



SinoTharwa Drilling Co.

A n n u a l R e p o r t 2 0 1 3

MANAGING DIRECTOR'S STATEMENT

- Dear SinoTharwa family, at the end of 2013 and the commencement of 2014, a new year has just launched in the history of SinoTharwa drilling company within the 9th year with the hard exertion and the great efforts exerted in all the drilling fields and workover of the wells locally and internationally.
- Through 2013 we were able to work hard to implement the company's business plan with high efficiency and high performance keeping in mind working professionally within high efficiency without any hurt to any of our company's members or any damage to our property or negatively affect the work environment which contradicts any of the requirements of the environmental protection.
- Over the past year there were many adverse causes, it was possible to negatively affect our performance in all directions, as on top of these causes was the lack of sufficient funds in accordance to the needs of the company to provide the necessary spare parts, as well to encounter the services required for most of the subcontractor companies leading to a negative impact on stopping the supply of the spare parts of the jack up and also the costs of moving and transporting the onshore drilling rigs.
- It was on the company's management to make the best exerted effort to resolve these complex issues starting with the supplement of the spare parts and required services within also paying the loans and its interests and working hard to reduce the expenses which required working day and night to increase the efficiency and the rigs utilities.
- The result of all these hard efforts from all of the employees in Cairo office, in all the rigs and the workshops in Badr yard whom hardly maintained and well prepared any of the drilling equipment that has been stopped to supply all the requested spare parts, sufficient fund, employees trainings to reach the company's best levels on its top maintains the health and the safety of the employees and also reaching high efficient performance going better than all the international performance.

Also during this year a new service was added "Mud Logging Service "with successfulness of its first unit within the preparations of another two units to start soon.

Proudly after all the mentioned achievements, we would like to express our thankful gratitude for all SinoTharwa staff members motivating everyone to keep the high performance achieved and also praying for our beloved country to be always saved and secured.

At last but not least, we would like to express our thankful appreciation to our honorable shareholders for their continuous support, adding new services, making SinoTharwa in the ranking of the world's leading companies for instance; Egyptian petroleum sector support giving the chance for SinoTharwa in the different drilling fields , Also the technical support provided by the Chinese partner as SinoTharwa is considered to be a fruitful mutual cooperation between the Egyptians and the Chinese and yet more and more progress and prosperity.

Li Zhigang
General Manager & MD



Ibrahim Khidr
Chairman & MD





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HUMAN RESOURCES AND SERVICES

Your Comfort Seat for Development Trip



2013 HUMAN RESOURCES ANNUAL REPORT

- Oil and gas industry is one of many industries which mainly depend on manpower. Consequently, the development of such industry primarily relays on the development of this influential resource. In SinoTharwa Human, Resources Department presents the main source behind the company's development.
- It is responsible for hiring highly skilled and motivated candidates that allows the company to own the most qualified employees & achieve its main goals on both present and future levels. Moreover, developing personal and technical skills of our employees and retaining them through several different means such as building a competitive benefits plan as well as providing a highly developed training program which consider a very essential target for the H.R department.
- Therefore, H.R Department is one of the most vital departments in our company as it participates in developing and enhancing every single aspect of our company. It has a major role in securing company's development through the improvement of employees' personal and technical skills.

SKILLS BOX

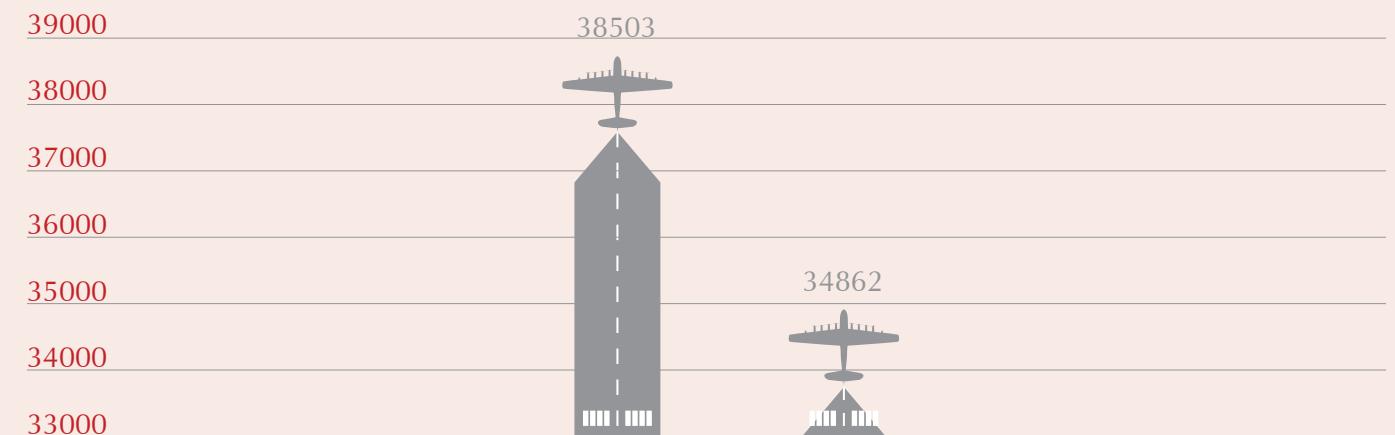
TRAINING

The development for Sinotharwa employees presents the main catalyst behind the improvement of the company. Highly developed training courses enhance the affectivity of each employee and allow the company to achieve higher goals.

2013 Total training Hours:

Department	Actual Hours	Planned Hours
QHSE	17,907	16,788
Operations	11,760	9,848
Engineering	2,138	1,710
English & Soft Skills	6,698	6,516
Total	38503	34862

2013 TOTAL TRAINING HOURS



QHSE TRAINING 2013

Providing health and safety training helps to ensure that all SinoTharwa staff knows how to work safely and without any risks, it's also develop a positive health and safety culture, where safe and healthy working becomes second nature to everyone.

Course Name	Actual Hours	Planned Hours
HSE OJT Training Package	17,053	15,960
Defensive Driving	566	540
HLO	144	144
Crane Operation to Offshore Level 3 to OPITO standard	144	144
Total	17,907	16,788



OPERATIONS

We offer a wide portfolio of courses to help our staff maintain a technical edge and contribute towards our track record of outstanding operational efficiency; all technical courses are very influential for developing and enhancing the skills of our staff.

Course Name	Actual Hours	Planned Hours
Ton Mile Calculation	168	150
Basic Well Control	2,730	1,800
High Pressure, High Temperature	864	720
Rig Mathematics	480	360
Down Hole Problems	720	540
Painting	398	398
Drilling F. School & Solid Cont. Eq.	780	600
Casing, Cementing & Plug Setting	1400	1,200
Hydraulics	1200	1,200
Mud Pump & BOP C.Unit	860	720
Well Logging & Formation Evaluation	510	510
IWCF	870	870
Mud Logging	780	780
Total	11,760	9,848

ENGINEERING

Maintenance for drilling equipment is highly essential for maintaining high company standards. The main objective behind providing engineering department with such advanced training programs is to develop their capabilities, skills and awareness of new maintenance techniques.

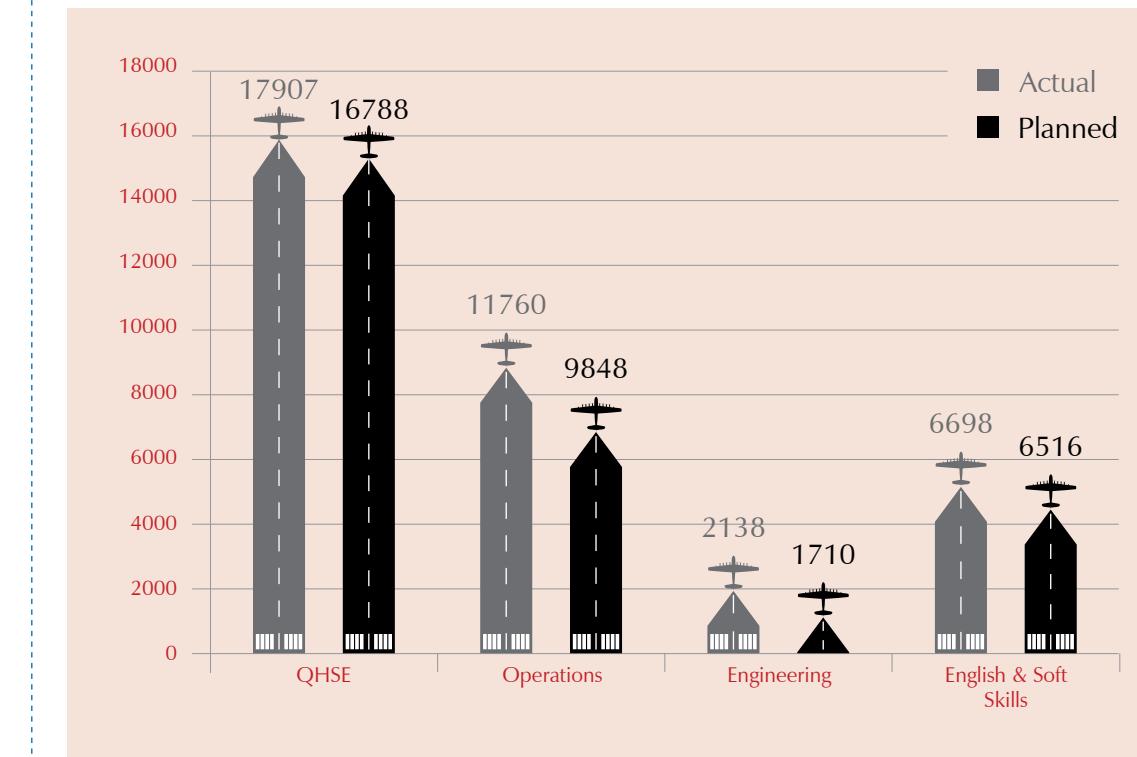
Course Name	Actual Hours	Planned Hours
PLC Siemens	360	180
PMP	480	360
Electrical Fundamental	420	360
Basic SCR	300	300
Basic VFD	180	120
Maintenance Philosophy	288	280
API 653 Above Ground Tank Inspection	25	25
ASME Section 1% Welding & Brazing	25	25
Advanced Hyd. System	60	60
Total	2,138	1,710

ENGLISH & SOFT SKILLS

The main reason behind providing such courses to our employees is to enhance their personal capabilities. As we believe that such personal development for our employees will assist in enhancing the quality of our company as a whole.

Course Name	Actual Hours	Planned Hours
English Course - Rig	5,062	4,880
Soft Skills - Rig	370	370
Ergonomics	342	342
Security Training Courses	396	396
Top Management Soft Skills English Language - Head Office "Overcoming the Five Dysfunctions of a Team Training Course"	132	132
Management Soft Skills English Language - Head Office "Overcoming the Five Dysfunctions of a Team Training Course"	240	240
Middle Management Soft Skills English Language - Head Office "Supervision Skills"	156	156
Total	6,698	6,516

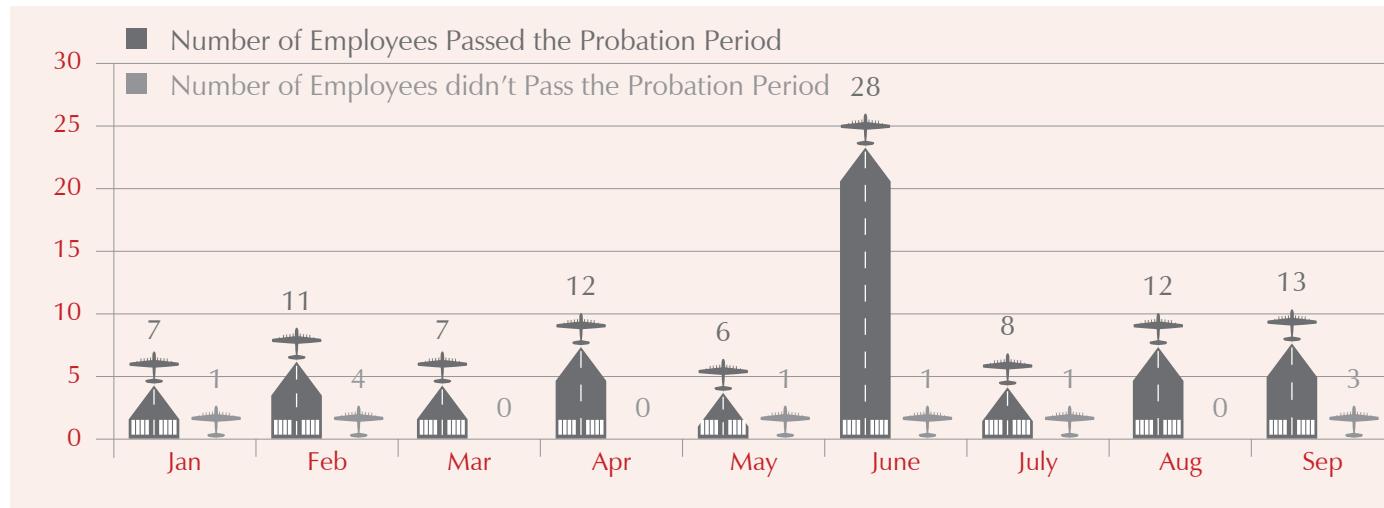
2013 OVERALL TRAINING HOURS:



PROBATION PERIOD:

Probation period is very essential for all newly hired SinoTharwa employees. It is a 3 month period at which superiors has the opportunity to evaluate new employee on several different levels. Employee is assessed on his appearance, discipline, technical knowledge and his ability to learn. Consequently, probation period is very essential in highlighting weaknesses and strengths of all sinotharwa newly hired employee, also act as one of the main tools for developing his personal and technical skills.

Overview on 2013 Probation Period Analysis



EXIT INTERVIEW:

Exit interviews are very essential for our company's development. It provides a very accurate data about current problems and disadvantages of the company and it has a major role in developing company's performance. Moreover, it acts as a main tool in enhancing work environment for employees.



RUN AFTER QUALITY

PERSONNEL

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

OVERVIEW ON ACTIVITIES OF 2013:

1. Monitor and analyze the scores of 2013 performance appraisal for all staff.
2. Maintain the salary structure for rigs staff in order to develop Sinotharwa ability to compete and lead the drilling market in Egypt.
3. Establishing company job description for all positions of offshore rig "Bahari I".
4. Finalizing annual medical exemption related to social insurance authority will be saved monthly EGP 153,238.90; it means that annual saving amount will be EGP 1,838,866.80.
5. Applying the flat increment by 15% flat rate for all employees defective Jan.2013 in order to face the increasing of inflation rate during 2012 for compensating employees any short in their income.
6. Implementing ERP system (Oracle application) in order to go live the first quarter during 2014.

2013 Manpower Highlights:

Location	No. of Employees	Location	No. of Employees
St#1	74	St#9	71
St#2	78	St#10	71
St#3	74	St#11	72
St#4	69	St#12	68
St#5	66	St#21	53
St#6	74	St#22	55
St#7	86	St#23	51
St#8	78	St#24	57
Tanmia#1	71	JackUp	113
Head Office	131	Badr Yard	66
Mud Logging	11		

NEW POLICIES & BENEFITS DURING 2013:

1. Formulating **a new promotion policy** to ensure career development of company staff on right track and will be finalized the first quarter of 2014.
2. Maintaining **the company transportation policy** for rigs sites staff in order to facing the raising rate of transportation fees through previous three years and allow to using a safe and suitable transportation ways.
3. SinoTharwa has modified **the family medical policy** in order to increase the internal ceiling for family medical services by a percentage ranging between 20% and 50% rate increase.
4. SinoTharwa has set up **a Special cases policy** in order to contribute to our special cases (cases exceeding their family medical ceiling) with a percentage ranging between 25% and 75% during 2013.
5. For keeping the staff loyalty on required standard toward our organization, the company management established new **Retirement medical policy** to motivate the staff and keep them on business track via granting personal medical insurance coverage till employee life time after retirement age up to 70 years old to support them for achieving the required safe healthy environment.



New Policies

- 1- New Promotion Policy
- 2- Transportation Policy
- 3- Family Medical Policy
- 4- Special Cases Policy
- 5- Retirement Medical Policy



New Benefits

- 1- Achieve the succession plan to create a new staff to lead our organization
- 2- Modify a transportation allowance in order to suitable with raising rate of transportation fees
- 3- Granting personal & family medical coverage even after the retirement age in order to keep the staff loyalty

NEW PROCEDURES DURING 2013:

Rigs Visits:

HR team handled two visits for each rig site (18 rigs) during the year of 2013 on semiannual basis in order to keep the relations between employees on rigs sites and head quarter as one unit.

Complain Form:

Personnel Division established new complain form to provide to all employees an opportunity to request a clarification for any obstacle to face them.

Quarterly Meetings:

Held a quarterly basis meeting with campuses, radio operators and physicians for all rig sites to orient any new benefit and in the same time clarify any obstacles to face the staff.

BACK YOU

MEDICAL

NEW MEDICAL INSURANCE COMPANY SERVING STAFF:

In order to provide a better service and after a vast survey, study and negotiations, we have managed to change the medical service provider for rig staff for better fulfillment of our employees' requirements.

