on. People you can trust

Logistics is the process of planning, implementing, and controlling the effective and efficient flow of goods and services from the point of origin to the point of consumption

## LOGISTICS CHALLENGES & ACHIEVEMENTS IN 2017

- Logistics aimed to achieve maximum profitability and stability for our company by reduce the logistics Cost/Time “ Shipping , Trucking & Customs Clearance Cost .
- Avoid any additional cost.
- Shipped 55 shipments as Sea Freight with total CBM 348.30.
- Shipped 85 Shipment as air freight with 35000KG as approximate total weight.
- Shipped 26 containers .
- Finished 277 Custom Declarations on time.
- Sent 153 Shipment Notifications Of Renewal through the year
- 90 shipped on right time from 0 – 3days (80 %).

### SHIPPING

Logistics KPIs	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
# of Air Shipments	10	8	6	8	6	5	8	9	10	2	8	5
# of Sea Shipments	2	4	6	2	2	4	4	5	7	4	6	9



## CUSTOM CLEARANCE

Customs KPIs	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
# of customs declarations	17	17	25	21	14	16	19	25	25	37	30	10
# of renewal	10	5	10	17	7	5	8	6	8	5	15	10
Total clearance & delivery Issued	11	8	10	14	3	7	12	11	11	16	15	6

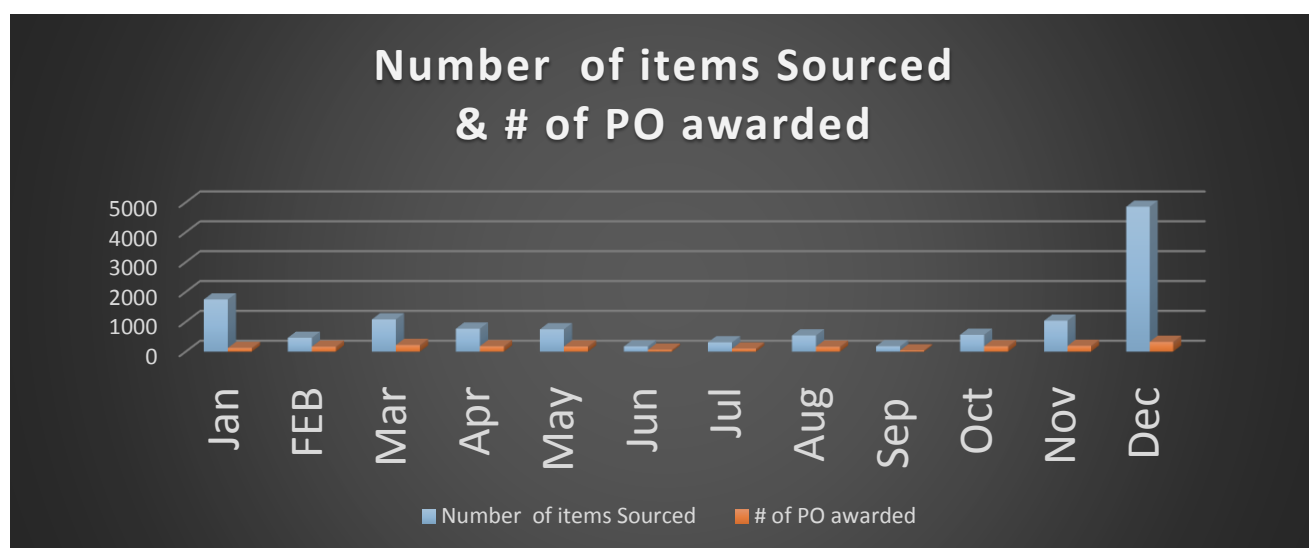


## PURCHASING DIVISION

Encourages businesses to take advantage of opportunities to participate in the state purchasing process

PROCUREMENT KPIS	JAN	FEB	MAR	APR	MAY	JUN
NUMBER OF ITEMS SOURCED	136	841	418	372	245	522
# OF PO AWARDED	65	321	100	90	77	123
TOTAL VALUE AWARDED	\$ 385,876.67	\$ 1,292,608.34	\$ 1,073,163.55	\$ 1,520,649.50	\$ 666,515.49	\$ 1,727,004.96
% OF COST SAVING PER NEGOTIATION	1.04%	0.60%	0.68%	0.97%	0.21%	4.64%

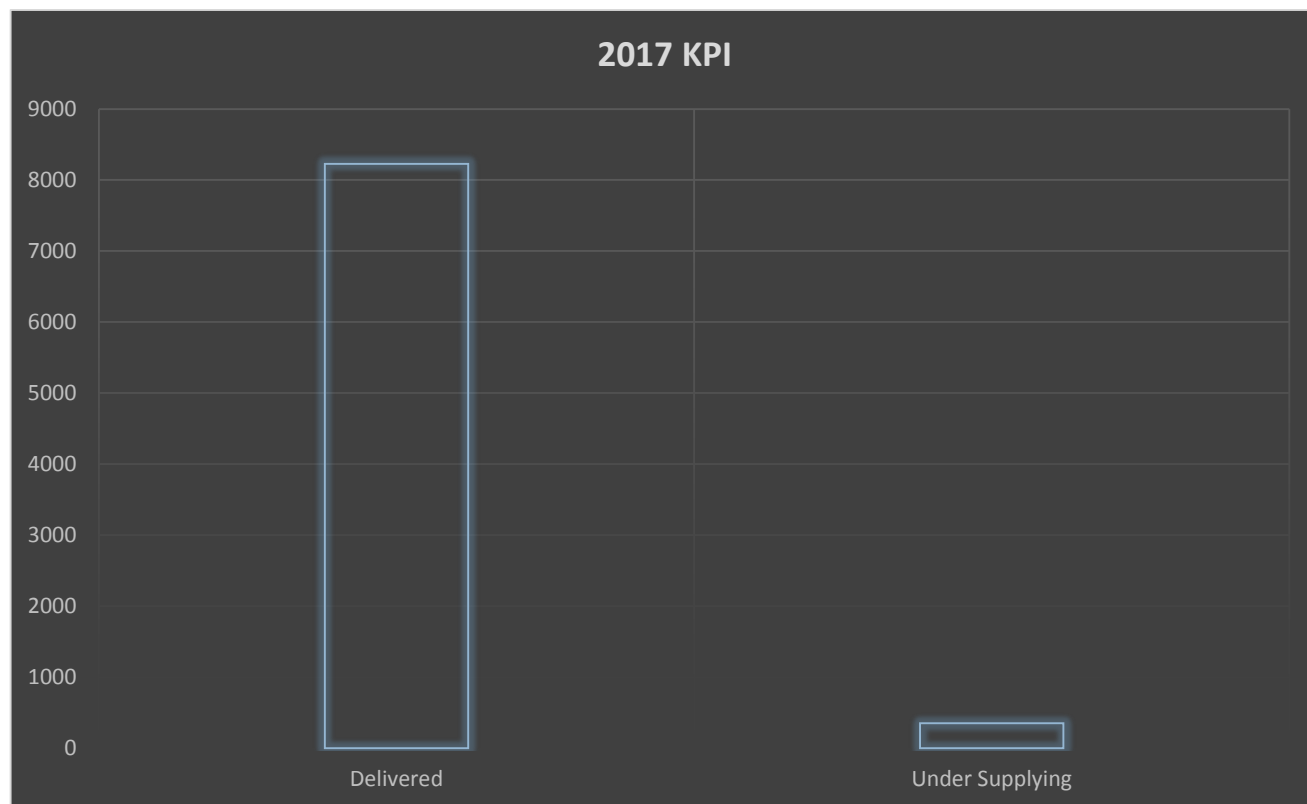
PROCUREMENT KPIS	JUL	AUG	SEP	OCT	NOV	DEC
NUMBER OF ITEMS SOURCED	623	480	149	261	518	2,006
# OF PO AWARDED	122	169	44	82	112	239
TOTAL VALUE AWARDED	\$ 13,455,746.66	\$ 1,047,656.05	\$ 718,421.78	578,103.33	1,567,145.90	2,592,480.58
% OF COST SAVING PER NEGOTIATION	5.42%	0.51%	5.58%	0.70%	41.47%	1.05%



## FOLLOW UP DIVISION

During 2017 Follow UP Division win the challenges and succeeded to Deliver about 96% of sourced items, to satisfy operations requirements

DELIVERY 2017	OF ITEMS #	PERCENTAGE
DELIVERED	8227	96%
UNDER SUPPLYING	352	4%
TOTAL LINES	8579	100%



## CONTRACTS DEPARTMENT

### MISSION:

“Our Main Target During year 2017 is to acquire the best available contracts terms & Conditions for all Sinotharwa Rig fleet; to expand our operations in the national and international markets as well as profitably survive the continuous worldwide Oil & Gas crisis resulted from the drop in the oil prices and the unstable economic conditions.