- **Medical network:**

We have extended SinoTharwa medical network to include:

- 1 medical center
- 1 laboratory
- 1 physiotherapy center
- 1 hospital
- 1 pharmacy
- 1 optics service provider

NEW MEDICAL PROCEDURES:

- **Catering medical checkup:** Within the company's continuous care for employees' health, we have implemented medical checkup for catering staff at rig sites in order to avoid any health crisis
- **HCV screening campaign:** we have initiated HCV screening campaign for early detection of any hepatitis C Virus infections
- **Medical checkup records:** we have managed to finally finish our records regarding the medical checkup for all of our employees
- **Medical history sheet:** we have created a system to obtain a full medical history for each of our employees at Head office or rig sites that is continuously updated

NEW MEDICAL PERSONNEL:

Head office assistant physician: We have increased the man power for the medical division by 2 head office assistant physicians in order to reach optimum performance and response and provide the best health care and 24 hours complete availability for SinoTharwa employees.

GENERAL SERVICES

COMPANY'S CAR FLEET:

SinoTharwa Owns 36 cars in different locations all over Egypt; periodic maintenance follow up system was developed & enhanced for all company cars with great interest to keep them in perfect condition in accordance to the HSE standard.

New contracts with the new best transportation companies in Egypt to Provide SinoTharwa employees with safety and comfortable during their trips to the company locations.

Providing DEFENSIVE driving course for the drivers & all Co. car users during 2013

More effective & efficient agreements with authorized car maintenance centers to make the cars periodic maintenance and any kind of other repairs to insure the highest quality of maintenance for the company cars & also including this services to be provided on the rig locations , the thing that reflects on our credit cost & also save much time & efforts.

Successfully saved more than 40 % from the maintenance of the rig fleet comparing with the actual planned cost due to the mutual agreements which took place between SinoTharwa & Vehicles' agents that states the maintenance performance on the rig site instead of doing it at the agent.

WORK PERMITS:

Issued 36 work permits for the expat employees.

Company head office, Badr Yard & Guest house.

Maintenance & follow – up for the company head office building, Guest House & Badr Yard to facilitate the accommodation, training & any other business issue to insure the high standard level of services & comfort to SinoTharwa Staff and also facilitate their work flow.

We care for our employee satisfaction and good condition

Already started in the project of SinoTharwa Rigs Renovation and supplying all the needs for comforting and best working environment for our company employees.

Rigs Renovation achieved during year 2013: ST 1, ST 3, ST 12, ST 23, ST 7, ST 9, ST 5, ST 2, ST 8, and ST 21.

Rigs planned to be finished during year 2014: ST 4, ST 6, ST 22, ST 24, ST 11, St 10, and Tanmia.

IDEAS OF SUPPORT

BADR YARD

Sino Tharwa Drilling Company is doing its extreme effort to facilitate all services 7 facilities to their staff employees. That's why the company decided to establish a new 5 stars Guest house for the staff accommodation with the VIP meeting room, Clinic room, Restaurant, huge Garden, well prepared bed rooms.



TOUCH YOUR MIND 

PUBLIC RELATION**1- CELEBRATE THE BUSINESS****Build communication:**

We succeed to issue the 1st issuance of SinoTharwa E-Magazine in October 1st reflecting a new prospective matching with our standard &, it will be issued on quarter basis.

Manage Travel Administration:

The Public Relation department organize all the document and reservation for the Chinese expatriate staff & JackUp expatriate staff starting from their Country home residence to the Rig Site & vice Versa.

Protocols:

Egypt Air Contract renewed for the 8th year with the permanent success & mutual cooperation. In consequence & result of strengthen our relationship with our "Partners of Success"

The issuance of a new master card is under processing as a facility credit note in order to save cost facilitate the payment, also another project is under the negotiating process which is the client frequent flyer card and which will be named by the whole company employees , For more safety and leisure for all passengers.

2- CONNECTING TEAM NETWORK

Exhibition	From	To	Place	Target
MOC-2013	March 14 th , 2013	March 19 th , 2013	Ravenna	Expanding our business ,interacting in new markets through the creative booths that reflected our image achievements and aims

Events:

Celebration for "Gupco, SinoTharwa Team Building event"

Meetings:

Organize SinoTharwa 7th assembly meeting & board meetings during 2013
Corporate Social Response

• New medical procedures:

Blood donation campaign: Sinotharwa has always been supporting and contributing to national obligations, lately medical division has released the blood donation campaign at head office that will be carried out every 4 months, planning to extend this campaign to rig sites next year

TRAINING HOURS 

• 2013 SUMMER INTERNSHIP PROGRAM - SUMMER TRAINING

1- SUMMER TRAINING - TECHNICAL STUDENT

Summer Training - Lectures "Azhar University, Cairo University & suez university"

Group	Actual Hours	Planned Hours
1 st Group – July	192	192

Summer Training - OJT Sites

Group	Actual Hours	Planned Hours
1 st Group – July "15 Students"	2,520	2,520

2- SUMMER TRAINING - NON TECHNICAL STUDENT

Head office

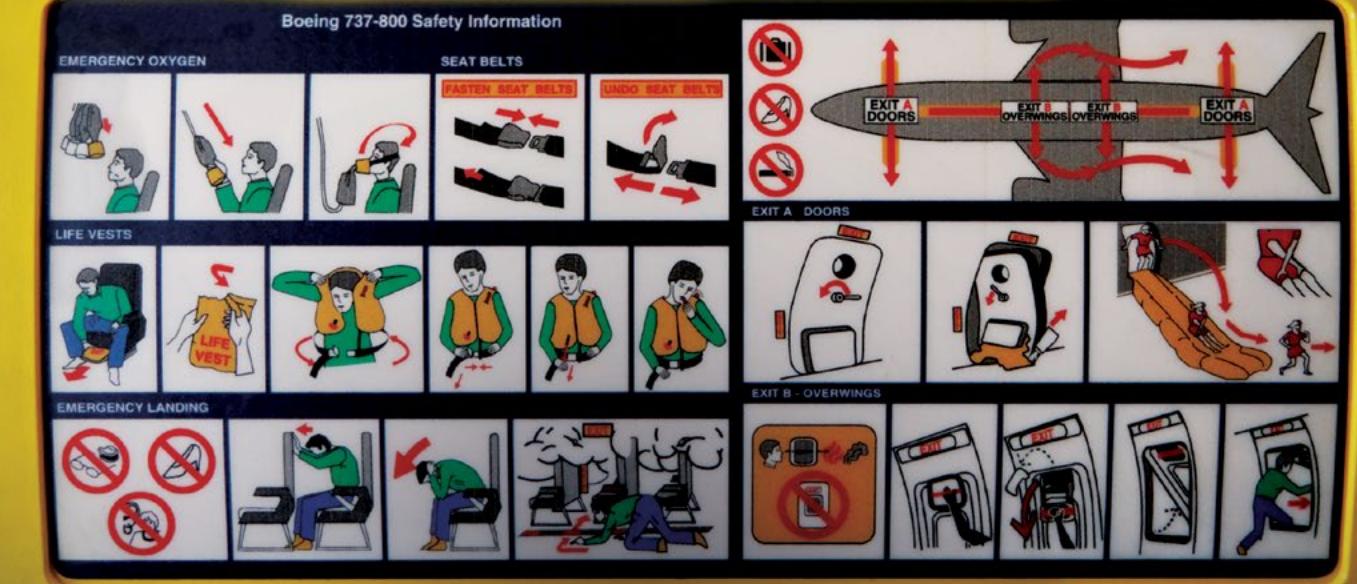
Group	Actual Hours	Planned Hours
1 st Group – July "2 Students"	396	396



QHSE | The Choice of Masters



SinoTharwa Drilling Co.



INTRODUCTION

- During 2013 SINOTHARWA continued growing in Quality, Health,safety, & Environment optimization process, since it is one of the company main responsibilities. In this report you will be able to see the progress QHSE Department made towards creating a safe and clean working environment for Sinotharwa employees and surroundings where continuous improvement was our endless target and still.
- Worth to mention that by the end of 2013 Sinotharwa QHSE department succeeded to extend the validity of OHSAS 18001 & ISO 14001 in addition to the renewal of ISO 9001 certifications. Any step forward is mainly relying on top management commitment and leadership as well as workforce efforts exerted for keeping the operations' free of any impacts that could have its negative effect on People, Environment, Assets, Customers and Reputation.
- Also establishing mud logging structured hazard identification program as a new line of controls which was a result of a comprehensive hazard identification, risk analysis and risk management process prior to commence the new mud logging service.

Generally, this report demonstrates Sinotharwa QHSE performance during the year 2013.

QHSE MISSION AND BELIEVES

MISSION

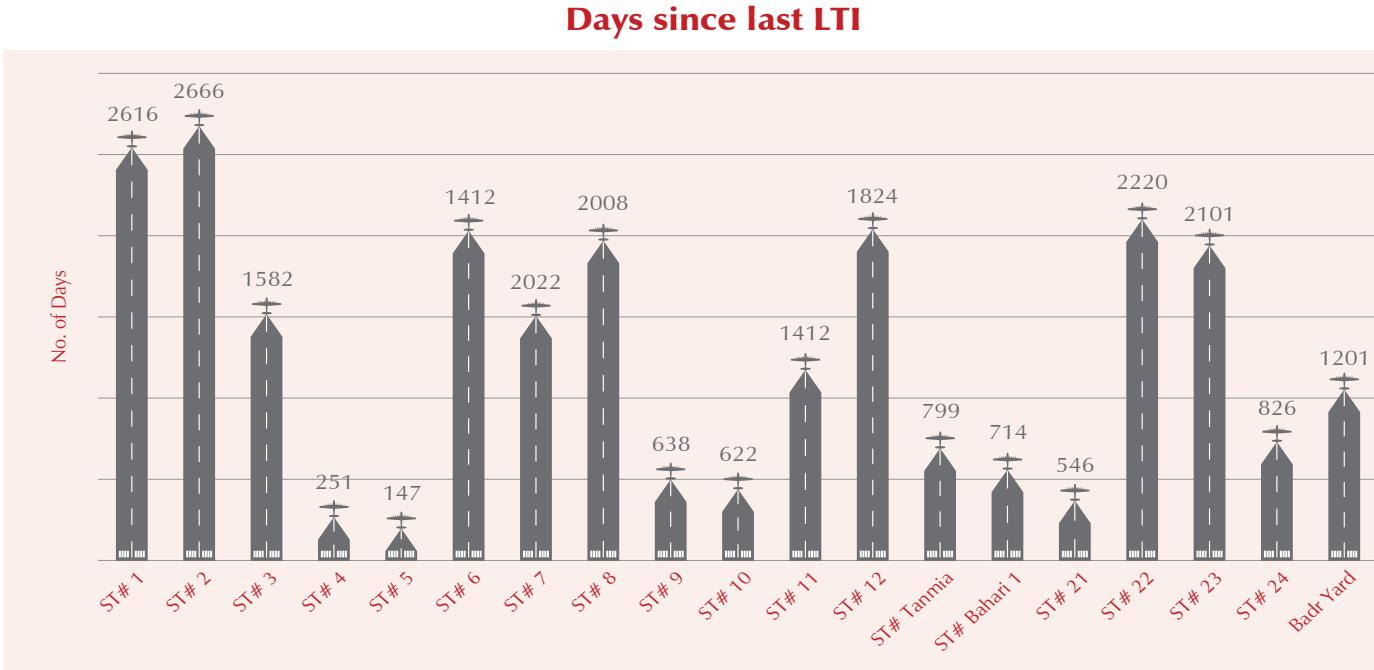
- Providing the full support to enhance the company QHSE programs.
- Encouraging workforce to effectively participate in the implementation of QHSE applications.
- Prevention of occupationally - induced injuries and illness.
- Ensure that 100% of mechanical and physical hazards' controls required for personnel safety are provided.
- Ensure that all types of controls are 100% available and maintained in compliance with all applicable standards.
- 100% compliance with all applicable standards, codes, guidelines and country QHSE laws and regulations.

BELIEVES

- All Injuries, occupational illness & environmental impacts are preventable.
- No task is so important to be performed in unsafe manner.
- All hazards can be identified and their risks can be reasonably managed.
- Everyone has a responsibility towards safety and health of himself and others.
- QHSE continuous improvement programs is a non stop process.

DAYS WITHOUT LOST TIME INJURY (LTI RECORDS)

On daily basis the QHSE department keep on the tracking number of days without lost time accidents among the whole fleet which is considered as a key indicator for the areas with effective implementation of the QHSE management system and also indicates the workforce awareness level and competencies in terms of ability to hunt hazards and control risks.



SINOThARWA WORK INJURY STATISTICS

During 2013 all the company units worked hard to keep QHSE work injury statistics records better than what had been achieved in the previous years. The following facts demonstrates the company achievement towards personnel safety target during the year 2013:

- Most important fact, there were no fatalities, total or partial disabilities to any of Sinotharwa staff, subcontractors or third parties in any of Sinotharwa areas of operations.
- Two lost time accident occurred.
- Two restricted Work cases recorded (i.e. delegation to light work for a specific period of time)
- Twelve medical treatment cases were recorded where minor injuries were handled inside the rigs' clinic then back to normal routine duties in the same day.
- Sixteen total recordable cases as a result of 6,540,150 working hours.

Where accidents classifications definitions and statistical equations used by Sinotharwa are in compliance to the International association of drilling contractors IADC guidelines as per the following:

MTOs: Any injury requiring medical care or treatment beyond first aid, that doesn't result in restricted work case or lost time accident.

RWCs: Occurred when an employee can't perform at normal capacity for a full work shift or is assigned to another job due to work-related injury or illness.

LTI: An accident causing injury so that a person can not continue normal duties the next day or shift

FTLs: Where a person sustains injury Causing immediate death or death due to work related injury or illness .

LTI Incident rate = $(LTIs+FTLs)*200.000/ Total man hours.$

DART Incident rate = $(RWCs+LTIs+FTLs)*200.000/ Total man hours.$

RCRD Incident rate = $(MTOs+RWCs+LTIs+FTLs)*200.000/ Total man hours.$

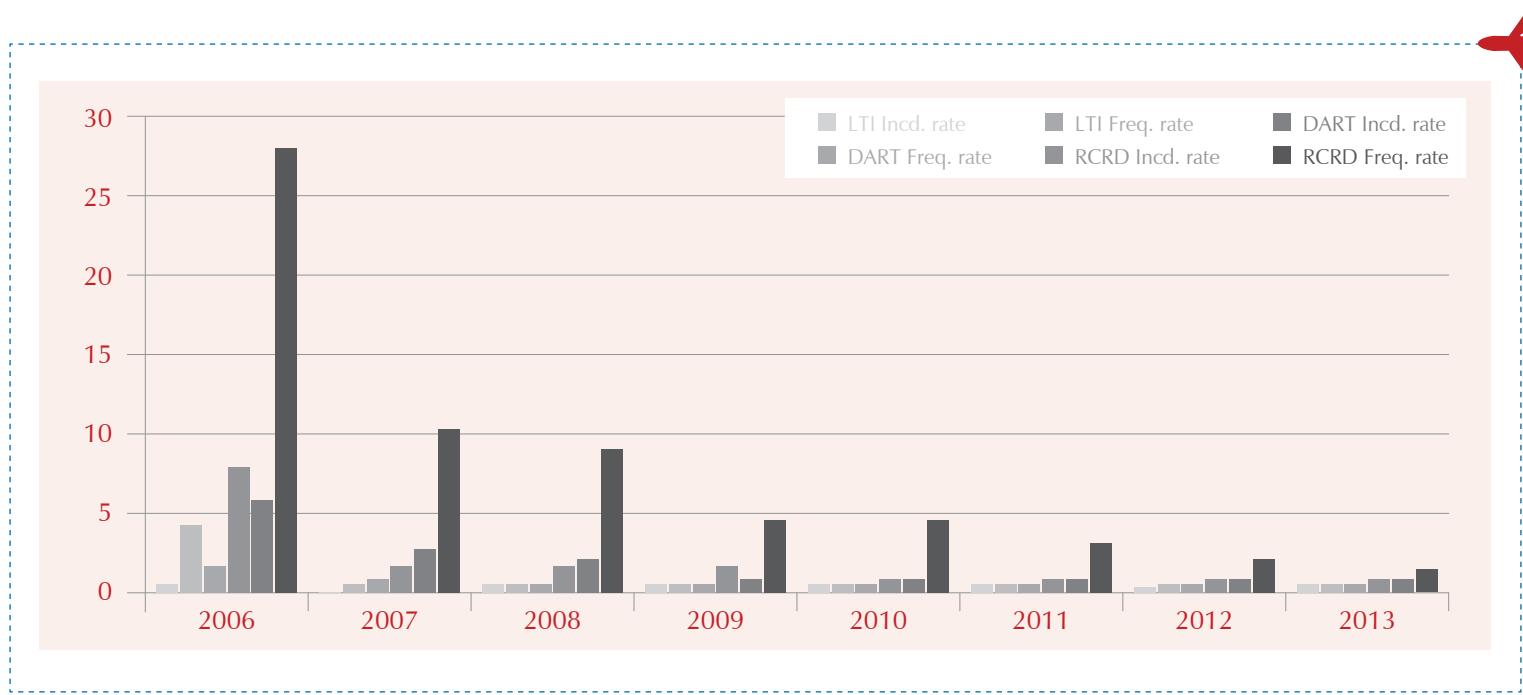
LTI Frequency rate = $(LTIs+FTLs)*1000.000/ Total man hours.$

DART Frequency rate = $(RWCs+LTIs+FTLs)*1000.000/ Total man hours.$

RCRD Frequency rate = $(MTOs+RWCs+LTIs+FTLs)*1000.000/ Total man hours.$

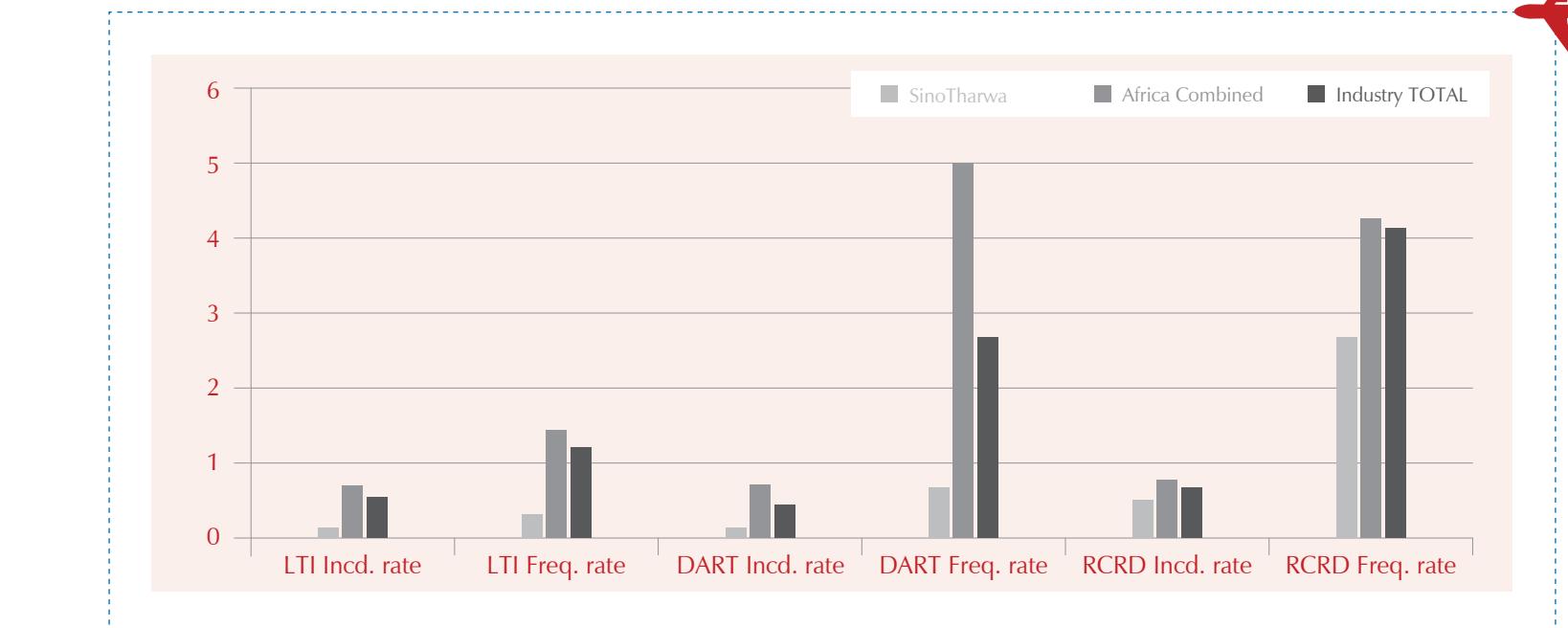
SINOTHARWA ACCIDENT / INCIDENT RATES AT PAST YEARS (TILL DEC. 2013)

YEAR	LTI Incd. rate	LTI Freq. rate	DART Incd. rate	DART Freq. rate	RCRD Incd. rate	RCRD Freq. rate
2013	0.06	0.31	0.12	0.61	0.489	2.50
2012	0.13	0.63	0.13	0.63	0.54	2.69
2011	0.07	0.34	0.13	0.67	0.67	3.37
2010	0.09	0.44	0.15	0.73	0.82	4.09
2009	0.03	0.18	0.29	1.47	0.88	4.42
2008	0.05	0.26	0.32	1.61	1.66	8.34
2007	0	0	0.26	1.33	2	10
2006	0.7	3.53	1.65	8.25	5.66	28.31



SINOTHARWA ACCIDENT / INCIDENT RATES VERSUS AFRICA COMBINED AND TOTAL INDUSTRY RECORDS (TILL DEC. 2013)

AREA	LTI Incd. rate	LTI Freq. rate	DART Incd. rate	DART Freq. rate	RCRD Incd. rate	RCRD Freq. rate
SinoTharwa	0.07	0.33	0.13	0.67	0.50	2.51
Africa Combined	0.29	1.45	0.61	3.07	0.85	4.25
Industry TOTAL	0.25	1.25	0.52	2.58	0.82	4.09



ENVIRONMENTAL PROTECTION: “HITTING ZERO DISCHARGE TARGET”

- 2008, there were no pollutant spills or any environmental impacts at our areas of operations.
- 2009, performing comprehensive review on the company environmental management system.
- 2010, Updating the company environmental management system in compliance with standards & regulatory updates
- 2011, Issuing Sinotharwa environmental plan for implementation by all company rigs & yard.
- 2012, The company was awarded by ISO 14001 certification which reflects effectiveness of the current environmental management system.
- 2013, ISO14001 certification annual surveillance was successfully conducted with no major non-conformities something that reflects environmental protection controls' effectiveness, which shows company commitment towards protecting the country lands and seas.

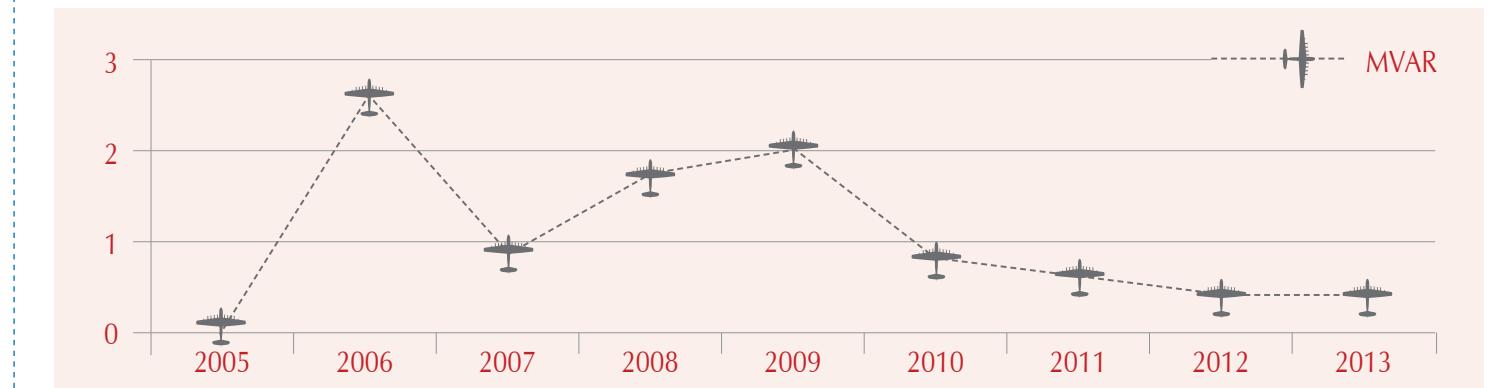
ROAD SAFETY

Sinotharwa considers driving as one of the industry high potential risks that requires intensive monitoring as well as requiring provisions of effective controls as long as our rigs operations are running. These controls and as a part of the company overall risk management system mainly focus on (and not limited to) drivers' competencies and training in addition to vehicles' real time monitoring and control systems. Over and above, the effective implementation of the company specific journey management system was a contributing factor of control.

All Sinotharwa drivers (and before sitting behind the wheel) are trained on Defensive Driving Techniques by the company certified defensive drive instructor, also all of Sinotharwa vehicles on site were equipped with Online in vehicles monitoring system (IVMS system) where driver's performance is monitored on daily, weekly and monthly basis through downloadable reports where immediate corrective and preventive actions take place.

Below graph shows the company decreasing motor vehicles accident rate during the past five years (till Dec. 2013)
MOTOR VEHICLE ACCIDENT RATES (MVAR) through 6,169,870 driven hours.
MVAR = Cases * 1000000/ KMD.

Year	Percentage of Compliance
2010	63 %
2011	81 %
2012	94 %
2013	95 %



QHSE INTERNAL AUDITING PROGRAM {CORRECTIVE / PREVENTIVE ACTIONS (CAR/PAR)}

An internal QHSE audit is a process carried out by the company certified independent internal auditors to evaluate the implementation of the QHSE -MS and degree of compliance in a manner that guarantees that processes & service realization methods conform to the QHSE overall objectives also to detect and pinpoint any deficiencies then coming up with the appropriate corrective and/or preventive actions.

The system precision comes out from accurate diagnosing & data analysis then allocating performing duties & consequently appropriate corrective or preventive actions to be taken within agreed time frames. During 2013 this system succeeded in hunting one of the main QHSE targets which is achieving the minimum outstanding corrective/preventive actions for high & medium risks non-conformities with a percentage not exceeding 2%.

As a principle output of the company QHSE-MS auditing and rigs technical inspection program rigs' degree of compliance are extracted since all necessary collective information and data were registered, causes analysis performed, percentage of deviation were identified and so on. Finally access to identify how far or close a rig is in compliance are presented. Below the degree of compliance diagram that shows SinoTharwa rigs average degree of compliance for 19 sites and shows the increasing trend during the past 4 years.

Year	% of Compliance
2010	63 %
2011	81 %
2012	94 %
2013	95%



OPERATIONS | Setting the Standard in Drilling



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 & MUD LOGGING UNITS FLEET:

1- 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	Abuрудیس	Active
ST-2	Bomco, China	2001	1500	16,000	Available	Khalda- Qarun	Western Desert	Active
ST-3	Bomco, China	2006	2000	20,000	Available	Petrobel	Abuрудیس	Active
ST-4	Bomco, China	2007	2000	20,000	Available	GPC	Abu Sennan	Active
ST-5	Bomco, China	2007	1500	16,000	Available	Khalda	Kalabsha	Active
ST-6	Bomco, China	2007	1500	16,000	Available	Khalda	Abu Elgharadig	Active
ST-7	Bomco, China	2008	1000	12,000	Without	Petrodara	Ras Gharib	Active
ST-8	EPHH	2008	1500	16,000	Available	Agiba	Meleihah	Active
ST-9	EPHH	2007	2000	20,000	Available	Petro Amir	Zeit bay	Active
ST-10	EPHH	2008	1500	16,000	Available	Khalda	Abu Elgharadig	Active
ST-11	Bomco, China	2008	2000	20,000	Available	East Abo Sanan	Abu Sennan	Active
ST-12	Bomco, China	2008	2000	20,000	Available	Petrobel	Abuрудیس	Active
Tanmia-1	EPHH	2011	1500	16,000	Available	El Mansora- Petro-Sielah	El Delta- Western Desert	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	Meleihah	Active
ST-22	SJ Petroleum , China	2007	650	12,000	Qarun	Karama	Active
ST-23	SJ Petroleum , China	2007	650	12,000	Petrobel	Abuрудیس	Active
ST-24	SJ Petroleum , China	2008	650	12,000	Bapetco	Badr-3	Active

C- 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	Amapetco- Gupco	Gulf of Suez	Active

2- SINOThARWA MUD LOGGING UNITS:

Unit	Builder	Year of Built	Operator	Location	Status
Unit-1	Shenkai- China	2013	Petro-Sielah	Western Desert	Active
Unit-2	Shenkai- China	2013	EL-Mansoura	Delta	Active
Unit-3	Shenkai- China	2013	-	-	Non Active

FLEET DEVELOPMENT 

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

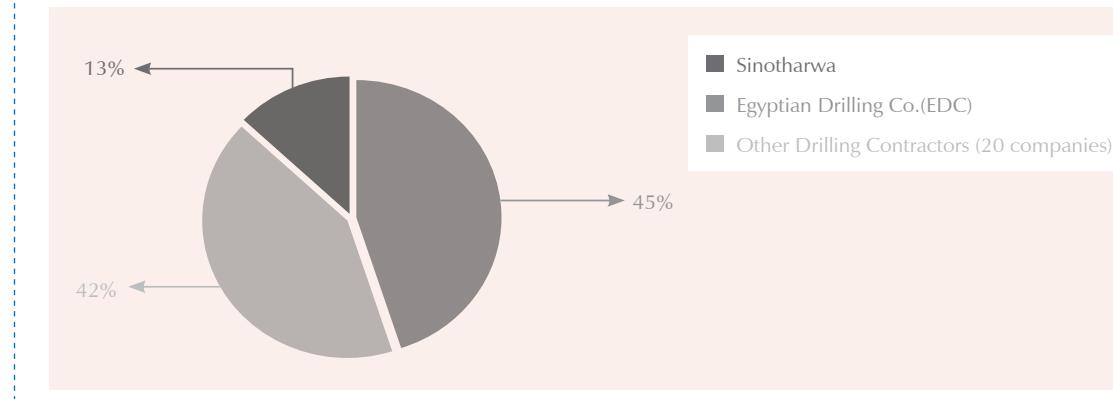
Unit type	Land Rigs				Offshore Rigs	Mud Logging units	Total
	2000 HP	1500 HP	1000 HP	650 HP			
2005	1	-	-	-	-	-	1
2006	-	1	-	-	-	-	1
2007	2	-	-	2	-	-	4
2008	2	4	1	2	-	-	9
2009	1	-	-	-	-	-	1
2010	-	-	-	-	-	-	-
2011	-	1	-	-	1	-	2

Unit type	Land Rigs				Offshore Rigs	Mud Logging units	Total
	2000 HP	1500 HP	1000 HP	650 HP			
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	3
Total	6	6	1	4	1	3	

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.

SINOThARWA'S MARKET SHARE - BY END OF 2013 **Drilling Contractor's Market Share**

2013 STRATEGIC MEASUREMENTS

In 2013 the following actions, among others, were the direct result of implementing our strategy:-

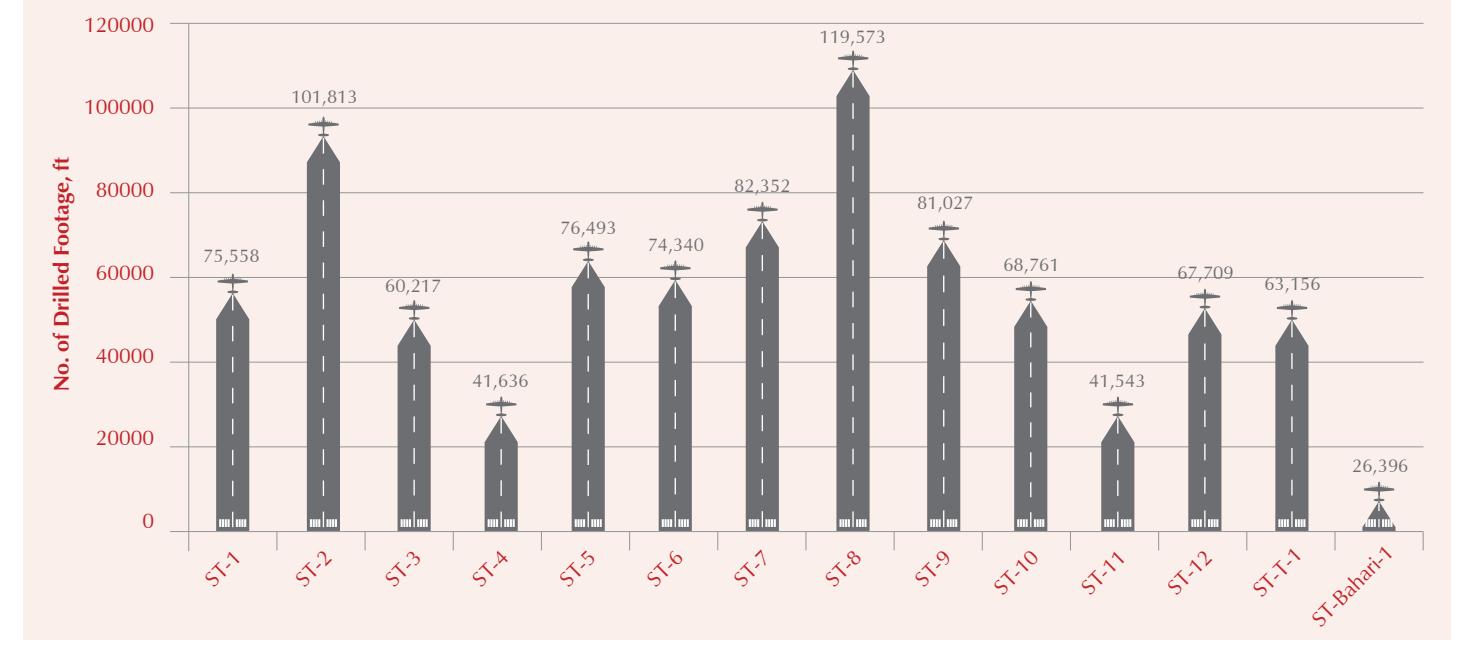
1. Average rigs utility (Excluding move & maintenance time) **99.07 %**.
2. Average rigs utility (Excluding move time only) **97.24 %**.
3. Average rigs utility (Including move & maintenance time) **95.11 %**.
4. Total working (operating) days increased from **6,487** days in 2012 to be **6,570 days** in 2013.

Drilled Wells by each rig



5. Total drilled wells increased from **104** well during 2012 to be **106 wells** during 2013.

Drilled Footage per each rig





Worked over wells by each rig



7. Total work over wells during 2013 = **126 wells**.

8. Mud Logging units Utility 100%.

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

FACTS

The following table shows summary for Sinotharwa drilling performance for such wells drilled in 2013, the total time to drill well includes all other operations such as running casing, cementing, logging, running completion and testing.