### OBJECTIVES:

- Retain our current drilling operators’ contracts with the highest rates relative to the daily fluctuation of the oil Prices as well as sustain long term contracts.
- Enhance our strategy to meet the market needs and the available market opportunities, through extensive marketing for current assets through participation in tenders, offers and registration in international markets
- Meet the highest performance and targets in our drilling operations activities in Algeria as well as building SinoTharwa image in the Algerian market.
- Expand SinoTharwa services through joint agreement with Sinopec Star for offering Seismic Services in Egypt.
- Review SinoTharwa services contracts for achieving the peak cost optimization values in harmony of having an equivalent quality of the provided services.
- Issuing domestic tenders and Inquires for adding new services contracts along with the best provided prices as well as quality standards offered in the market.

### DRILLING SECTION:

In Year 2017, SinoTharwa Contracts department main objective is to acquire the best available contracts terms & Conditions of its current Rig Fleet as well as to seek new contracts and markets both domestically & internationally.

The main strategies of the Contracts department were bidding in several Onshore and Offshore Rigs tenders through lowering our break-even costs and submitting Competitive Technical & Commercial Proposals as well as marketing the availability of our Rigs through offers, inquiries, registration and agency agreements in new markets.

Algeria, Kuwait and the kingdom of Saudi Arabia were SinoTharwa most targeted market during 2017.

ALGERIA: SinoTharwa participated in 4 onshore tenders in Algeria in order to sustain its presence in the Algerian oil and gas market as well as acquiring new market share.

KUWAIT: SinoTharwa is in the process of completing its registration in Kuwait Oil Company (KOC) and KOC team has visited SinoTharwa Rigs for auditing and as per the registration requirements, in order to be able to participate in KOC upcoming tenders.

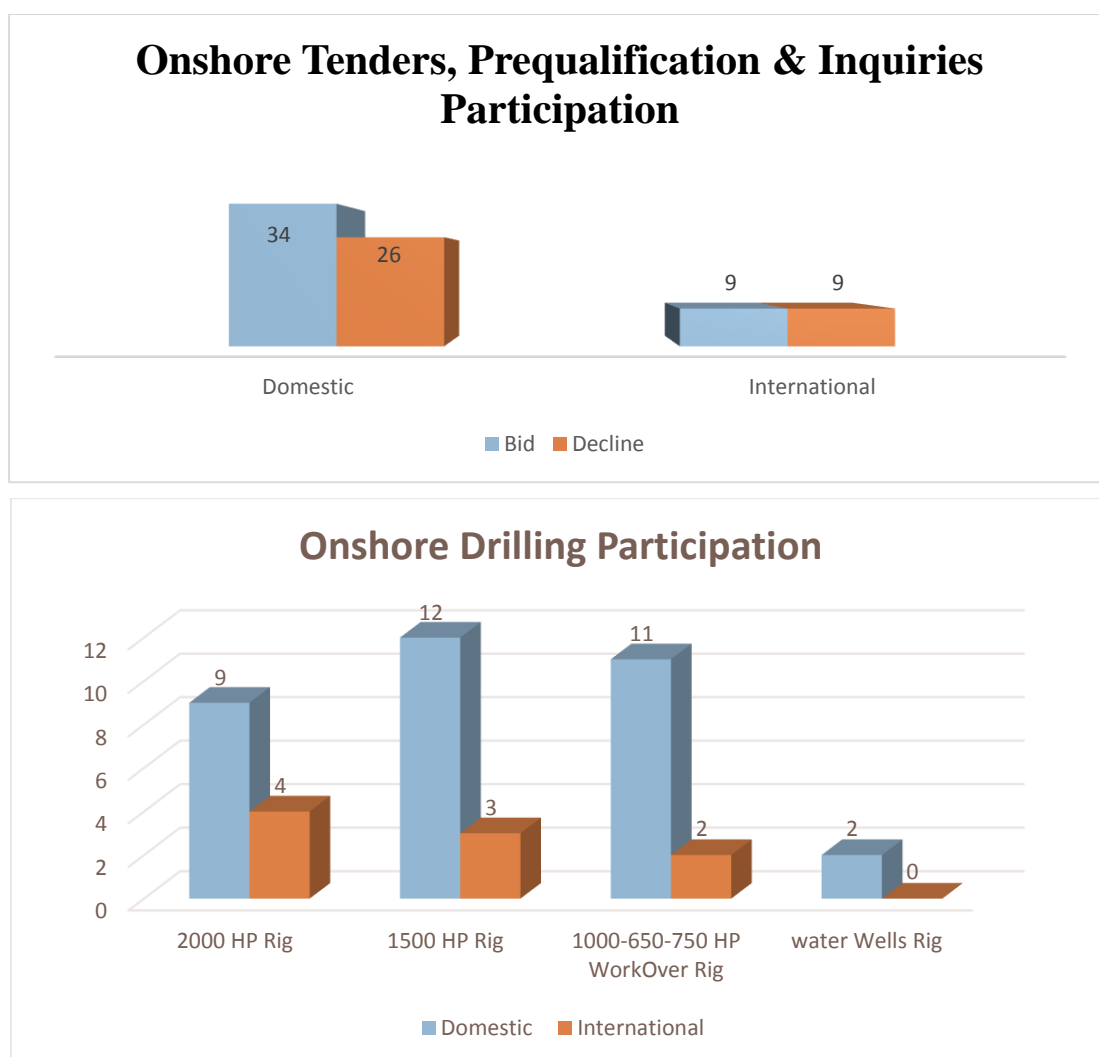
**THE KINGDOM OF SAUDI ARABIA:** After being successfully registered in Saudi Aramco Company in the kingdom of Saudi Arabia in 2016; SinoTharwa had the opportunity the bid in two (2) Saudi Aramco Tenders during 2017.

Domestically, SinoTharwa had a challenge to market and acquire new contracts to its 10 new Work over Rigs and pulling Units.

## 1-ONSHORE TENDERS & INQUIRES:

During 2017, both domestically and internationally, we participated in a total of 43 tenders, prequalification and inquiries and declined in 35 tenders due to the short term contracts duration or due to difficult and unstable political environment internationally.

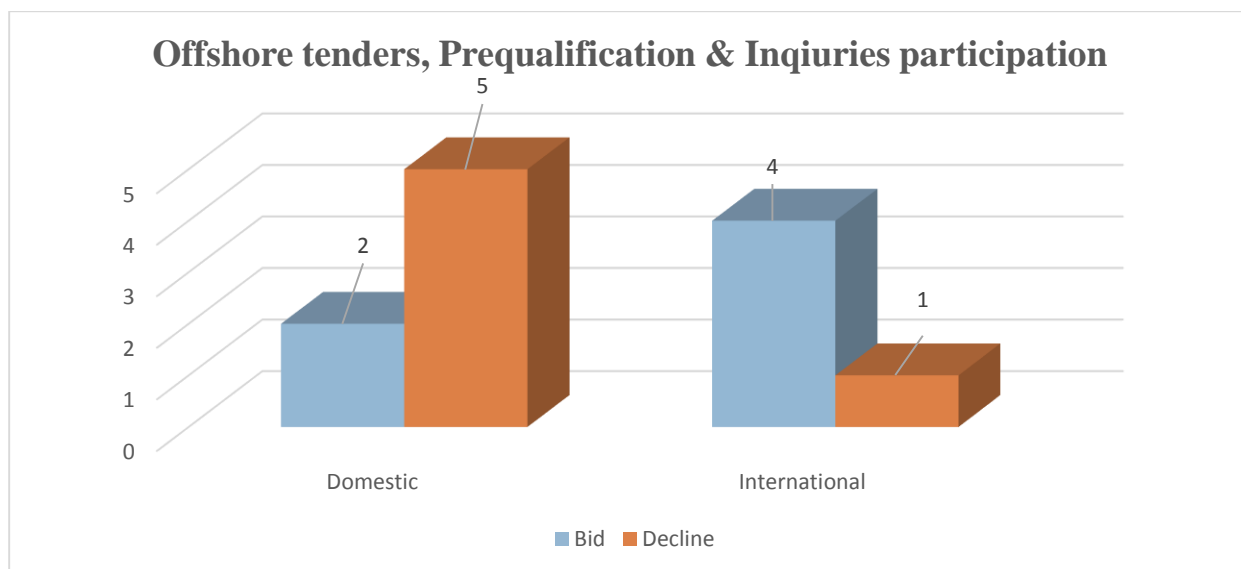
SinoTharwa has been awarded in 8 Tenders and offers domestically in 2017.