Rig	No. of Drilled Wells	Total Footage,ft	Average well depth, ft	Inclination angle Up to	Move rate, day/move	Total move days	Actual well days	Well time, day/well	Average ROP ft/hr	day/10000ft
ST-1	8	75,558	9,445	47°	6.49	51.9	313.1	39.1	35	35
ST-2	9	101,813	11,313	42°	5.67	51.0	314.0	34.9	35	25
ST-3	6	60,217	10,036	53°	5.90	35.4	329.6	54.9	30	35
ST-4	5	41,636	8,327	23°	6.34	31.7	333.3	66.7	16	49
ST-5	5	76,493	15,299	26°	6.94	34.7	330.3	66.1	27	38
ST-6	7	74,340	10,620	35°	6.33	44.3	320.7	45.8	34	40
ST-7	18	82,352	4,575	0°	4.12	74.2	290.8	16.2	25.6	33
ST-8	17	119,573	7,034	30°	5.91	100.5	264.5	15.6	54.25	17
ST-9	6	81,027	13,505	10°	6.22	37.3	327.7	54.6	28.3	30
ST-10	6	68,761	11,460	42°	5.94	35.6	329.4	54.9	34	33
ST-11	4	41,543	10,386	44°	7.04	28.2	336.8	84.2	16.4	50
ST-12	5	67,709	13,542	57°	5.75	28.8	336.3	67.3	28	40
T-1	8	63,156	7,895	39°	7.88	63.0	302.0	37.7	22	46
ST-Bahari-1	2	26,396	13,198	70°	-	-	-	-	-	-

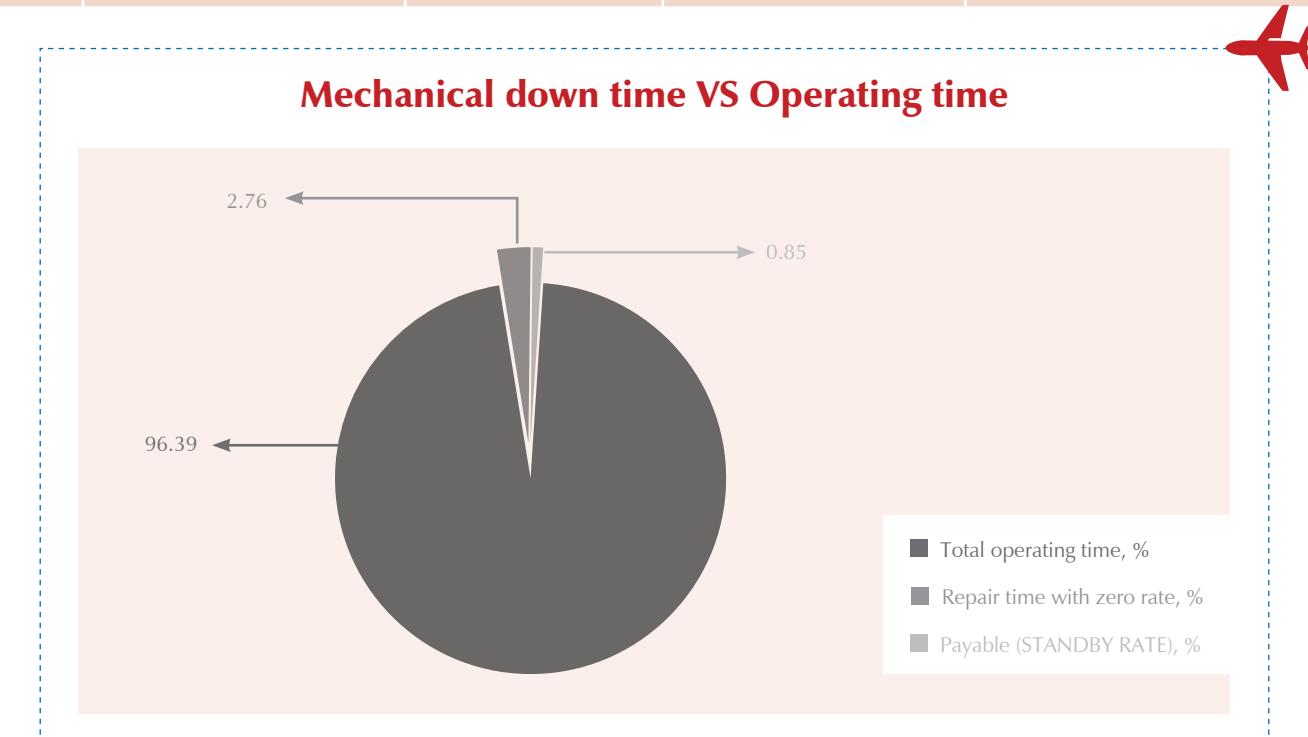
2013 RIGS UTILITIES

Rig	Work periods, days	Rig utility		Repair time %	Rig move time %	No. of rig moves	Average move day/move
		Excluding move time %	Including move time %				
ST-1	365	94.77	95.56	4.44	0.79	8	6.49
ST-2	365	97.87	99.27	0.73	1.40	9	5.67
ST-3	365	96.23	96.55	3.45	0.32	6	5.90
ST-4	365	92.20	98.07	1.93	5.87	5	6.34
ST-5	365	90.37	91.87	8.13	1.51	5	6.94
ST-6	365	91.64	92.38	7.62	0.74	7	6.33
ST-7	365	100.00	100.00	0.00	0.00	18	4.12
ST-8	365	94.90	97.83	2.17	2.93	17	5.91
ST-9	365	98.09	98.09	1.91	0.00	6	6.22
ST-10	365	98.25	99.46	0.54	1.21	6	5.94
ST-11	365	96.99	98.41	1.59	1.42	4	7.04
ST-12	365	98.44	98.52	1.48	0.08	5	5.75
Tanmia-1	365	95.15	99.52	0.48	4.37	8	7.88
ST-21	365	88.66	93.07	6.93	4.41	35	2.01
ST-22	365	92.22	96.72	3.28	4.50	30	1.75
ST-23	365	99.74	99.82	0.18	0.08	36	0.86
ST-24	365	91.18	99.91	0.09	8.73	23	2.78
ST-Bahari-1	365	95.27	95.27	4.73	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	Repair time with zero rate, hrs
157,680.0	151,994.5	5,685.5	1333.5	4352.0
	96.39 %	3.61 %	0.85 %	2.76 %

Mechanical down time VS Operating time



REPAIR TIME ANALYSIS DURING 2013

Rig	Top Drive	Mud System	Power System	Draw works	Well Cont. Equipment	Personnel Negligence	Overhauling	Auxiliary equipment	Others	Total
ST-1	36	14.5	2	18.5	3.5	2	373	0.5	10.5	460.5
ST-2	24	59	33.5	0	63	18.5	0	0	11.5	209.5
ST-3	42	37.5	96	15.5	0	0	201	0	8.5	400.5
ST-4	165.5	36	2	5.5	0	9	0	0	11.5	229.5
ST-5	45.5	15	96.5	0.5	76.5	0	622.5	0	9.5	866
ST-6	3.5	13	0	0	2.5	0	660.5	0	33	712.5
ST-7	0	10.5	1	7	0	0	0	0	9.5	28
ST-8	12.5	7.5	0	0	2.5	3	191.5	1	18	236
ST-9	17	43	6.5	0	2	0	151	0	4	223.5
ST-10	50	22	23	0	5	0	0	0	2	102
ST-11	47	75	0	3	20.5	0	66	1.5	25	238
ST-12	7	36.5	1	10	0	69.5	72	1.5	7	204.5
Tanmia-1	68	27.5	0	5	29	0	0	4	35.5	169
Bahari-1	11	1	1.5	0	56	0	0	1.5	387	458
ST-21	0	6	14	7	67	11	544	2	18	669
ST-22	0	5	88.5	5	59	154	0	16	38	365.5
ST-23	0	6	29.5	11	6	2	0	11.5	8.5	74.5
ST-24	0	5.5	9.5	0	1	8	0	6.5	8.5	39
Total	529	420.5	404.5	88	393.5	277	2881.5	46	645.5	5685.5

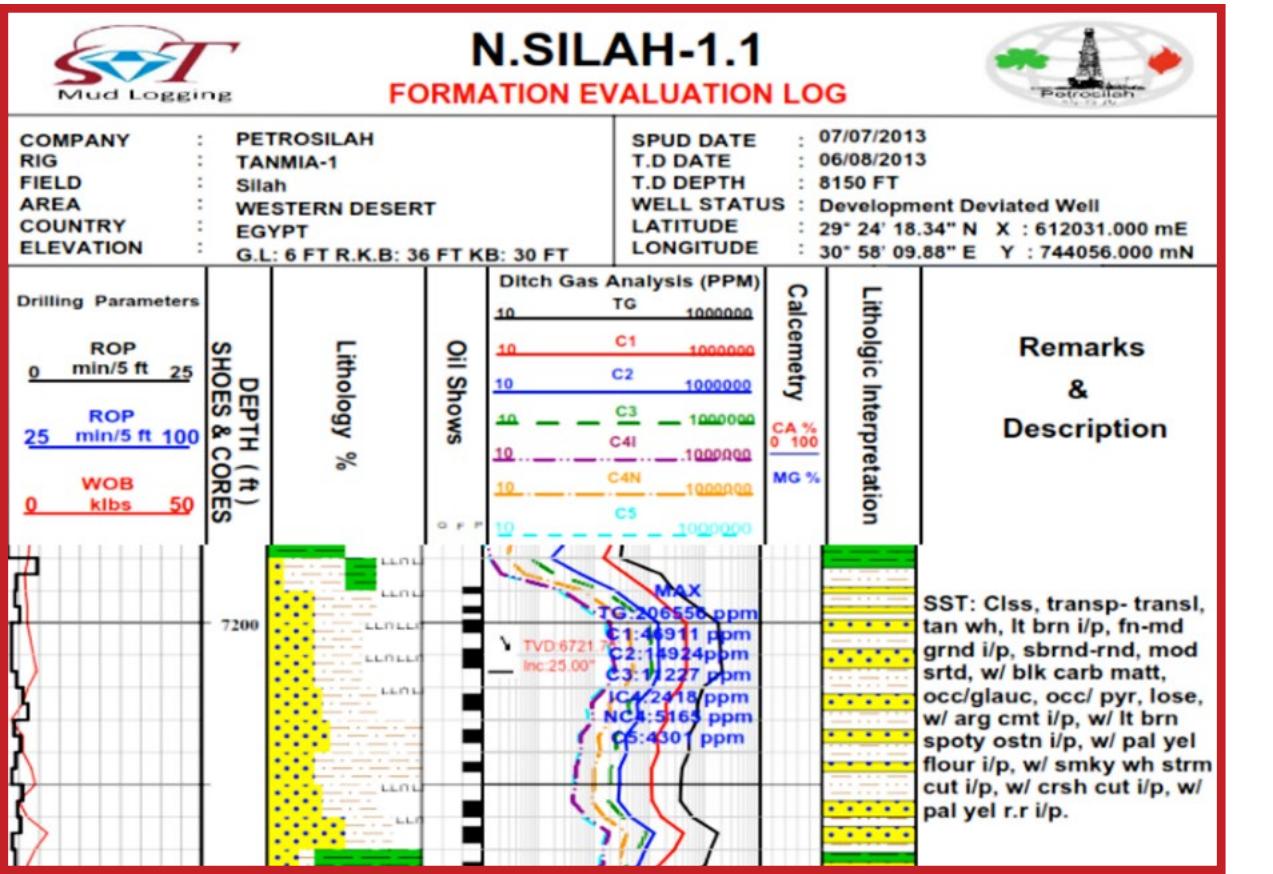
* Auxiliary equipment include air compressor, drill string, rotary hose, raising line sheaves and solid control equipment.

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...).

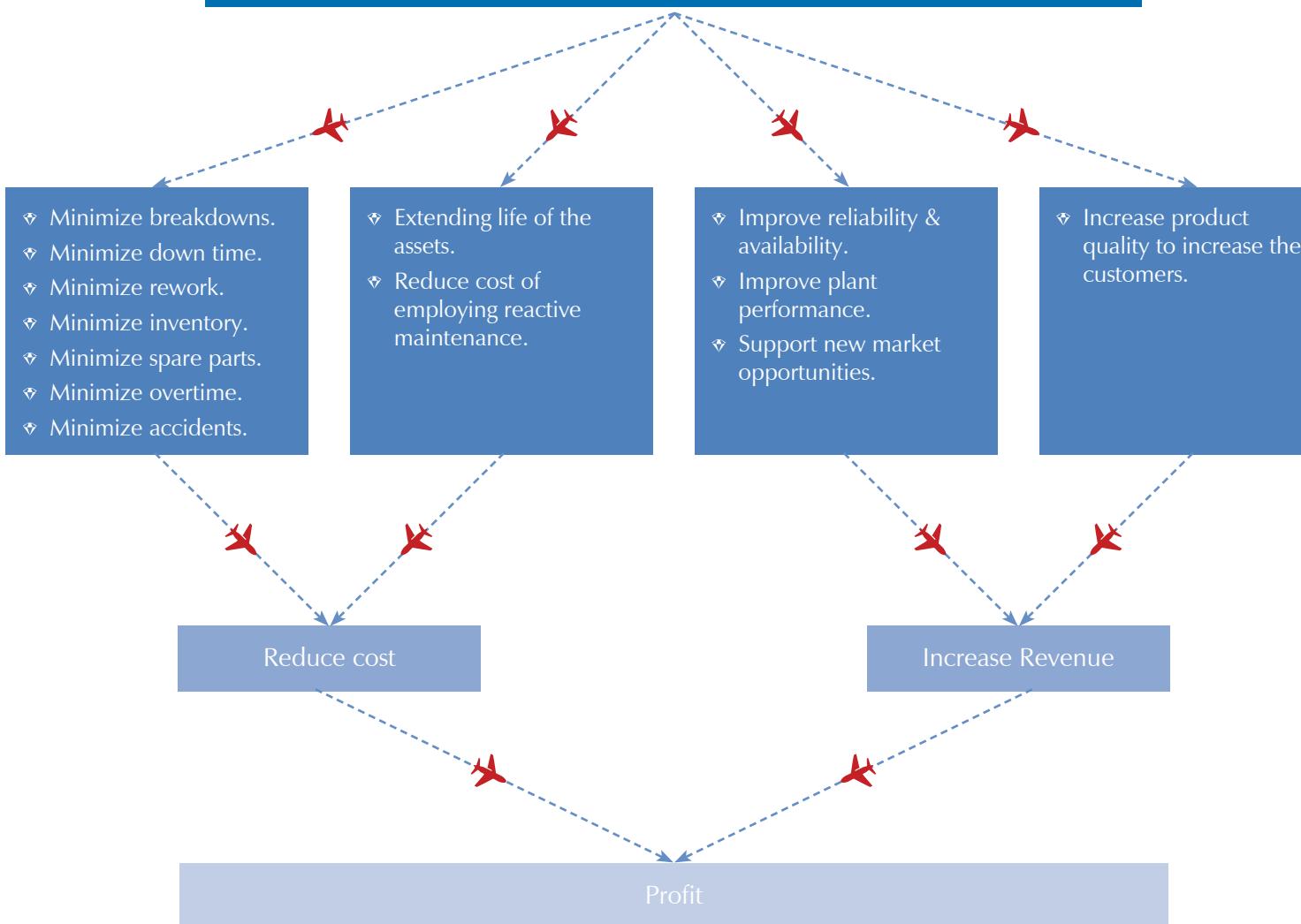
MUD LOGGING SERVICES:

- Sino Tharwa started the Mud Logging project since 2012 as an Integrated Services.
- Sino Tharwa registered in EGPC, EGAS, GUPCO and KHALDA as Mud logging Contractor.
- Technical and commercial evaluation for mud logging tenders finished for many oil companies. The first unit was started the work with the first client PetroSilah since May 2013 in El Fayoum with 100% Profitability.
- The second mud logging unit tested in Badr Yard and ready to move to El Mansoura Oil Company in Nile Delta.
- The Third mud logging unit tested in Badr Yard and ready to Mobilize to KHALDA Petroleum Company in Western Desert.



SUCCESSFUL MAINTENANCE SYSTEM

SUCCESSFUL MAINTENANCE



SIX ELEMENTS OF A SUCCESSFUL MAINTENANCE MANAGEMENT SYSTEM

PREVENTIVE MAINTENANCE:

One of the most important to productivity and costs savings is the ability to schedule work. It is the very essence of being proactive. Responsive maintenance, also known as corrective, repair or unscheduled maintenance, is work that is not scheduled and thus is work that is not planned.

STOCK AND PROCUREMENT:

Inventory and procurement processes direct the availability of parts and materials for the maintenance group. The process of how parts and materials are made available for personnel can make all the difference in the efficiency and effectiveness of the work. How many steps must the team take to obtain needed materials? Are parts readily available or must they be ordered? stock must be managed wisely with just the right amount provided just when it is required. Just-in-Time (JIT) stock systems can do work when properly managed.

WORK MANAGEMENT SYSTEMS:

This is the process of recording, tracking and maintaining all maintenance activity data. The work management system is used to track the process from the original service request, to planning, scheduling and acquiring work performance figures. Failure and root cause data may be recorded and tracked as well. Without this collection, analysis, and failure forecasting, much of the benefits of a proactive maintenance system will be impossible to acquire.

WORKFORCE DEVELOPMENT:

There is growing concern that today's workforce does not have the skills and knowledge necessary to keep pace with the ever advancing technological complexity of equipment they are required to maintain. Agencies must therefore develop their own skills based technical training programs for their specific equipment and assets and performance measures must be developed to detect adequate levels of those skills while encourage workers without penalizing and decreasing security.

STATISTICAL ANALYSIS:

Statistical Analysis puts together all the data gathered around a particular asset or resource. The information associated with downtime, emergency repair, repair stocks, maintenance costs and the labor, equipment and part resources information is collected and decisions are made based on this information. With accurate data can determine whether to continue to maintain or replace an asset. It can determine which parts to stock and which to order just-in-time (JIT).

PERFORMANCE MEASURES:

Continuous improvement is the uppermost and final process. Maintenance system improvement must be continuous to be effective and efficient as equipment, processes and staff changes as well as the operating environment itself. Everyone in the agency must be involved, energized and proactive looking for the chance to change things for the better. Benchmarking is a popular method of continuous improvement. It involves carefully establishing a baseline for the operational status of the organization and then comparing this status with similar organizations. This comparison can serve as a stimulus if a consistent plan can be developed to help improve the agency in those areas found lacking.

CONCLUSION:

There are the direct costs that everyone sees like labor and materials. These costs are often the part that management sees as a burden and are often the first to be cut when operations faces tough budgets. Then there are the indirect costs that lie below the factors like set-up time, missed schedules, excess inventories, crises management, customer complaints, and liability. These indirect costs if implemented wisely these programs allow for increased cost control and aid in providing quality and a high level of service.

2013 ENGINEERING ACTIVITIES

MAINTENANCE

- ❖ All PM update and will be generated by the new maintenance managements software EAM.
- ❖ Our PM was increased and focus on the major, safety and critical equipment.
- ❖ Increase overall maintenance skills level.
- ❖ Decrease down time.
- ❖ Reduce corrective maintenance and overdue.

PROJECTS

- ❖ Optimizing crews accommodations cost by constructing badr yard guest house.
- ❖ Using written off drill pipes in rig steel accessories fabrication to save material cost.
- ❖ Working on upgrading ST-1 for maximum performance & efficiency level.
- ❖ Rigs steel structure protection by applying sandblasting & painting procedures.
- ❖ ST-Bahari-1 base yard in GUPCO.

WORKSHOP

- ❖ 9 ea Well Control Equipment overhauled & recertified.
- ❖ 17 ea Cat Engines overhauled.
- ❖ 17 ea heavy equipment overhauled.
- ❖ 8400 Hours overhauling training to rigs maintenance staff (Engines Training 3000 Hours, Mud Pump and Drawwork 2000 Hours, Air Compressors, Traveling and Crown Block. 2000 Hours, Top drive Training 1400 Hours).

TECHNICAL SUPPORT

- ❖ Support all rigs by urgent parts fabrication and repair to decrease down time as iron roughneck, amplifier & touch screen repair.... etc.
- ❖ Camp roof isolation, painting, renew main & fly camps, repair galley & mess equipment.
- ❖ Development of new block control system.
- ❖ Solve VFD rigs software issues to secure rigs operation.
- ❖ Humidity, drill line, string repeated failure and study root causes.
- ❖ 1000 hours technical training and 2500 hours (technical site visits/online technical support).

ENTERPRISE ASSET MANAGEMENT (EAM)

EAM OVERVIEW:

Oracle Enterprise Asset Management (EAM) is a part of Oracle's E-Business Suite, providing organizations with the tools to create and implement maintenance procedures for both assets and rebuildable inventory items. Maintenance procedures are an integral part of an organization's complete asset life cycle management strategy, enabling an organization to optimize asset utilization. EAM enables users to optimally plan and schedule maintenance activities with minimal disruption to an organization's operations. Importantly, it improves resource efficiency, enhances maintenance quality, tracks work history, and records all maintenance costs.

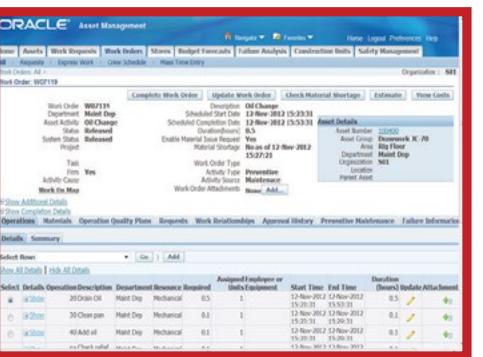
Oracle EAM tracks the performance of assets (including rebuildable, inventory items) using meters, quality plans, and condition monitoring systems. By effectively monitoring an asset's operating condition, effective preventive maintenance strategies can be implemented. In addition to creating preventive maintenance schedules, users can create alternative maintenance strategies for seasonal or production capacity changes.

2013 ACHIEVEMENTS:

Extracting & Preparing ST-Bahari-1 data. Finish 60% of project during 2013.

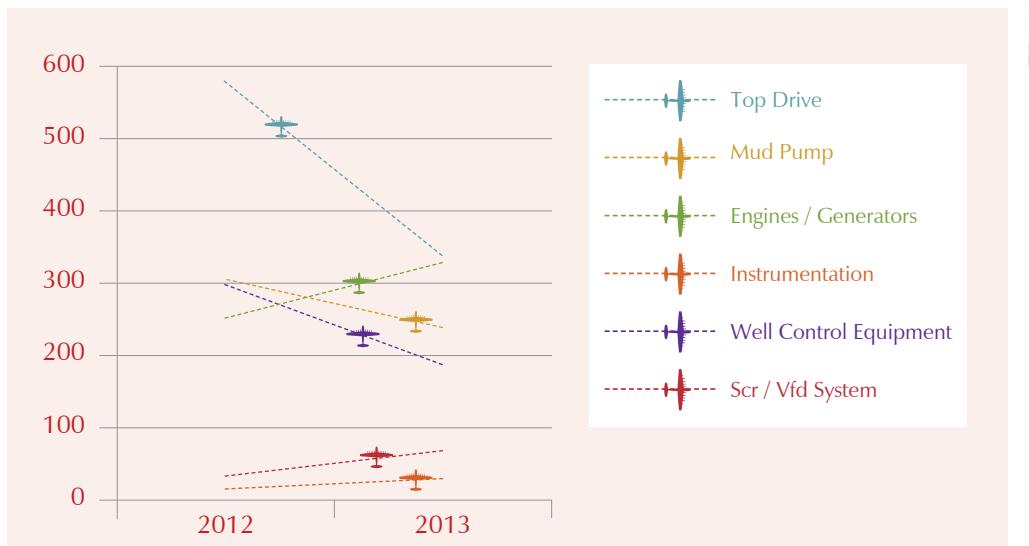
EAM PLAN:

- St-Bahari-1 EAM will go live by the end February, 2014.
- Land/Workover rigs EAM will go live by the end of May, 2014.



EQUIPMENT DOWN TIME

Equipment	2012(Hrs)	2013(Hrs)
Top Drive	568	324
Mud Pump	306	240.5
Engines / Generators	246	318
Instrumentation	11.5	24.5
Well control equipment	295.5	188.5
SCR / VFD System	34.5	73.5



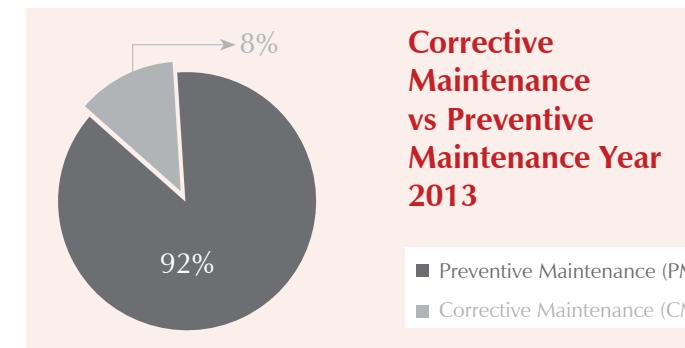
Increase Equipment Reliability by:

- Update Preventive Maintenance (PM) system & increase predictive testing & inspection system (PT&I).
- Maintenance alerts issued & sent to all rigs.
- Oil sample results tracking.
- Update work instructions.
- Look, listen & learn slides issued & sent to rigs.
- Increase technical training.

Corrective Maintenance (CM) vs Preventive Maintenance (PM)



Year	Preventive Maintenance (PM)	Corrective Maintenance (CM)	Overdue PM of Equipment
2012	29875	3324	992
2013	32850	3029	958



Key Performance Indicators (KPI's)

Sr.	Key Performance Indicators (KPI)	Past Value (Year 2012)	Target Value	Current Value (Year 2013)
1	CM / PM for Equipment	≥ 10 %	<10 %	8%
2	Overdue PM of Equipment	3.30%	3.20%	2.90%

ASSETS/PARTS RECYCLING PROGRAM

Assets/Parts recycling is to reuse our written off assets & parts which save a lot of money.

1st program:

Deal with Mantrac Company to replace our old/used parts by new. Parts replaced are:

- 180 ea. Fuel injectors for Cat 3512.
- 2 ea. Block engine for Cat 3512.

2nd program:

Reuse 4 ea. IBOP written off after repair saving about 66,000 USD.

BADR WORKSHOP OVERHAULS

1- HEAVY EQUIPMENT OVERHAULS:

- 2 ea Drawwork overhauled for ST-5,6.
- 1 ea Top Drive overhauled for ST-6.
- 2 ea Mud Pump overhauled for ST-4,5.
- 5 ea Auxiliary Brake overhauled for ST-1,4,5,11,12.
- 4 ea Crown Block overhauled for ST-1,6,8,11.
- 3 ea Traveling Block overhauled for ST-1,6,8.
- 9 ea Well Control Equipment overhauled & recertified for ST-2,3,4,5,6,8,9,10,11.
- Five years equipment overhauling for ST-21.



2. CAT ENGINES OVERHAULS

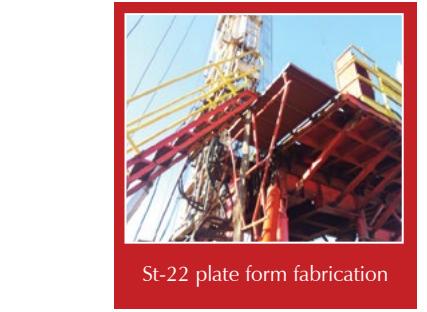
Engine 3406	7 ea Major overhaul for ST-4,5,6,7,9,11,22
Engine 3512	6 ea Top overhaul for ST-2,4,5,10,12
Engine 3512	2 ea Major overhaul for ST-1,3
Engine 3412	1 ea Major overhaul for ST-21
Engine C18	1 ea Major overhaul for ST-22



PROJECT ACHIEVED

- Derrick arrestor for ST-bahari-1 (Inspected & Tested)
- ST-Bahari-1 base yard in GUPCO (Store house sliding door, roof maintenance, holders support, Lighting distribution, Pipes holders, ST Sign)
- Connect the electric system from GUPCO source station to our base yard panel.
- ST-Bahari-1 Platform Stairs Fabrications
- ST-Bahari-1 pressure relief valve lifting post fabrication & installation
- ST-Bahari-1 elevator investigation & repair
- ST-Bahari-1 for klift steel ramp

CONTINUE PROJECT ACHIEVED



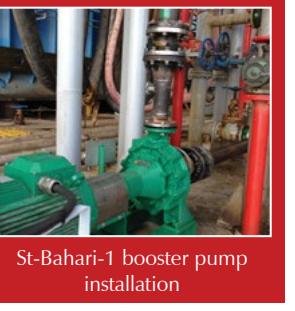
St-22 plate form fabrication



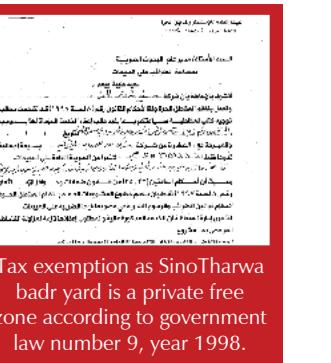
St-3 suction tank piping change & improve



St-1 second koomey unit remote air control system



St-Bahari-1 booster pump installation



Tax exemption as SinoTharwa badr yard is a private free zone according to government law number 9, year 1998.



St-Bahari-1 deep well pump box fabrication



Badr yard warehouse cracks failure analysis & study



St-6 high pressure lines & subbase upgrade

- ST-Bahari-1 waste skips fabrication
- Tanks skid & master skid new design by piping

- Following up ST1 solid control system construction



IT & TELECOMMUNICATION In Touch With Future



IT & TELECOMMUNICATION | IN TOUCH WITH FUTURE

THE OBJECTIVE:

- ✈ IT & Telecommunication department as a part of SinoTharwa deeply believe that we are a first class drilling company, we are committed with the company vision, we are setting our missions, objectives and goals which serve the holy vision of SinoTharwa, The department is not only a significant part of the company's strategy, but also a major driver for best practices.
- ✈ The main objective of the IT & Telecommunications department is establishing clear, achievable objectives and integrated solutions which is positively contribute to SinoTharwa strategic business plans and vision.

THE CHALLENGE:

- ✈ The Information Technology department can be a key competitive advantage for our company in drilling market. However, at many companies the IT department still occupies strictly a service position where it is restricted to maintaining the existing systems, infrastructure and applications. According to our company vision we have to ensure that our services meet the standards to be first class services, in sinoTharwa we believe that IT department is strategic department and not just a cost center unit.

TELECOMMUNICATIONS, SYSTEMS & NETWORKING

BECAUSE WE CARE, WE'RE SECURITY AWARE

BECAUSE WE CARE, WE'RE SECURITY AWARE

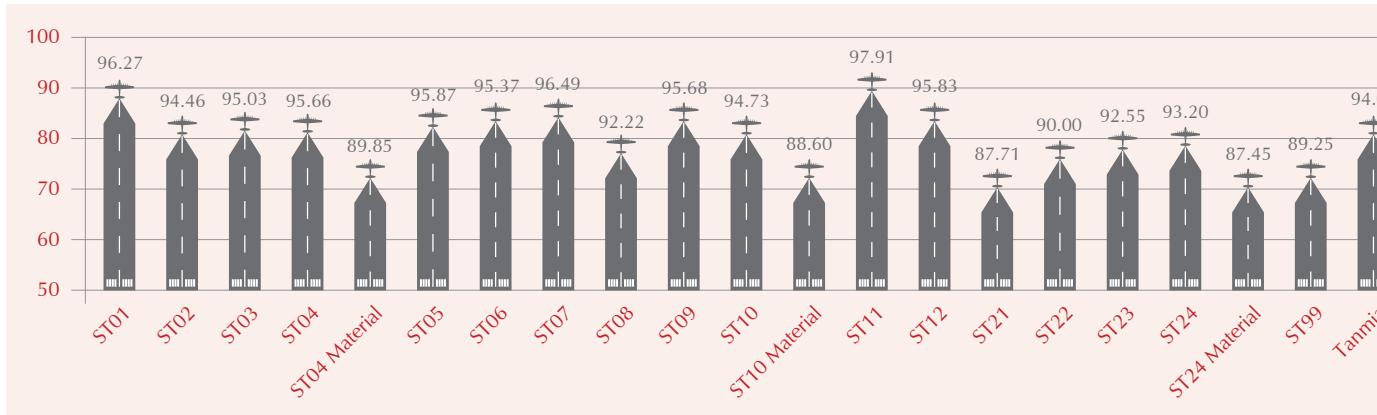
2013'S ACHIEVEMENTS:

- ❖ Enhancing network and infrastructure security by applying the following action
 - ❖ Upgrading FortiGate firewall firmware version to v5.0, build0252 (GA Patch 5) which offers a sort of enhanced features simply as

- Replace user names with anonymous in log messages (log anonymizing)
- Dashboard Traffic and Threat History widget drilldown improvements
- Support VLAN interface accounting feature of NP4
- PoE status displayed on the Unit Operation dashboard widget.
- When configuring a user group, you can add an LDAP server, then browse the server user group you can browse LDAP servers and add selected user groups from the LDAP server.
- Set the MTU size of uplink and downlink CAPWAP packets.
- ❖ Blocking excessive – bandwidth application.
- ❖ Enhance firewall reporting by using FortiGate clouding service.
- ❖ Enhancing internet performance for both internet service providers by replacing ATM modems with EFM routers
- ❖ Enhancing Data center power management by re-design uninterruptible power supply (UPS) distribution.
- ❖ Implementing Backup system for Badr yard site including user's data and system storage.
- ❖ Upgrading Backup system for head office from Symantec software 2012 to new technology of Symantec appliance Exec 3600 which offers integrated software and hardware to provide an easy, complete, and cost-effective backup solution. Quickly protect physical and virtual servers, along with applications and databases, while reducing time consuming setup and management.
- ❖ Implementing Microsoft System Center 2012 Configuration Manager which provides a comprehensive solution for change and configuration management for the Microsoft platform. System Center 2012 Configuration Manager lets you perform tasks such as the following:
 - Deploy operating systems, software applications, and software updates.
 - Monitor and remediate computers for compliance settings.
 - Monitor hardware and software inventory.
 - Remotely administer computers.
- ❖ Upgrading Dell Equallogic PS4110 storage by increased capacity from 4.7 TB to total storage of 7.18 TB with providing single point of control to manage both storage.
- ❖ Upgrading Badr yard domain controller to Windows 2008R2.