## 2-OFF-SHORE TENDERS & INQUIRES:

SinoTharwa participated in 6 tenders, prequalification and offers in order to seek a long term contract for Bahari-1 Jack up with higher rate than the current applied rate. We commenced to offer Bahari-1 Jack up Rig internationally by submitting SinoTharwa prequalification documents in India and Libya as well as participating in National Drilling Company tender in the United Arab of Emirates.



## 3-SINOTHARWA IN ALGERIA:

Since SinoTharwa has started its drilling operations with Groupement Timimoun in Algeria with Rigs ST-14 and ST-15 in January and May 2016 respectively. In 2017, SinoTharwa goal was to secure its drilling contracts in Algeria for both Rigs as well as seeking new long term drilling contracts in order to avoid any Rig stack; accordingly, SinoTharwa has participated in 4 onshore drilling tenders in Algeria.

SinoTharwa contracts department was keen to ensure the validity to Algeria project related Services contracts to cover the Drilling contracts period in order to maintain the same prices and quality required for high performance standards.

INTERNATIONAL RIG FLEET DURING 2017	
RIG NAME	OPERATOR
ST-14	GROUPMENT TIMIMOUN (GTIM) - ALGERIA
ST-15	GROUPMENT TIMIMOUN (GTIM) - ALGERIA

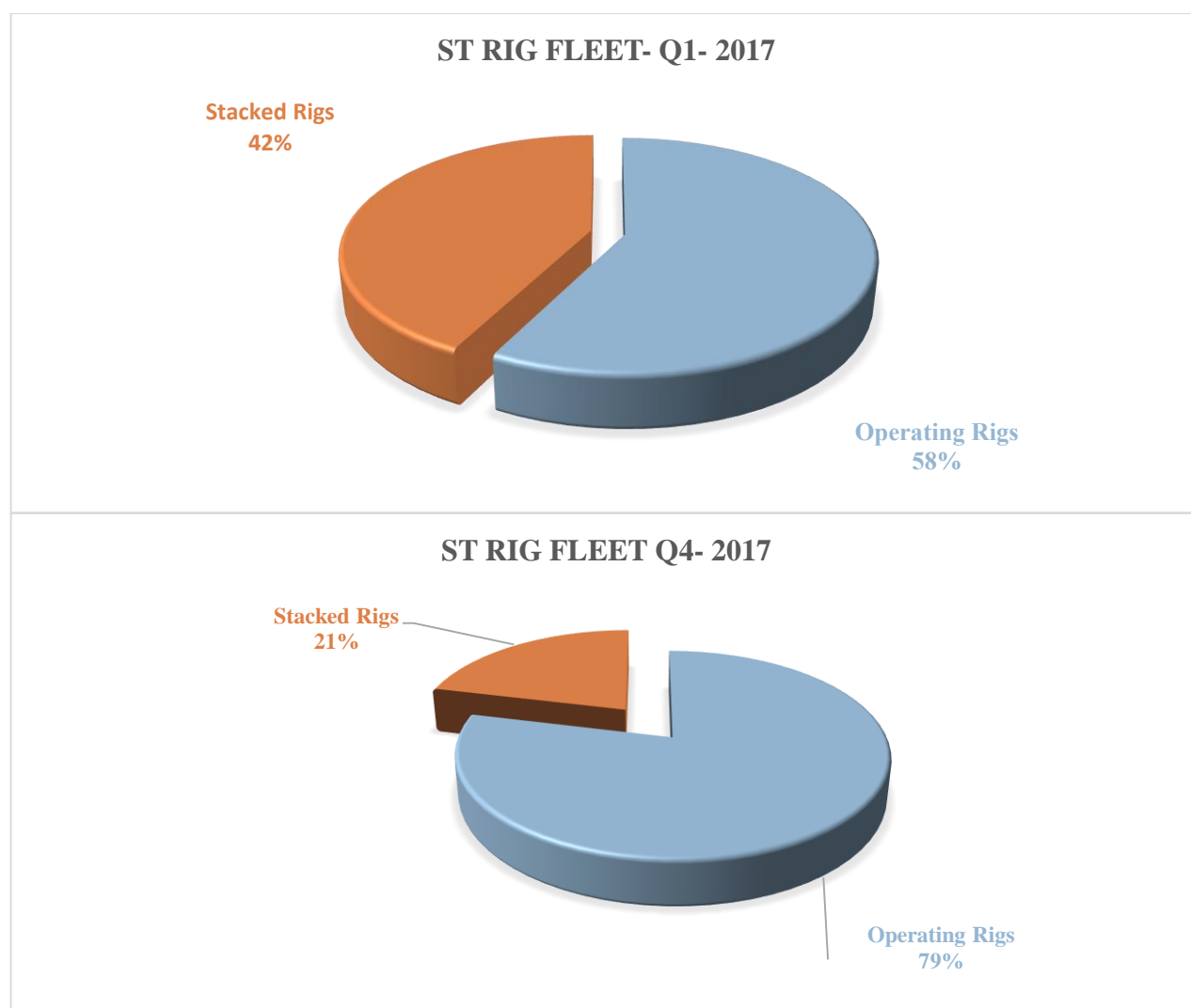
## DRILLING CONTRACTS:

One of the main Challenges of SinoTharwa Contracts department in 2016 was to retain our current drilling operators contracts with the highest rates relative to the daily fluctuation of the oil Prices as well as to sustain long term contracts. Negotiation plans took place in order to maximum SinoTharwa profitability and to reach win-win situation with SinoTharwa main operators in order to survive the worldwide oil crisis.

DOMESTIC RIG FLEET DURING 2017	
DRILLING RIGS	
RIG NAME	OPERATOR
ST-1	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-2	EL WASTANI PETROLEUM COMPANY (WASCO)
ST-3	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-4	KHALDA PETROLEUM COMPANY
ST-5	AGIBA PETROLEUM COMPANY
ST-6	AGIBA PETROLEUM COMPANY
ST-7	AGIBA PETROLEUM COMPANY
ST-8	AGIBA PETROLEUM COMPANY
ST-9	GENERAL PETROLEUM COMPANY (FARM OUT FROM PETROAMIR)
ST-10	KHALDA PETROLEUM COMPANY
ST-11	PETROSHAH D COMPANY
ST-12	BELAYIM PETROLEUM COMPANY (PETROBEL)
WORK OVER RIGS	
RIG NAME	OPERATOR
ST-21	AGIBA PETROLEUM COMPANY
ST-22	QARUN PETROLEUM COMPANY
ST-23	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-24	KHALDA PETROLEUM COMPANY
ST-25	KHALDA PETROLEUM COMPANY
ST-26	BELAYIM PETROLEUM COMPANY (PETROBEL)
ST-27	PETROAMIR PETROLEUM COMPANY
ST-31	QARUN PETROLEUM COMPANY
ST-32	PETRO DARA PETROLEUM COMPANY
ST-33	PETRO GRAPHICS COMPANY
OFFSHORE RIG	
RIG NAME	OPERATOR
BAHARI-1	GULF OF SUEZ PETROLEUM COMPANY
NON-OWNED RIGS	
RIG NAME	OPERATOR
TANMIA- I	ALAMEIN PETROLEUM COMPANY

In the beginning of year 2017, SinoTharwa was keen to secure its drilling contracts and cooperate with its operators to overcome the oil crisis and the unstable economic environment, however, after the Egyptian pound devaluation and the last two increases in the fuel prices applied on the 3rd of November 2016 and the 1st of July 2017 respectively as well as the increase in the value Added Taxes; SinoTharwa requested and succeeded to increase its rates to match the above mentioned added costs in order to meet its breakeven point and to fulfil our contractual obligations.