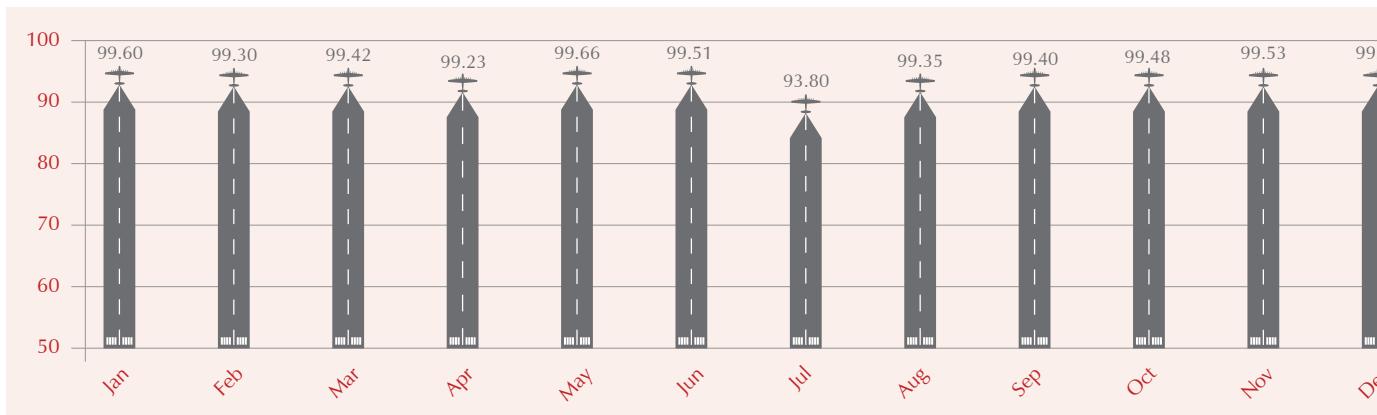
Land Rigs connectivity status during 2013

Availability Per year



Jackup - Bahri1 connectivity status during 2013

Bahri Connection Per year



ENTERPRISE RESOURCE PLANNING | DREAMS MADE REAL



ORACLE®
E-BUSINESS SUITE

OBJECTIVES:

1. 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:

- Successfully completed upgrade from Oracle 11i to Oracle R12 in following functional areas
 - Oracle General Ledger
 - Oracle Payable
 - Oracle Receivables
 - Oracle Asset Management
 - Oracle Inventory
 - Oracle Purchasing
- Initiated Oracle R12 Projects Management implementation
- Started setup Phase(Last Phase) for Oracle R12 HR and EAM
- Implementing and configuring the operating system for the four new Dell servers (Linux RedHat release 5.8)
- Implementing and configuring the RedHat cluster failover to reduce the down time for the database servers and the application servers
- Perform Oracle DB upgrade from 9.2.0.8 to 11.2.0.3.
- Perform Oracle E-Business Suite (EBS) upgrade from 11.5.10.2 to 12.1.3.

2. 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

Achievements:

- Successfully completed Upgrade to Oracle Release 12, with the latest version of existing modules, in order to benefit of new functionalities and features.
- Adding new functionalities to the new Release after Release 12 Upgrade.
- Build customized business reports for fast actions and cost saving

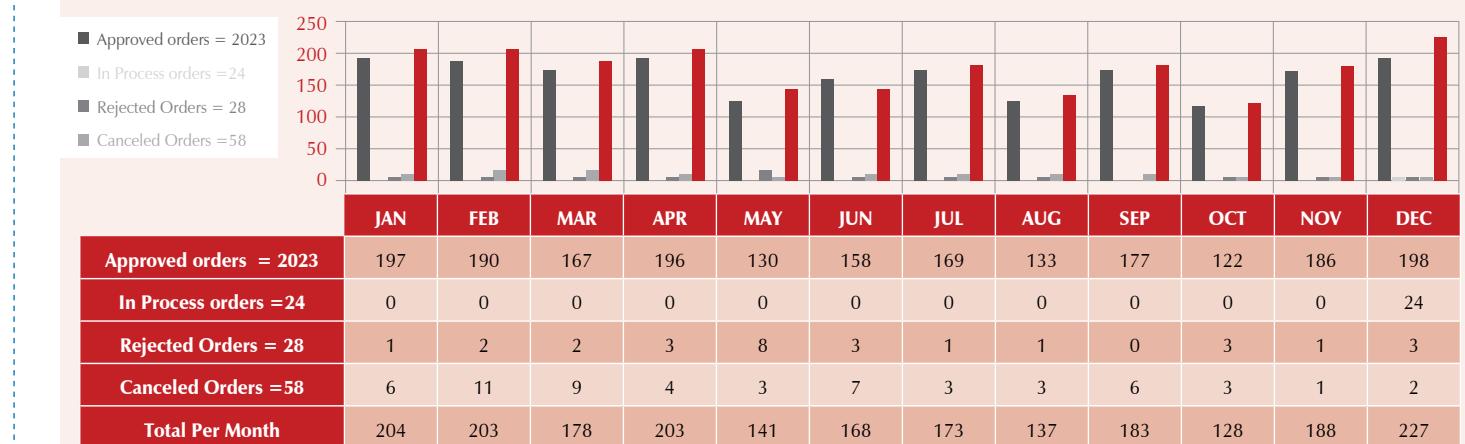
3. DECISION SUPPORT SYSTEM:

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.

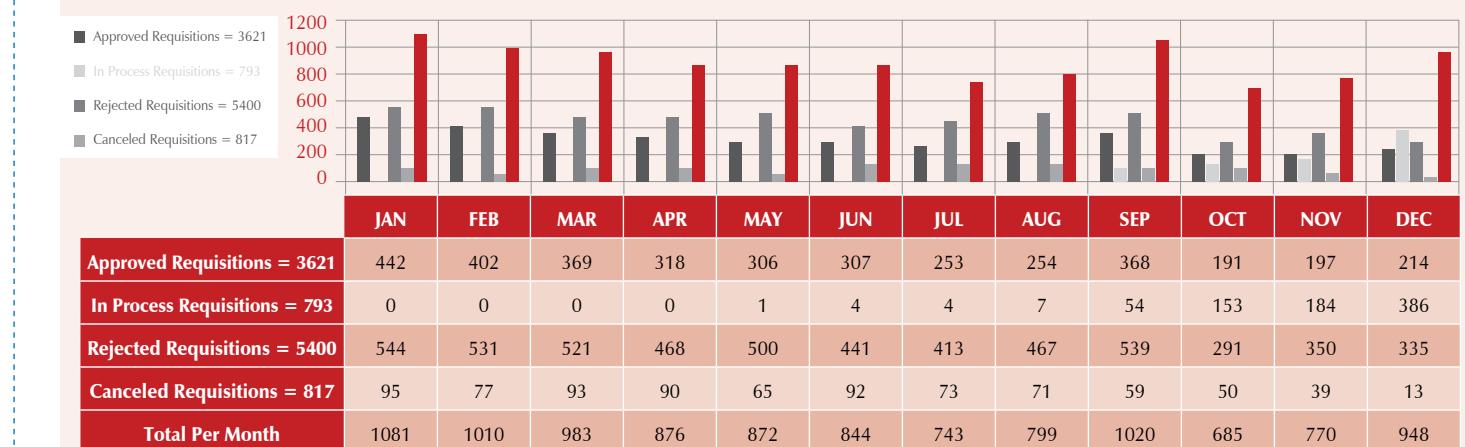
Achievements:

- Producing KPIs Reports on weekly and monthly basis for Top Management.

Purchase Orders KPIs for 2013 (Graph)



Requisitions KPIs for 2013 (Graph)



TECHNICAL SUPPORT | WE FIND WAYS 

2013'S ACHIEVEMENTS:

- Total number of Tickets done during 2013 is 3259 Ticket including Service desk, Email and phone call support , we achieve minimization of number of ticket with percentage by 31% due to enhancement projects during the years 2012 and 2013.
- Implement IP telephony and install Avaya IP Phone sets for all Rigs.
- Implement an alternative solution for Email connections in rig sites to be able to connect in case of VPN connection down by enabling RPC over HTTP technology.
- Enhance and secure surveillance system in Badr yard by providing uninterrupted power supply (UPS).
- Migrate all Badr yard users to Microsoft Windows 7 and Microsoft office 2010.
- Applying SLA Using Help Desk Application to enhance our services quality.
- Enhance and enrich solutions' knowledge base.



PROCUREMENT | Performance Committed



PROCUREMENT

- Procurement department seeks to support all departments during all stages of the executing business needs and objectives.
- Supporting achieving the highest utilization and the safest operations efficiently. Through responsiveness supply chain to meet customer needs with best cost, building mutual benefit relationships with our alliance & suppliers.

VISION

THE GOALS OF DIVISIONS ARE:

- To achieve the highest standard of professional supply chain management.
- To foster transparency to the procurement process.

MISSION

The SCM's Division provides a unified purchasing system that ensures integrity and fairness, with centralized responsibility for oversight of solicitation, vendor selection, negotiation, award, contract management, reporting, disposal of surplus property and emergency logistical support for the benefit of SinoTharwa.

THE MAJOR OBJECTIVES ARE:

- To plan and deliver the required materials and services when needed, where needed with best cost and quality.
- To make wise decisions to minimize the cost in accordance to achieve the progress of operations and projects.
- Combination of all supply chain stages to maximize adds values to our strategic vision
- To contribute to company business performance positively.

MATERIALS PLANNING | "ALWAYS WE HAVE PLAN B"

The planning processes play an important role in improving supply chain operation. It uses optimization techniques in management of supply/demand and determining optimal base stock.

The planning process aims to increase efficiency of available inventory, effectiveness of purchasing new items through Control Peculiar, Strategic, Shut down Items, deployment of aggregate requisitioning and additional applicable methods in order to improve business performance.

VISION:

Managing Company inventory effectively and efficiently

MISSION:

Increase fill rate Decrease inventory Value and Increase Turnover Rate

2013 MATERIALS PLANNING ACHIEVEMENTS

Increase fill rate 14.9% in 2013. As our entail fill rate was 66.05% and it increased to 81 % by the end of 2013.

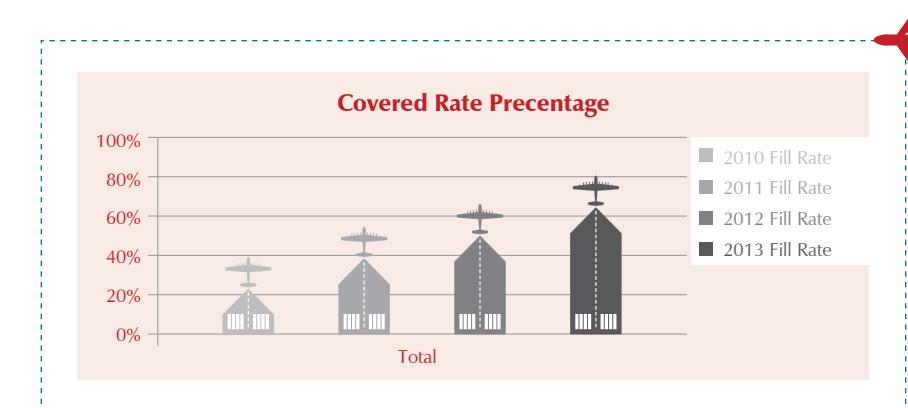
Increase Inventory Turn Over rate for land rigs by 6.9% in 2013. As we started 2013 with 69% inventory turnover rate and end the year with 75.9% inventory turnover rate

Reduce total inventory Value by 2 % (453703.21\$) and Net Spare parts value 15% (3080640.94\$) in 2013

1. COVERED RATE:

Reflect number of requisition lines sourced from currently available inventory

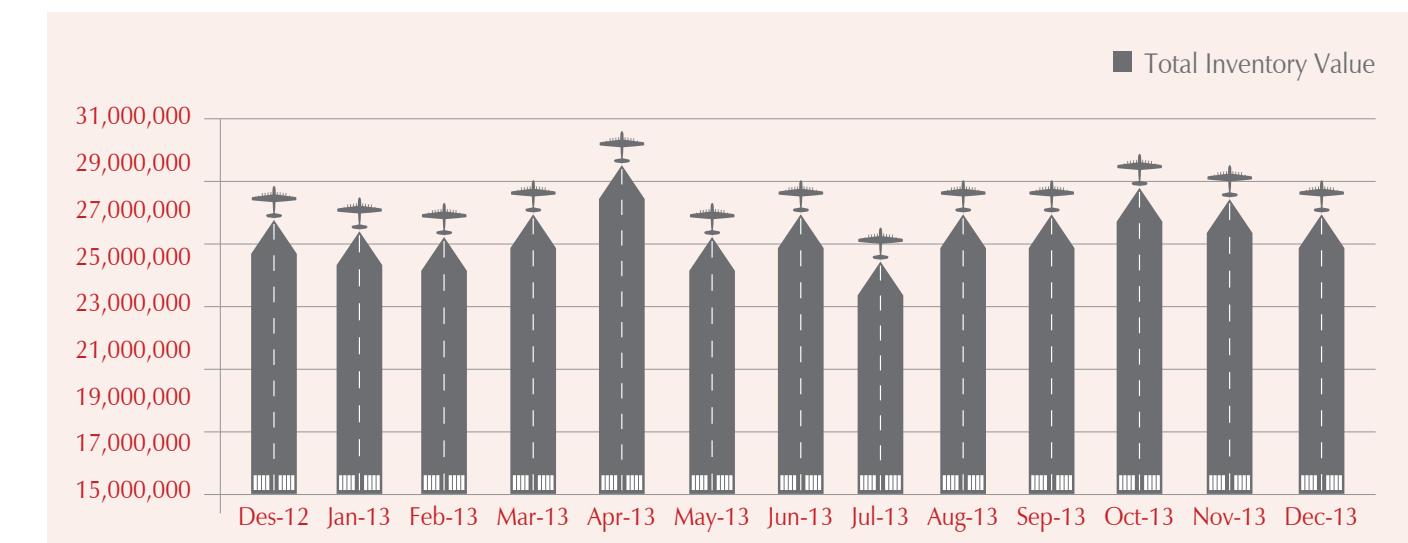
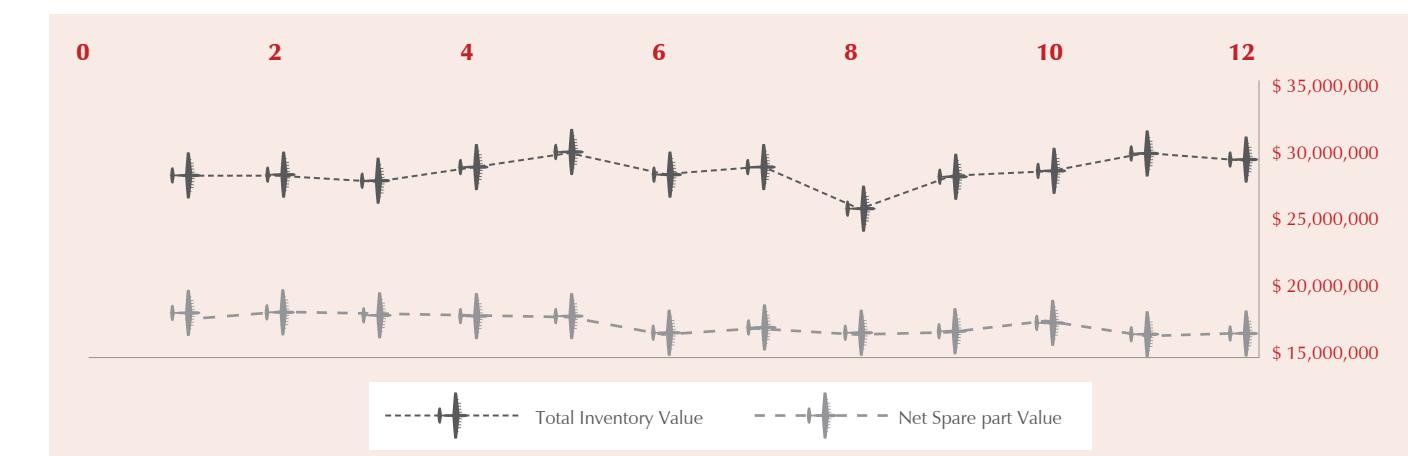
Category	2010 Covered Rate	2011 Covered Rate	2012 Covered Rate	2013 Covered Rate
Totals	38.55%	54.08%	66.05%	80.95%



2. INVENTORY VALUE:

Decreasing Inventory at the same time of increasing fill rate reflect efficiency of inventory Management. We have made 6.53% reduction Of Net Spare Parts In 2013

Period	Net Spare parts Value	Net Spare Parts Shrinkage
Dec-12	17798616	
Jan-13	18371297	572681
Feb-13	18167507	368891
Mar-13	18080472	281855
Apr-13	18047740	249124
May-13	17021139	-777477
Jun-13	17278472	-520143
Jul-2013	16760485	-1038131
Aug-2013	16797795	-1000820
Sep-2013	17405604	-393012
Oct-2013	16595814	-1202801
Nov-2013	16845400	-953215
Dec-2013	16635865	-1162751
Percentage	-6.53%	
Difference	-1,162,751	



PURCHASING | "JUST WHAT YOU NEEDED"

IN 2013 we focused on supporting the operating rigs and adding new project which was reflected on the increase of the items required to be sourced as shown below in addition to the increase in number of agreements with vendors to be eight agreements in order to avoid the price increase during that period and also to make material available on time.

OUR MISSION

To leverage our institutional knowledge, procurement expertise, and technology in order to provide solutions to our customers and optimal financial return-on SinoTharwa advantage.

OUR VISION

To provide the best procurement practices and highest quality services for our clients. In addition, we aim to foster mutual success among our clients both internal and external. We will be a department that...

- providing advice and counsel
- prequalifying suppliers
- conducting supplier evaluations
- determining proper actions

2013 Records

Procurement KPIs	Jan	FEB	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
# of items Sourced	835	676	1,279	637	670	645	1,226	559	1,034	321	729	1177
# of PO awarded	217	129	193	161	152	141	118	200	173	131	176	218
Total value awarded	2,025,298	2,290,877	3,232,030.	921,005	1,213,524	814,762	890,084	2,539,533	1,703,138	883,926	1,321,084	4,402,503

FOLLOW-UP | "NEVER GIVE UP"

Follow up division 2013 adhered to comply supply chain processes internally and externally, beside measuring performance and reporting the supply chain performance. Share information with all stakeholders internally & externally. To work on develop customer relationship management & supplier relationship management. To work on development of supply chain processes monitoring, controlling & development follow up focuses divided to different process:

- External follow up
- Urgent cases
- Supply chain performance measure and reporting

OUR MISSION

Supply chain processes monitoring, controlling and development

OUR VISION

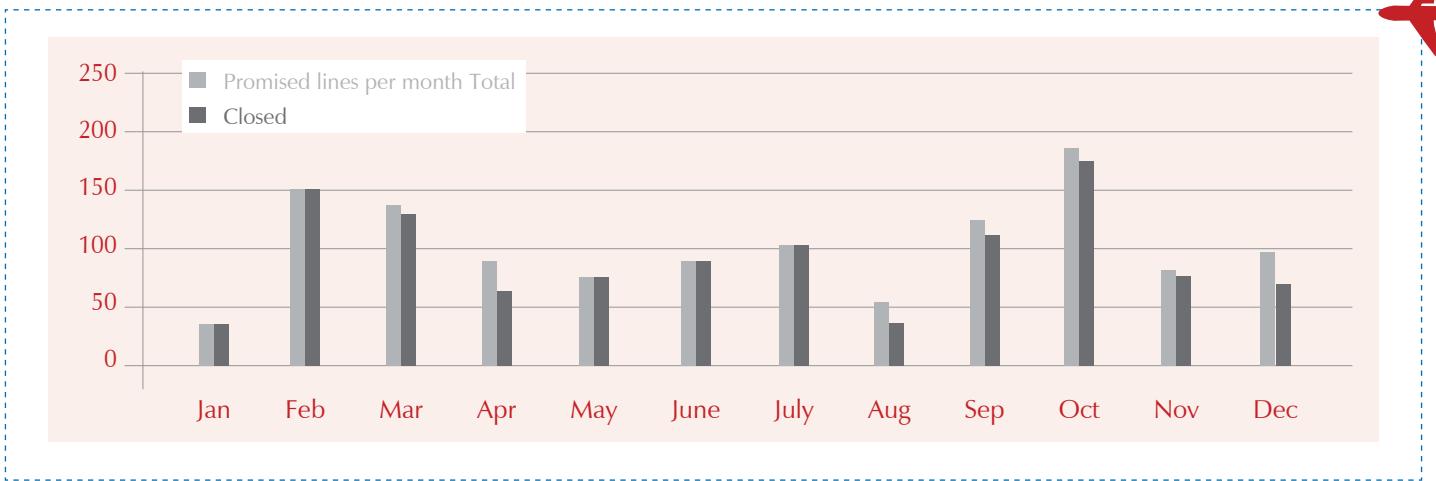
Continual studies to refine the understanding of individual and collective performance.

2013 RECORDS

1. Off Shore Rig,

Months	Promised lines per month Total	Closed	Actual Closed
Jan	36	36	100%
Feb	155	155	100%
Mar	142	135	95%
Apr	93	66	71%
May	92	92	100%
Jun	107	107	100%

Months	Promised lines per month Total	Closed	Actual Closed
Jul	123	123	100%
Aug	56	50	89%
Sep	130	115	88%
Oct	193	180	93%
Nov	84	75	89%
Dec	99	73	74%



Month	Promised lines per month	Closed	Actual Closed
May	474	433	91%
Jun	1517	1337	88%
Jul	843	728	86%
Aug	403	338	84%
Sep	391	337	86%
Oct	437	350	80%
Nov	697	605	87%
Dec	284	112	39%

LOGISTICS | "DO MORE "

It's all about importance of moving stream line process and the importance of customs clearance, transport, these services and processes is one of the most important reasons for the success or failure of the supply chain and its efficiency is reflected, of course, to achieve maximum profitability and stability of the company and this depends on reducing the Logistics cost (Shipping , Freight and customs Clearance) This is without prejudice to other rights (7 RS), which it aims Supply chain Management

2. On Shore Rigs,

Month	Promised lines per month	Closed	Actual Closed
Jan	139	139	100%
Feb	518	500	97%
Mar	647	620	96%
Apr	570	482	85%

GOALS:

1. Minimize logistics cost and time
2. Optimize logistics by focusing on using the most efficient use of air, land and ocean modes of Transportation.
3. Increase speed for customs cycle times, and squeeze control of the supply chain while reducing time in transportation, Inventory and order fulfillment

1. REDUCE THE COST OF SHIPPING THROUGH:



- Adding new freight forwarders and select the best freight forwarder due to 7 RS.
- Make good negotiation to reduce the freight rate and other charges.
- Reduce Freight Costs or Cut Freight Expenses by Optimizing Order Quantity (collect shipments and containerization).
- Choosing the Best Mode depends on shipment priority.

2. REDUCE THE COSTS OF CUSTOMS CLEARANCE AND TRANSPORT THROUGH:

- Accelerate customs cycle times to avoid any additional fees or demurrage

3. PREPARE QUARTERLY EVALUATION OF THE BROKERS

- Analytical study of the costs of logistics during 2013,
- Sea Shipment

Year	2012	2013
Number Of Sea Shipment	67	33
Total Sea / CBM	159	78.49



Year	2011	2012	2013
# Of Air Shipment	80	43	44



WAREHOUSES AND STOCK CONTROL

“WAREHOUSE FACILITIES.”



1. WAREHOUSES,

The company's mission statement is "Where People Come First and Quality is Affordable" and it is through this management style of putting people first that The Warehouse has managed to grow at such a rapid rate. This management philosophy reflects the five stakeholder approach: the customers, team members, suppliers, shareholders and the community.

Inventory Advisor is a cloud solution that helps companies reduce excess inventory, reduce the time spent on forecasts, and resolve the optimal investment required to achieve target fill rates.

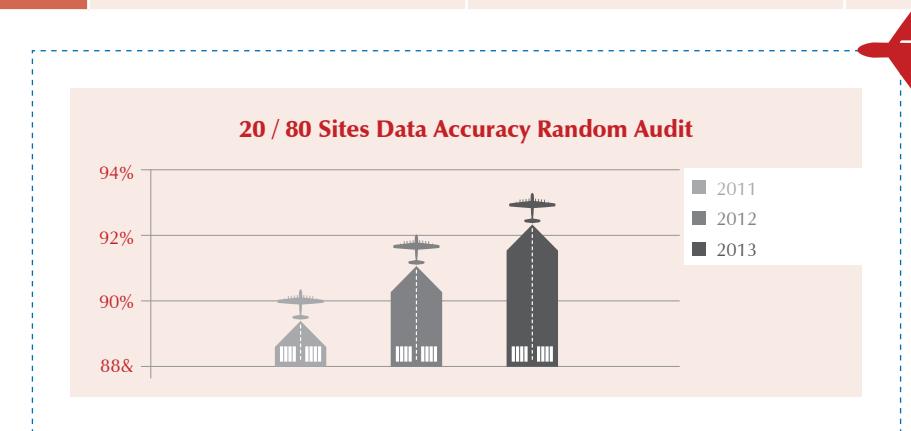
DATA ACCURACY PERCENTAGE TREND

20 / 80 sites data accuracy random audit,

One of the recommendations which resulted from annual inventory 2010 for periodic audit at all rigs that aimed to below objective:-

1. Improving the Data accuracy in warehouses.
2. Standardization all warehouses on site as per coding and items description.
3. Expedite and improve the ordering parts cycle (order duration) through the central warehouse or by procurement dept.

Year	2011	2012	2013
Percentage	90.3%	92%	93.5%



CONTRACTS

Committed to the Best Deal



CONTRACTS

MISSION STATEMENT

"Our mission is to efficiently manage contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk."

OBJECTIVES:

- ✈ To best ensure that any agreement entered into by SinoTharwa is balanced and fair to both parties and that it contains terms and conditions that are clear and unambiguous.
- ✈ To compete not only in the domestic oil and gas market but also internationally.
- ✈ To study and evaluate the domestic and international Markets for any new demands and opportunities.
- ✈ To secure the validation of the existing contracts and the extension of the expired ones with the best rates, terms and conditions.
- ✈ To support other departments to select the best service provider with the best quality and cost to perform required services.
- ✈ To protect and insure Company's assets to minimize possible risks.

DRILLING SECTION

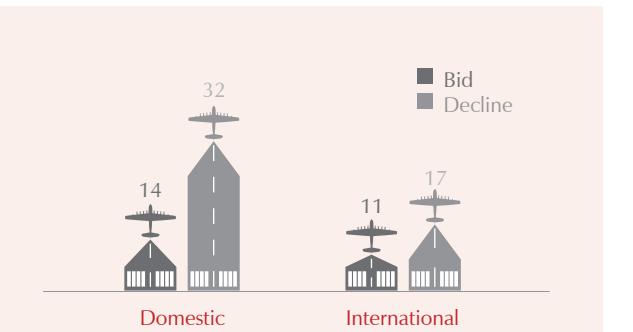
1. ONSHORE:

Tenders & Inquiries:

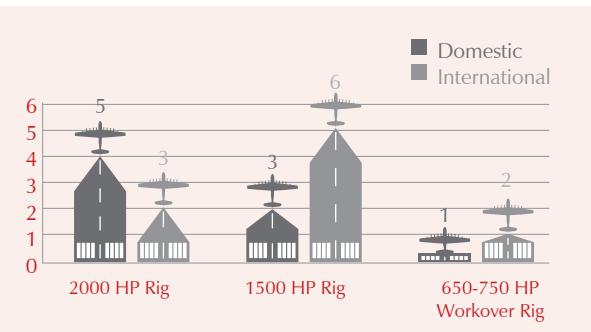
One of the main objectives of the Contracts Department is to compete in the Drilling market domestically and internationally through efficient bidding for tenders and Inquiries.

During 2013, we participated in 25 tenders and inquiries and declined to bid in 49 tenders and inquiries due to the non-availability of the required rigs or the short contracts duration, as we do succeed in securing full year contracts for our fleet.

Onshore Drilling Tenders & Inquiries

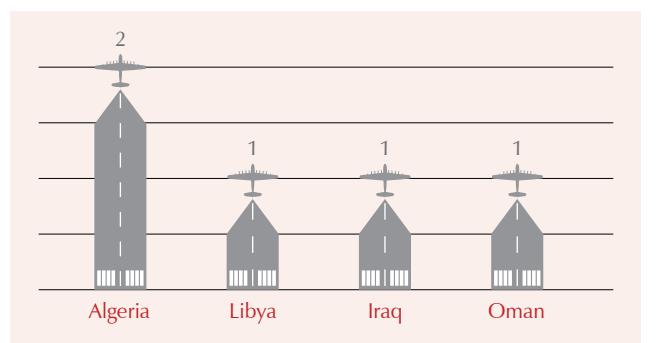


Onshore Drilling Rigs Participation



In 2013, SinoTharwa has started its international expansion by bidding in several tenders and inquiries as well as prequalification invitations for Oil and Gas Companies working in Libya, Algeria, Saudi Arabia, Iraq, Oman and Kuwait.

Participation in international tenders 2013



Drilling Contracts:

Although the political and economic environment in Egypt was unstable during 2013, we have succeeded to keep and renew the current contracts as well as signing new contracts for SinoTharwa rig fleet. We keen to maximize the company profitability by utilizing all available resources and through efficient negotiation in order to increase our rates and profits. In addition, the contracts department keeps its continuous monitoring and evaluating for the market situation and opportunities in order to maximizing our benefit from available market demands.

Ongoing Contracts:

Rig	Company	Contract Extension
ST-1	Belayim Petroleum Company	Two years firm
ST-3	Belayim Petroleum Company	Two years firm
ST-12	Belayim Petroleum Company	Two years firm
ST-22	Qarun Petroleum Company	One year firm
Bahari-1	Gulf of Suez Petroleum Company	Two years firm and one year optional

Extended Contracts:

Rig	Company	Contract Extension
ST-2	Farm out from Khalda Petroleum Company to Qarun Petroleum Company	Seven months
ST-4	General Petroleum Company	Two years firm
ST-5	Khalda Petroleum Company	One year firm
ST-6	Khalda Petroleum Company	One year firm
ST-7	Dara Petroleum Company	One year firm
ST-8	Agiba Petroleum Company	One year under negotiation

Rig	Company	Contract Extension
ST-9	Petro Amir Petroleum Company	Six months firm
ST-10	Khalda Petroleum Company	One year firm
ST-11	East Abu Sennan Petroleum Company	Six Months Firm and Six Months optional
ST-21	Agiba Petroleum Company	One year under negotiation
ST-23	Belayim Petroleum Company	One year firm
ST-24	Badr El Din Petroleum Company	Two years firm

New Contracts:

Rig	Company	New Contract
Tanmia-1	Petro Silah Petroleum Company	Eight months firm and Four months Optional

- All expired contracts are successfully extended with an increase in rates of 9%, in the meantime with the best terms and conditions available in the market.



2. OFFSHORE:

Tenders and Offers:

During 2013, we receive six domestic inquiries which were declined as our jack-up rig Bahari-1 is committed in a long term contract (Two years firm and One year optional) with Gulf Of Suez Petroleum Co. (GUPCO)

3. Mud Logging Services

As part of SinoTharwa expansion plan based on the market demand evaluation, the service of Mud Logging has been added to SinoTharwa scope of services in 2013, starting with getting three Mud logging units. One of the units is contracted to PetroSilah Petroleum Company for eight months firm and four months Optional and the other units are currently offered in several tenders.

SERVICES SECTION

After Eight years of existence in the Egyptian market, SinoTharwa succeeded to build a strong relationship with its contractors and gain their loyalty which positively affects our perception in the market.

1. SERVICE TENDERS:

As one of the contracts Department objectives is to support other departments to select the best contractor with the best quality and cost to perform required services, we have issued 2 tenders for contracting the leading service providers with the best prices in the market. Since the catering and housekeeping service is one of the most important services that has a direct effect on SinoTharwa Personnel at Rig site, a new catering and housekeeping tender was issued where 9 Companies were invited to choose selective contractors to handle the catering and housekeeping services in all SinoTharwa Rigs and provide the best food quality and hygiene as per SinoTharwa Standards.

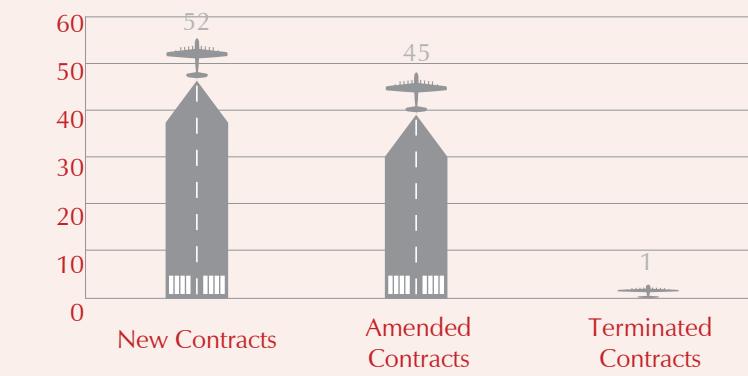
In addition, as the transportation service is one of the factors that can increase or decrease SinoTharwa operating costs, a transportation tender was issued where 10 Companies were invited to select the best service provider as per SinoTharwa QHSE standards. In addition, 14 Rig move quotations were executed in order to select the best price for each Rig Move.

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, price and delivery time.

Through the year, 52 new contracts have been signed with different service providers (Transportation, Oil Supply, Catering, Inspection, Lifting, Guards, Machine Shop, etc.) After being accepted by the QHSE department as well as the user department.

Service Contracts



INSURANCE SECTION

INSURANCE:

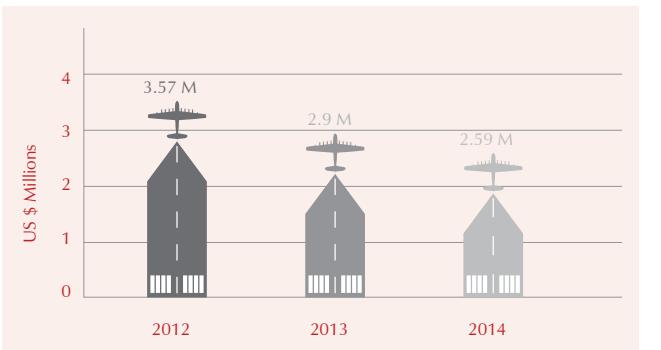
One of our main objectives is to protect and insure SinoTharwa's assets and operations through appropriate and adequate insurance coverage to alleviate potential risks.

SinoTharwa accomplishes zero claim records since the beginning of SinoTharwa operations in 2005 by its continuous enhancement in SinoTharwa QHSE management system which enabled us to get the best rates available in the insurance market as well as giving us the benefit of being a distinguished and preferable client to the insurance underwriters.