SinoTharwa reached its goal to secure its Rig fleet during the oil crisis, during Q1-2017, 19 Rigs were operating and 14 rigs were non-operating; however, in Q4-2017, ST Operating Rigs reached 26 Rigs and 7 New built Rigs were non-operating and offered to several operators domestically and internationally

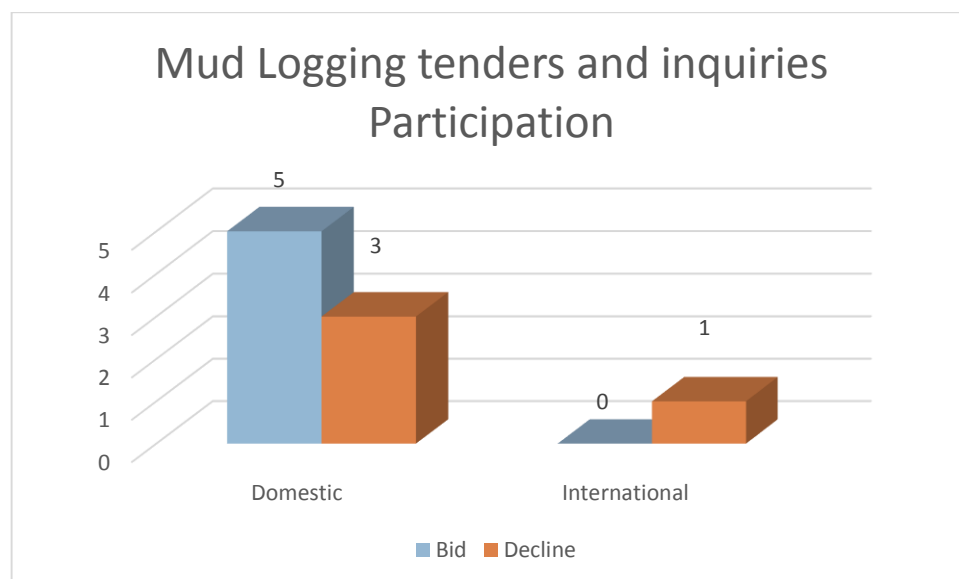


## 4-MUD LOGGING SERVICES :

SinoTharwa succeeded to extend its current mud logging contracts for SinoTharwa 5 units and acquire new contract for the 6th mud logging unit as summarized below:

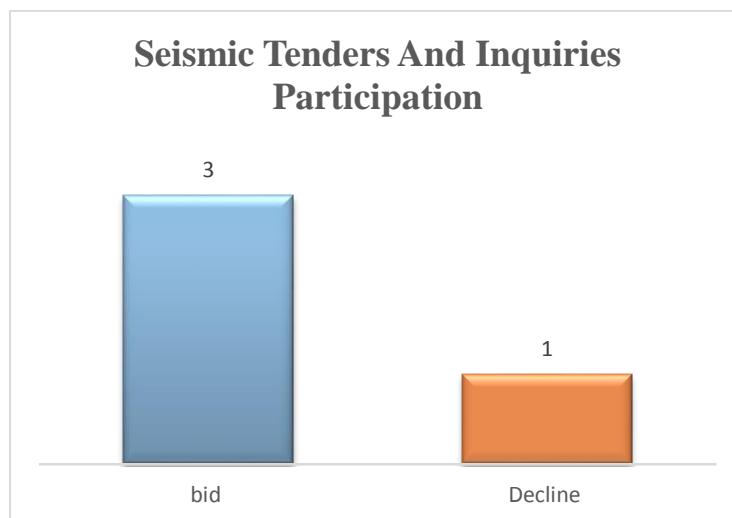
UNIT	OPERATOR
CMS Unit #1	BALEYIM PETROLEUM COMPANY
	ALAMEIN PETROLEUM COMPANY (FARM-OUT)
CMS Units # 2	QARUN PETROLEUM COMPANY
CMS Units # 3	QARUN PETROLEUM COMPANY
CMS Unit #4	BALEYIM PETROLEUM COMPANY
	GULF OF SUEZ PETROLEUM COMPANY (FARM-OUT)
	ESH EL MELAHA (ESHPETCO) (FARM-OUT)
CMS Unit #5	PETROSILAH PETROLEUM COMPANY
CMS Unit #6	EL WASTANI PETROLEUM COMPANY (WASCO)

As part of SinoTharwa plan is to expand our Mud logging market share in Egypt as well as to start our international expansion; we have participated in 5 domestic mud logging tenders and offers and declined in 3 tenders and offers domestically and one tender international mud logging tender due to the short contract duration or non-availability of the required unit.



## 5-SEISMIC SERVICES:

Based on SinoTharwa signed Agreement with Sinopec Geophysical Corporation for Seismic Services, SinoTharwa started its expansion domestically through participating in 3 tenders and offers and declined in 1 tender due to high security risk concession.



## SERVICES SECTION:

During 2017, SinoTharwa objective is to continue its optimization plan initiated during 2016, as well as acquiring new service providers with low prices and meet SinoTharwa high standards.

Similar to the Drilling section, after the Egyptian pound devaluation and the last two increases in the fuel prices applied on the 3rd of November 2016 and the 1st of July 2017 respectively as well as the increase in the value Added Taxes, the Contracts department was in a huge challenge to execute comprehensive retrenchments and cost optimization in all services along with sustaining SinoTharwa standards as well as to develop innovative ways of working with Contractors to survive the market situation and reach a win-win situation as well as to seek new Contractors with the best quality and competitive prices.

### 1. SERVICE TENDERS & OFFERS:

In order to support other departments, the Contracts department launched service tenders and collected offers such as customs clearance services, car rental, vehicle lease, heavy/ Light transportation, catering and housekeeping, general repair and fabrication services, tax consultancy services...etc in order to select the best contractors offering the best quality with competitive prices available in the Egyptian market

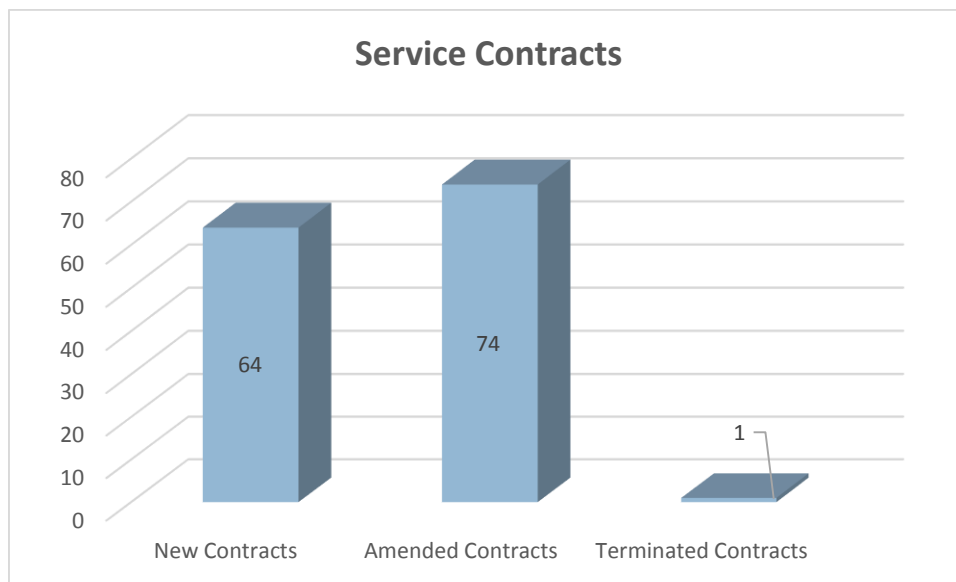
Due to the economic changes in the Egyptian market, the transportation sector and the Catering sector were the most affected services by the currency floatation and fuel prices increase; accordingly, based on several requests received from our main Contractors, the Contracts department studied the current contracts rates through issuing market surveys and tender to avoid any drop in SinoTharwa QHSE

standards and reach a win-win situation with our long-term contractors in order to survive the turbulent market situation.

## 2. SERVICE CONTRACTS:

Contracts department is keen to improve the efficiency of the contract process starting from the service request till the contract signature in order to provide the required service in the right quantity, quality, and price and delivery time.

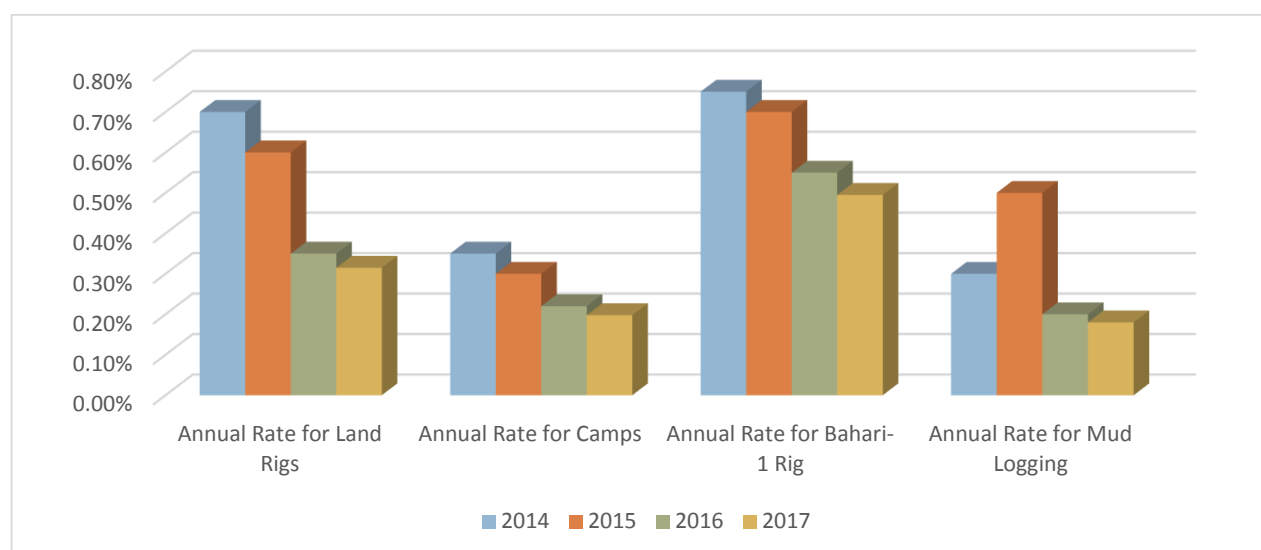
Through the year, 64 new contracts different service providers as part of SinoTharwa optimization plan to acquire lower prices with high standards (such as heavy and light transportation, catering, general repair & Fabrication services, Medical services, guarding services, fresh water supply, ...etc) as well as issuing 79 addenda had been issued to add new services and amend contracts prices, after being accepted by the QHSE department as well as the user department.



## INSURANCE SECTION:

One of our main objectives is to protect and insure SinoThawra's assets and operations through appropriate and adequate insurance coverage to alleviate potential risks.

The continuous improvement in implementing and enhancing SinoTharwa QHSE management system which results in zero claim records since the beginning of SinoTharwa operations in 2005 which enabled us to get the best rates available in the insurance market as well as giving the benefit of being a distinguished and preferable client to the insurance underwriters. Accordingly, we succeeded to negotiate the insurance rates for the year 2017 and reduced our Annual Premium by 15% compared to year 2016.



## FINANCE DEPARTMENT

## FINANCIAL HIGHLIGHTS

Amount Presented in Million USD

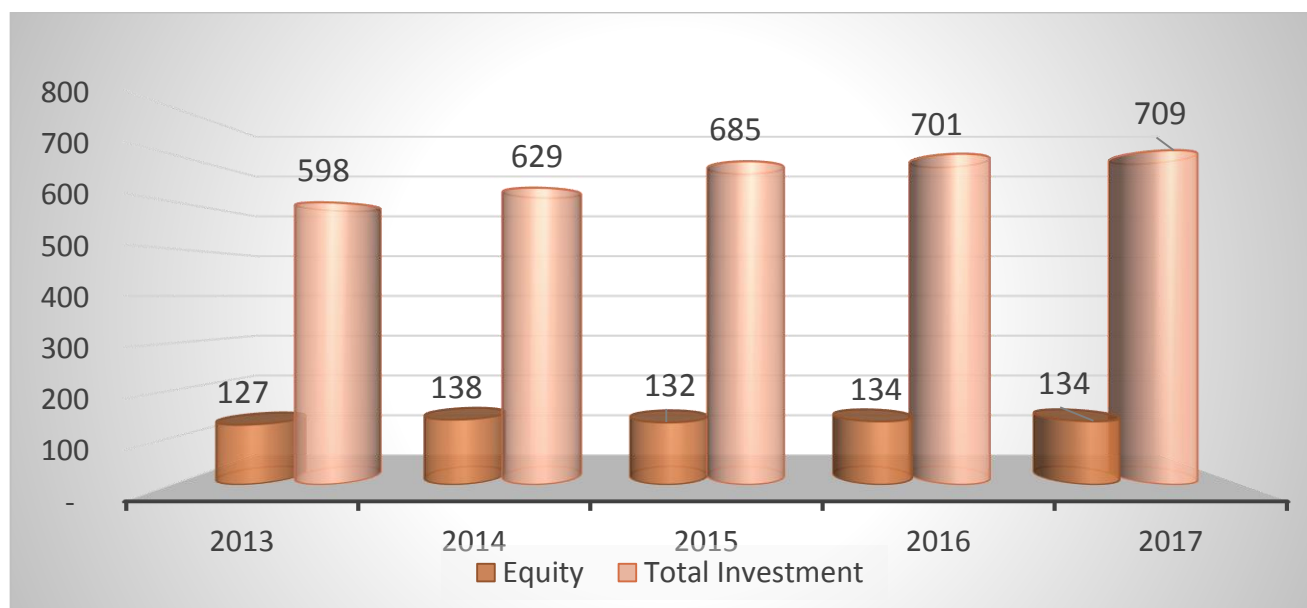
Description	2017	2016	2015
Revenue	116.39	118.76	116.64
Net Profit	1.10	2.06	0.49
Shareholders Equity	134.41	134.31	132.26
Total Capital Investment	708.65	701.09	685.24
Fixed Assets	636.11	631.88	594.10
Accumulated Depreciation	237.68	216.10	206.38
Project Under Construction	24.24	24.99	73.19
Inventory	27.90	32.44	29.42
Receivables	28.60	29.01	18.24
Operating Expenses	80.94	96.14	89.30
Collection	118.17	112.19	129.90
Interest Payment (Included Capital Interest)	15.87	17.73	18.48
Installments Paid	22.79	26.83	34.23

Description	2017	2016	2015
Return On Investment Rate	0.21%	0.39%	0.09%
Return On Equity Rate	0.82%	1.54%	0.36%
Financial leverage	2.76	2.91	3.01

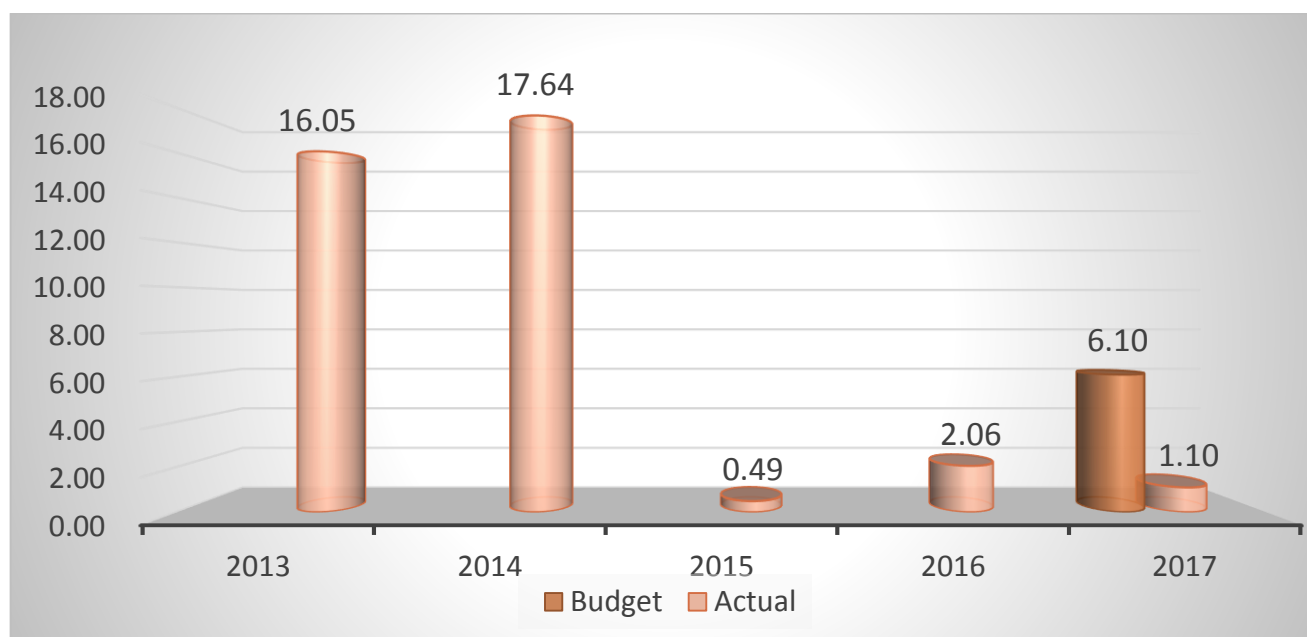


## FINANCIAL SITUATION

COMPANY'S DEVELOPMENT  
SHARE HOLDERS EQUITY VS. TOTAL INVESTMENT



## NET PROFIT



**Independent Auditor's Report****MOSTAFA SHAWKI & CO***Translation of Auditors' Report**Originally Issued in Arabic***INDEPENDENT AUDITOR'S REPORT****To the Quota Holders of Sino Tharwa Drilling Company****"A Limited Liability Company Private Free Zone"****Report on the Financial Statements**

We have audited the accompanying financial statements of **Sino Tharwa Drilling Company**

**"A Limited Liability Company Private Free Zone"**, which comprise the balance sheet as of December 31, 2017, and the related statements of income, Comprehensive income, changes in Quota holders' equity and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian Accounting Standards. And in light of Egyptian governing laws this responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Independent Auditor's Report



MOSTAFA SHAWKI & CO

*Translation of Auditors' Report*

*Originally Issued in Arabic*

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sino Tharwa Drilling Company "A Limited Liability Company Private Free Zone", as of December 31, 2017, of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards and in the light of the relevant Egyptian laws and regulations.

### Report on Other Legal and Regulatory Requirements

The company maintains its accounting records as required by law and the Statutes of the company which are in agreement with the accompanying financial statements.

The financial information included in the Board of Managing Directors' report, prepared according to the requirements of Law No. 159 for 1981, and its executive regulations, is in agreement with the company's records to the extent that such information is normally recorded.

Cairo, February 15 2018

Dr. Ahmed Shawki

MAZARS MOSTAFA SHAWKI



**BALANCE SHEET AS OF 31 DECEMBER 2017**

(Amounts Expressed in US Dollar)

<b>Description</b>	<b>31/ 12/ 2017</b>	<b>31/ 12/ 2016</b>
<u>Non-Current Assets</u>		
<b>Fixed assets</b>	398,427,563	415,783,525
<b>Projects under construction</b>	19,398,711	17,992,240
<b>Inventory of fixed asset spare part</b>	4,841,930	7,002,277
<b>Financial lease down payment</b>	2,137,839	2,992,974
Total Non-Current Assets	<b>424,806,043</b>	<b>443,771,016</b>
<u>Current Assets</u>		
<b>Inventory</b>	27,895,732	32,442,543
<b>Accounts receivables</b>	28,597,602	29,009,275
<b>Debtors and other debit balances</b>	14,069,144	12,345,923
<b>Cash and cash equivalent</b>	9,921,736	8,073,466
Total Current Assets	<b>80,484,214</b>	<b>81,871,207</b>
<u>Total Assets</u>	<b>505,290,257</b>	<b>525,642,223</b>
<u>Quota Holders Equity:</u>		
<b>Capital</b>	80,000,000	80,000,000
<b>Legal reserve</b>	7,865,218	7,762,445
<b>Retained earnings</b>	45,447,542	44,494,860
<b>Net Profit for the year</b>	1,096,565	2,055,455
Total Quota Holders Equity	<b>134,409,325</b>	<b>134,312,760</b>
<u>Non-Current Liabilities</u>		
<b>Long term loans</b>	167,631,342	201,700,396
<b>Deferred Revenue for more than a year - Financial Lease</b>	6,704,075	9,385,705
Total Non-Current Liabilities	<b>174,335,417</b>	<b>211,086,101</b>
<u>Current Liabilities</u>		
<b>Provisions</b>	185,926	156,888
<b>Bank Overdrafts</b>	35,294,595	51,171,490
<b>Creditors and other credit balances</b>	49,137,998	37,961,910
<b>Loans annuities due within a year</b>	84,429,955	64,815,903
<b>Deferred Revenue - Financial Lease</b>	2,681,630	2,681,630
<b>Transaction with Related Parties</b>	24,815,411	23,455,541
Total Current Liabilities	<b>196,545,515</b>	<b>180,243,362</b>
<u>Total Quota Holders Equity and Liabilities</u>	<b>505,290,257</b>	<b>525,642,223</b>

**INCOME STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2017****(Amounts Expressed in US Dollar)**

<b>Description</b>	<b>31/12/ 2017</b>	<b>31/12/ 2016</b>
<b>Operating revenue</b>	<b>116,393,725</b>	<b>118,760,462</b>
<u>Deduct:</u>		
<b>Operating expenses</b>	<b>(80,942,306)</b>	<b>(96,142,329)</b>
Gross Profit	<b>35,451,419</b>	<b>22,618,133</b>
<u>Add:</u>		
<b>Credit Interest</b>	129,860	93,992
<b>Other revenue</b>	353,815	152,229
<b>Net capital gain</b>	3,080,259	637,336
<b>Currency differences gains</b>	(1,718,271)	8,355,487
<b>Provisions no longer required</b>	13,405	33,947
<u>Deduct:</u>		
<b>General &amp; administrative expenses</b>	<b>(11,545,199)</b>	<b>(10,112,008)</b>
<b>Financing expenses</b>	<b>(18,879,557)</b>	<b>(17,218,737)</b>
<b>Finance lease installment</b>	<b>(4,044,674)</b>	<b>(999,900)</b>
<b>Administrative expense - Financial lease</b>	<b>(55,206)</b>	<b>(228,648)</b>
<b>Finance lease down payment amortization</b>	<b>(855,135)</b>	<b>(213,785)</b>
<b>Equipment Depreciation</b>	<b>(705,089)</b>	<b>(962,440)</b>
<b>Board of directors' remuneration</b>	<b>(61,566)</b>	<b>(73,394)</b>
<b>Provisions formed during the year</b>	<b>(67,496)</b>	<b>(26,757)</b>
<b>Net Profit for the year</b>	<b>1,096,565</b>	<b>2,055,455</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2017****(Amounts Expressed in US Dollar)**

Description	31/12/2017	31/12/2016
<u>Cash Flow from Operating Activities:</u>		
<b>Net profit for the year</b>	1,096,565	2,055,455
<u>Adjustments</u>		
<b>Fixed assets depreciation</b>	25,314,137	29,390,253
<b>Provisions made during the year</b>	67,497	26,757
<b>Provisions used during the year</b>	(33,519)	(708)
<b>Provisions no longer required</b>	(13,405)	(33,947)
<b>Finance lease down payment amortization</b>	855,135	213,785
<b>Capital(gain)</b>	(3,080,259)	(637,336)
Operating Profit before changes in working capital	<b>24,206,152</b>	<b>31,014,259</b>
<u>Working Capital Changes</u>		
<b>Change in inventory</b>	4,546,811	(3,024,359)
<b>Change in accounts receivable</b>	411,673	(10,769,638)
<b>Change in debtors and other debit accounts</b>	(2,578,356)	3,179,839
<b>Change in creditors and other credit accounts</b>	12,710,095	(5,252,025)
<b>Change in Transaction with Related Parties</b>	1,359,867	6,025,880
Net Cash Flow from operating activities	<b>40,656,242</b>	<b>21,173,956</b>
<u>Cash Flow from Investing activities</u>		
<b>Proceeds from sale of fixed assets</b>	83,717	15,233,120
<b>(Payments) for purchase of fixed assets</b>	(4,320,688)	(8,176,293)
<b>(Payments) for projects under construction</b>	(5,399,455)	(17,141,101)
<b>change in inventory of fixed assets spare parts</b>	2,160,347	9,472,002
Net Cash Flow (used) for Investment Activities	<b>(7,476,079)</b>	<b>(612,272)</b>
<u>Cash Flow from Financing Activities</u>		
<b>(Payment) of Installment for long term loan</b>	(22,790,874)	(26,825,288)
<b>Proceed from Installment for long term loan</b>	8,335,876	5,809,738
<b>Paid profit dividends</b>	(1,000,000)	--
Net (decrease) Cash Flow from Financing Activities	<b>(15,454,998)</b>	<b>(21,015,550)</b>
Net change in cash and cash equivalent	<b>17,725,165</b>	<b>(453,866)</b>
<b>Cash and cash equivalent beginning balance</b>	(43,098,024)	(42,644,158)
Cash and cash equivalent ending balance	<b>(25,372,858)</b>	<b>(43,098,024)</b>
<u>Cash and Cash equivalent represent :</u>		
<b>Cash and cash equivalent</b>	9,921,736	8,073,466
<b>Bank overdrafts</b>	(35,294,595)	(51,171,490)
	<b>(25,372,858)</b>	<b>(43,098,024)</b>

## CHANGING IN QUOTA HOLDERS EQUITY STATEMENT

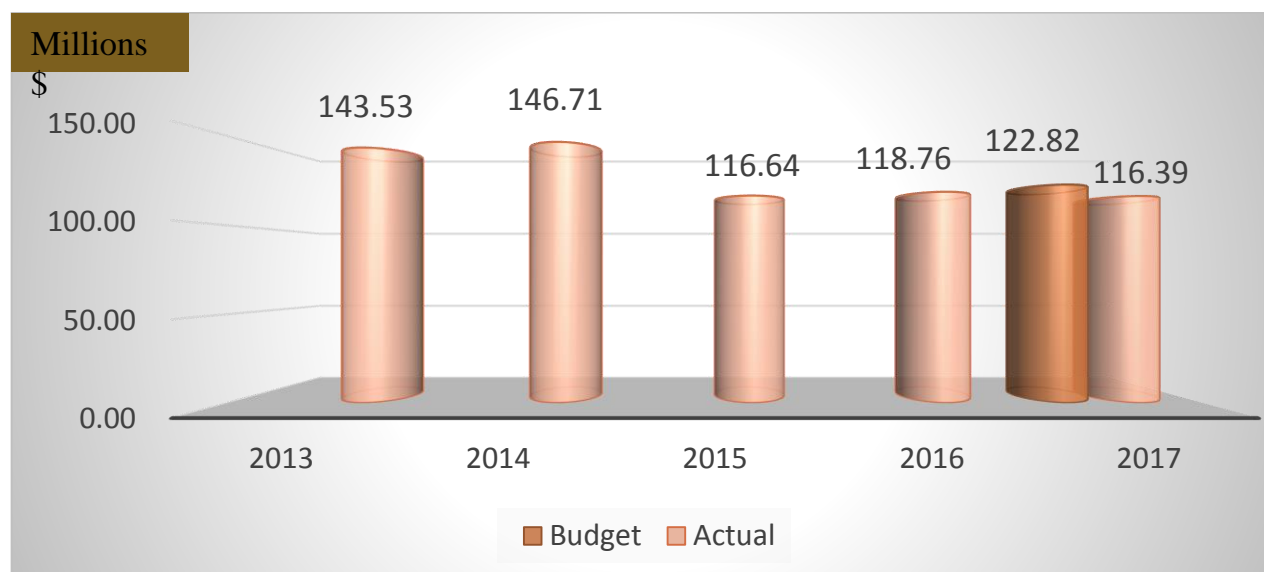
FOR THE YEAR ENDED 31, DECEMBER, 2017

(Amounts Expressed in US Dollar)

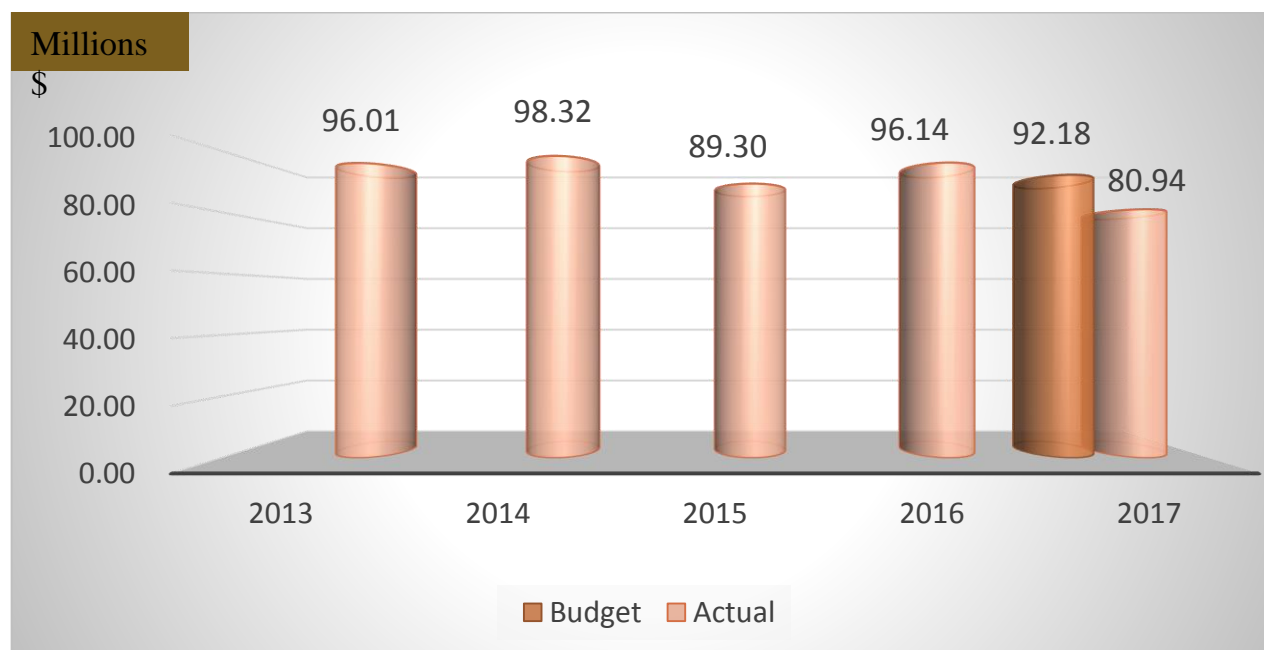
Description	Capital	Legal Reserve	Retained Earnings	Net Profit	Total
Quota holders equity as at January 1, 2016	80,000,000	7,737,856	44,519,449	491,771	132,257,305
Transferred to legal reserve	--	24,589	(24,589)	(491,771)	--
Net profit for the year	--	--	2,055,455	--	2,055,455
Quota holders equity as at December 31, 2016	80,000,000	7,762,445	46,550,315	2,055,455	134,312,760
Quota holders equity as at January 1, 2017	80,000,000	7,762,445	46,550,315	2,055,455	134,312,760
Transferred to retained earnings	--	--	2,055,455	(2,055,455)	--
Transferred to legal reserve	--	102,773	(102,773)	--	--
Profit dividends	--	--	(1,000,000)	--	(1,000,000)
Net profit for the year	--	--	--	1,096,565	1,096,565
Quota holders equity as at December 31, 2017	80,000,000	7,865,218	45,447,542	1,096,565	134,409,325

## FINANCIAL SITUATION

### TOTAL REVENUE



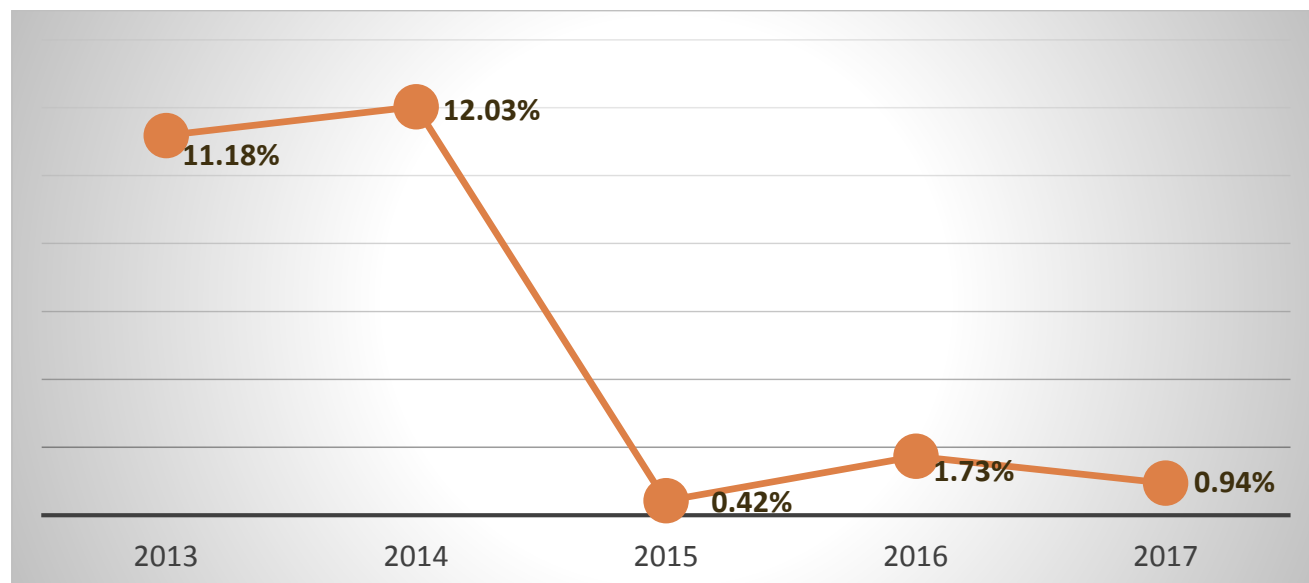
### OPERATING COST



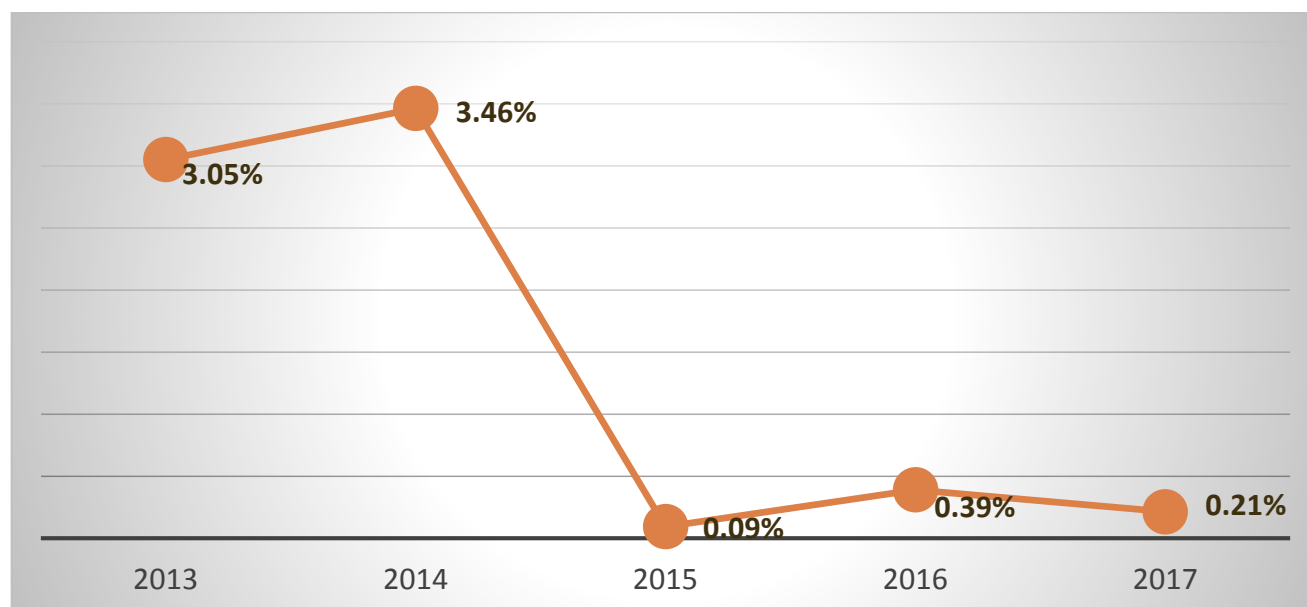


## FINANCIAL SITUATION RATIOS

### PROFIT MARGIN

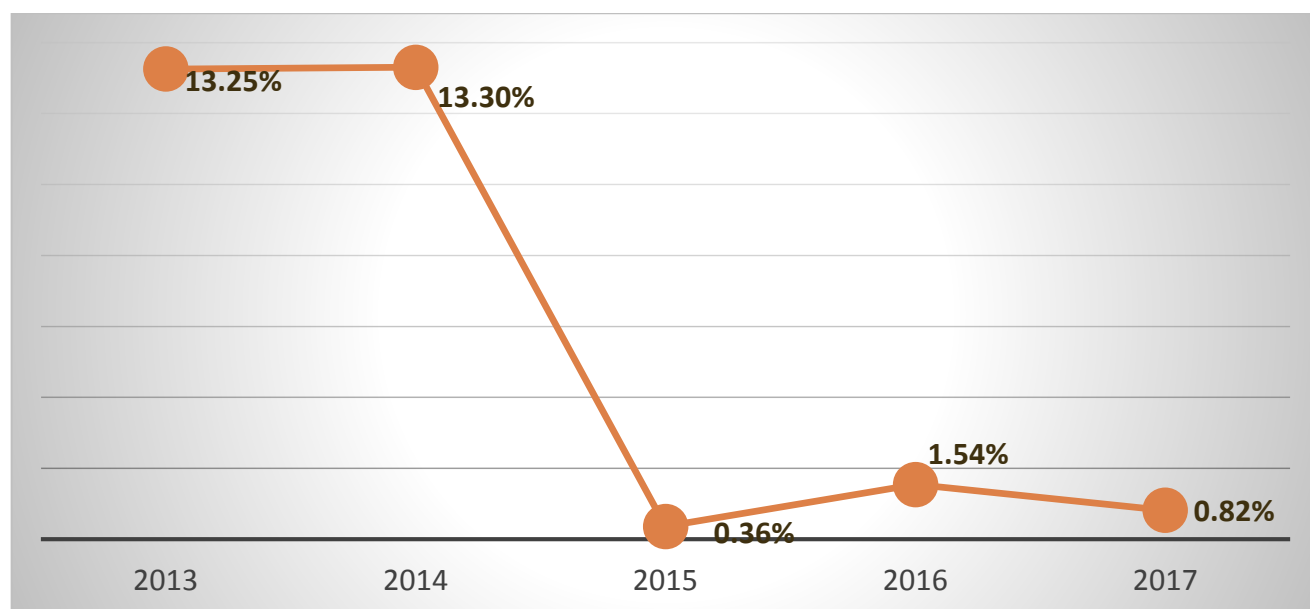


### RETURN ON INVESTMENT

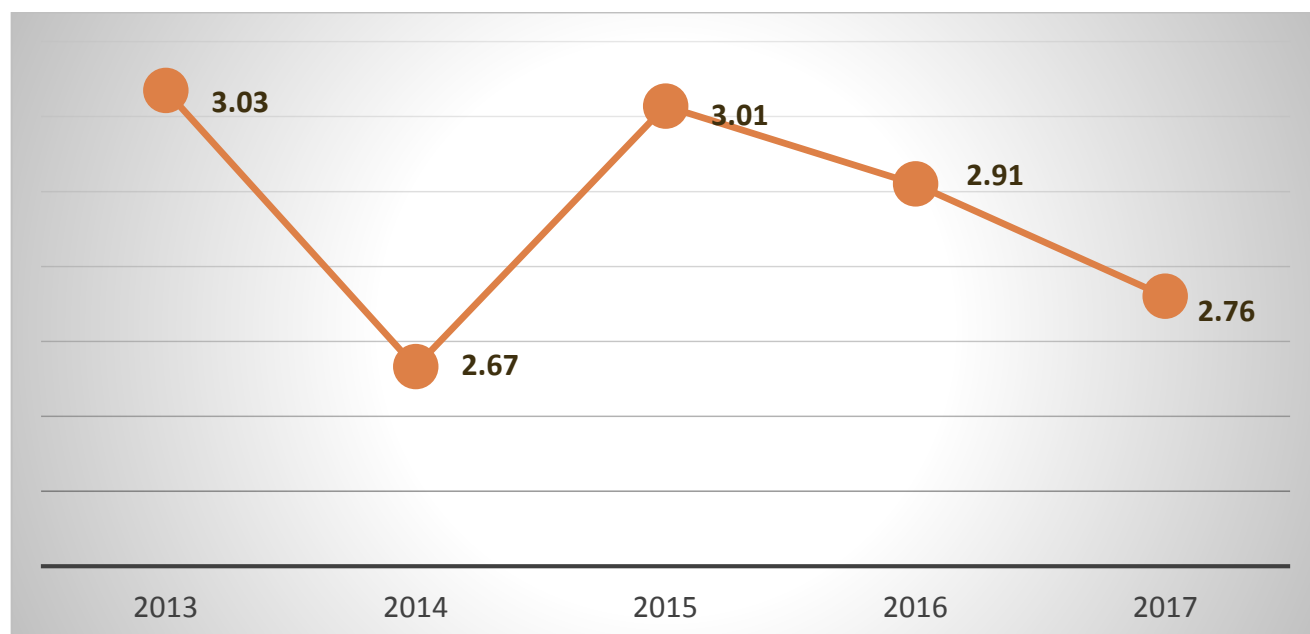


## FINANCIAL SITUATION RATIOS

### RETURN ON EQUITY



### FINANCIAL LEVERAGE



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