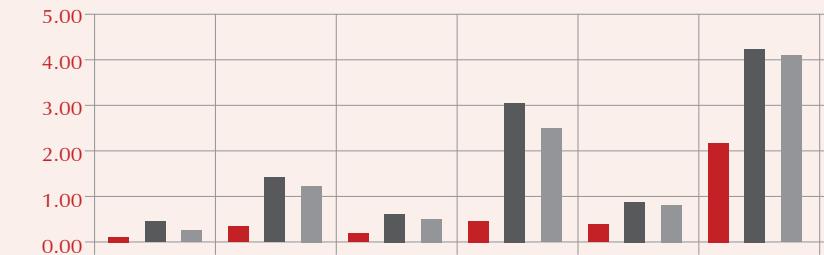
Accordingly we succeeded to negotiate the insurance rates for the year 2014 and reduced our Annual Premium by 23% from 2012 and an additional of 12% from 2013.



Insurance Annual Premium Decrease



SINOThARWA VS IADC RECORDS FOR YEAR 2014



FINANCE | Where Vision Gets Built



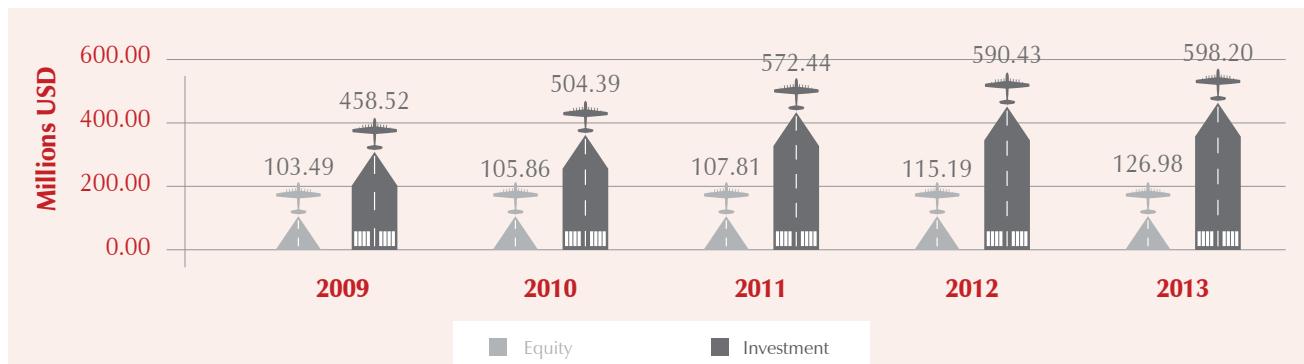
FINANCIAL HIGHLIGHTS

AMOUNT PRESENTED IN MILLION USD

Description	2013	2012	2011
Revenue	143.53	136.60	79.19
Net Profit	16.05	9.61	4.16
Shareholders Equity	126.98	115.19	107.81
Total Capital Investment	598.20	590.43	572.44
Fixed Assets	578.54	574.80	562.33
Accumulated Depreciation	144.17	111.57	79.23
Project Under Construction	7.82	6.38	3.22
Inventory	22.34	23.67	27.83
Receivables	25.94	25.84	18.15
Debtors	13.86	13.74	12.58
Operating Expenses	96.01	94.90	60.13
Fixed Assets Depreciation	34.88	34.49	20.41
Collection	142.92	127.78	77.64
Interest Payment	19.79	21.15	7.49
Installments Paid	42.81	30.84	19.09
Description	2013	2012	2011
Return On Investment Rate	3.05%	1.76%	0.79%
Return On Equity Rate	13.25%	8.62%	3.90%
Financial leverage	3.03	3.69	4.11

FINANCIAL SITUATION

Company's Development Equity Vs. Total Investment



2009 - 2013 Net Profit



INDEPENDENT AUDITOR`S REPORT



MOSATAF A SHAWKI & CO

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, 2013, and the related statements of 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.

153 MOHAMED FARID STREET, BANK MIKTA TOWER, P.O. BOX 2095, CAIRO 11518, EGYPT
TEL: (02) 2391 7299 - 2390 1880 FAX: (02) 2393 9430
E-mail: mshawki@mshawki.com - www.mazars.com.eg - www.mshawki.com



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MOSATAF A SHAWKI & CO

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, 2013, of its financial performance and its cash flows for the year then ended in accordance with Egyptian Accounting Standards.

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, January 30, 2014

Dr. Ahmed Shawki

a/



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BALANCE SHEET AS OF 31 DECEMBER 2013

(AMOUNTS EXPRESSED IN US DOLLAR) 

Description	31 / 12 / 2013	31 / 12 / 2012
Long Term Assets		
Fixed assets	434,362,591	463,231,691
Projects under construction	820,722	216,572
Inventory of fixed asset spare parts	7,004,043	6,166,166
Total Long Term Assets	442,187,356	469,614,429
Current Assets		
Inventory	22,337,846	23,669,978
Accounts receivables	25,935,203	25,839,100
Debtors and other debit balances	13,858,292	13,739,345
Cash and cash equivalent	8,019,114	7,149,162
Total Current Assets	70,150,455	70,397,585

Description	31 / 12 / 2013	31 / 12 / 2012
Current Liabilities		
Bank Overdrafts	38,431,219	38,072,130
Loans annuities due within a year	45,989,612	44,963,181
Creditors and other credit balances	29,309,423	27,391,380
Transaction with Related Parties	14,872,126	14,334,759
Provisions	619,472	82,650
Total Current Liabilities	129,221,852	124,844,100
Working capital	(59,071,397)	(54,446,515)
Total Investments – Financed as Follows	383,115,959	415,167,914
Quota Holders Equity		
Capital	80,000,000	80,000,000
Legal reserve	4,368,708	3,408,034
Retained earnings	26,565,847	22,179,965
Net Profit for the year	16,047,944	9,606,735
Total Quota Holders Equity	126,982,499	115,194,734
Long Term Liabilities		
Long term loans	256,133,460	299,973,180
Total Long Term Liabilities	256,133,460	299,973,180
Total Investment and Long Term assets	383,115,959	415,167,914

INCOME STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2013

(AMOUNTS EXPRESSED IN US DOLLAR) 

Description	31 / 12 / 2013	31 / 12 / 2012
Description		
Operating revenue	143,529,666	136,601,017
Deduct		
Operating expenses	96,012,310	94,897,971
Gross Profit	47,517,356	41,703,046
Add		
Net Capital Gain (Loss)	154,883	55,084
Credit Interest	797	16,229
Currency differences profits	669,574	71,295
Other revenue	195,986	10,096
Deduct		
General & administrative expenses	10,706,727	10,739,060
Financing expenses	19,789,234	21,147,017
Board of directors' allowances	59,681	75,668
Provisions made during the year	536,822	57,650
Decline in account receivable	1,088,422	229,620
Net Profit for the year	16,047,944	9,606,735

CASH FLOW STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2013

(AMOUNTS EXPRESSED IN US DOLLAR) 

Description	31 / 12 / 2013	31 / 12 / 2012
Cash Flow from Operating Activities		
Net profit for the year	16,047,944	9,606,735
Adjustments		
Fixed assets depreciation	34,876,870	34,492,877
Provisions made during the year	536,822	57,650
Impairment in account receivable	856,681	229,620
Capital(gain)	154,883	(55,084)
Operating Profit before changes in working capital	52,473,200	44,331,798
Working Capital Changes		
Decrease (Increase) in inventory	1,332,132	(2,360,624)
(Increase) in accounts receivable	(952,784)	(7,914,351)
(Increase) in debtors and other debit accounts	(118,947)	(1,163,424)
Increase in creditors and other credit accounts	1,918,043	6,088,074
Increase in Transaction with Related Parties	537,367	516,599
Net Cash Flow from operating activities	55,189,011	39,498,072

Description	31 / 12 / 2013	31 / 12 / 2012
Cash Flow from Investing activities		
Proceed from sale of fixed assets	163,672	259,287
(Payments) for purchase of fixed assets	(603,636)	(11,468,043)
(Payments) for projects under construction	(791,400)	--
Increase in inventory of fixed assets spare parts	(6,373,315)	--
Net Cash Flow (used) for Investment Activities	(7,604,679)	(11,208,756)
Cash Flow from Financing Activities		
(Payment) from long term loan	(42,813,290)	(30,841,043)
Proceed from (Payment) of Installment for long term loan	--	4,621,828
Paid profit dividends	(4,260,179)	(2,226,323)
Net (decrease) Cash Flow from Financing Activities	(47,073,469)	(28,445,538)
Net in cash and cash equivalent	510,863	(156,222)
Cash and cash equivalent beginning balance	(30,922,968)	(30,766,746)
Cash and cash equivalent ending balance	(30,412,105)	(30,922,968)
Cash and Cash equivalent represent		
Cash and cash equivalent	8,019,114	7,149,162
Bank overdrafts	(38,431,219)	(38,072,130)
Current Cash Balance	(30,412,105)	(30,922,968)

Non cash flow:

- Cash flow did not include 5,535,438 USD is non-cash transaction represented in the value of measurable spare parts (Inventory of fixed asset).
- Cash flow did not include 187,250 USD is non-cash transaction represented in asset under construction was transferred to fixed assets.

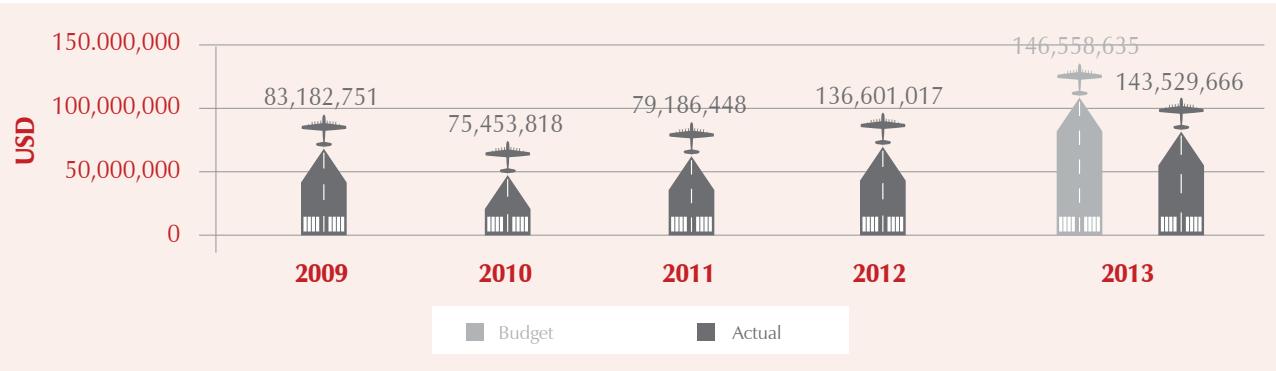
CHANGING IN QUOTA HOLDERS EQUITY STATEMENT FOR THE YEAR ENDED 31, DECEMBER, 2013

(AMOUNTS EXPRESSED IN US DOLLAR)

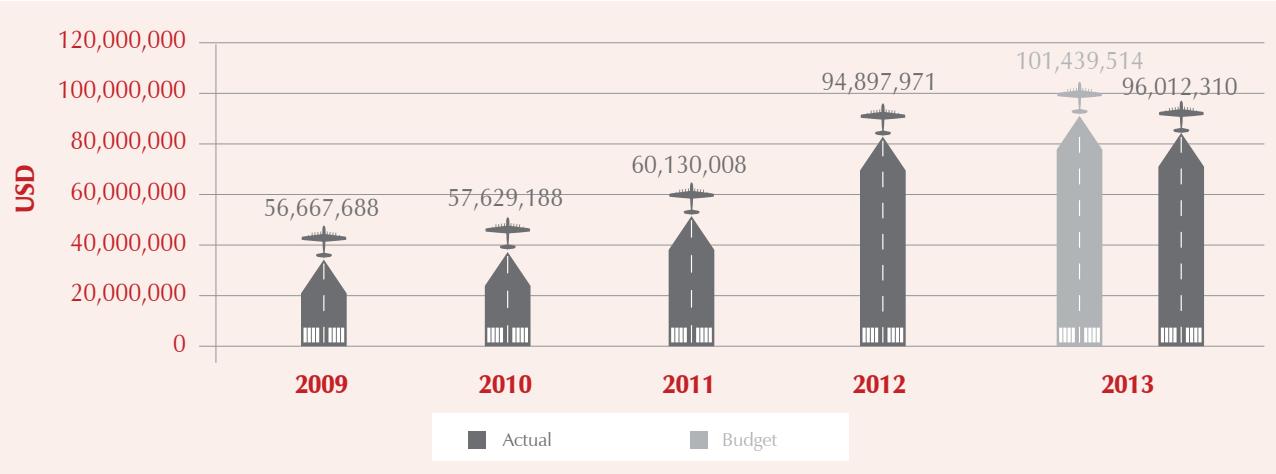
Description	Capital	Legal Reserve	Retained Earnings	Net Profit	Total
Quota holders equity as at 31 December 2011	80,000,000	2,991,703	20,659,307	4,163,312	107,814,322
Dividends of profit 2011	--	--	(2,226,323)	--	(2,226,323)
Transferred to legal reserve & Retained Earning	--	416,331	3,746,981	(4,163,312)	--
Net profit for the year	--	--	--	9,606,735	9,606,735
Quota holders equity as at 31 December 2012	80,000,000	3,408,034	22,179,965	9,606,735	115,194,734
Quota holders equity as at 1 January 2013	80,000,000	3,408,034	22,179,965	9,606,735	115,194,734
Dividends of profit 2012	--	--	(4,260,179)	--	(4,260,179)
Transferred to legal reserve & Retained Earning	--	960,674	8,646,061	(9,606,735)	--
Net profit for the year	--	--	--	16,047,944	16,982,944
Quota holders equity as at 31 December 2013	80,000,000	4,368,708	26,565,847	16,047,944	126,982,499

FINANCIAL SITUATION

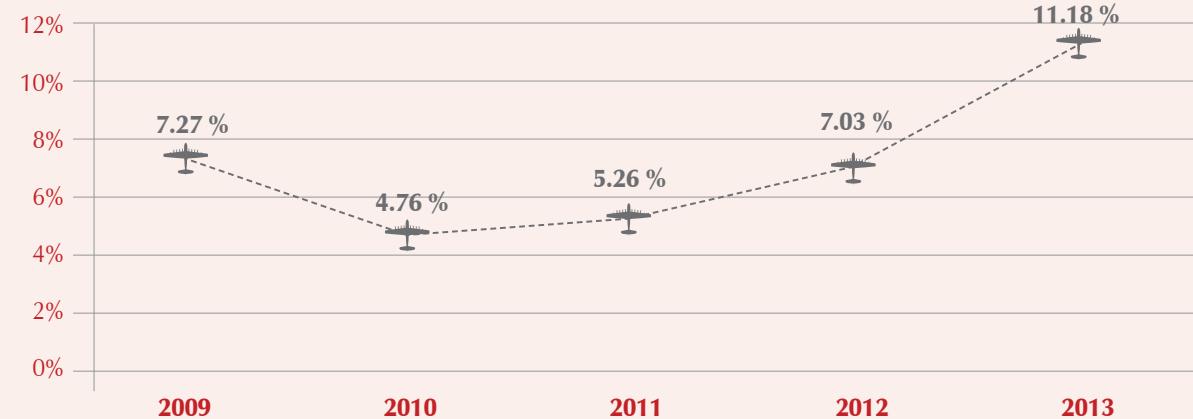
2009 - 2013 Total Revenue



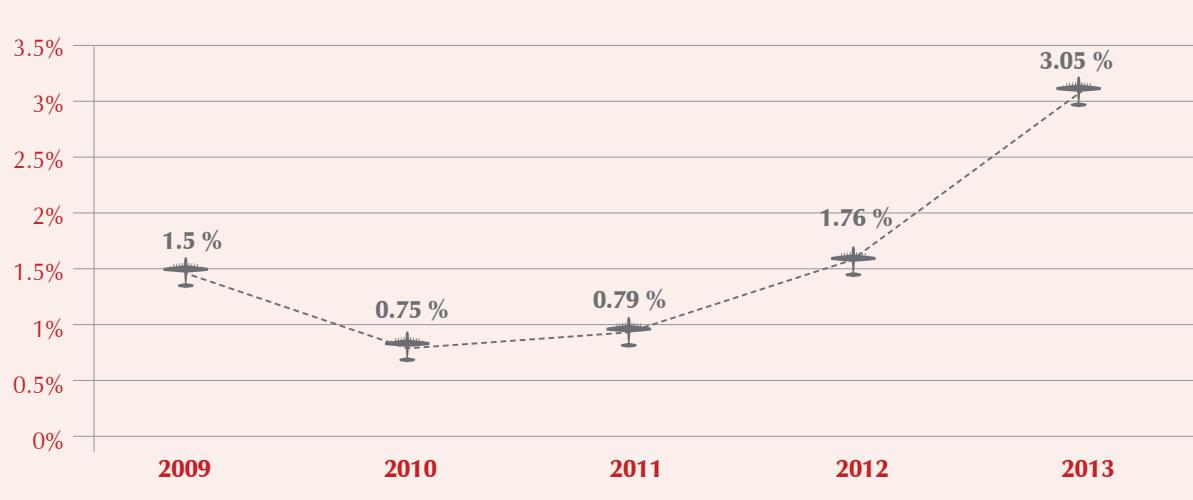
2009 - 2013 Operating Cost



Profit Margin Ratio

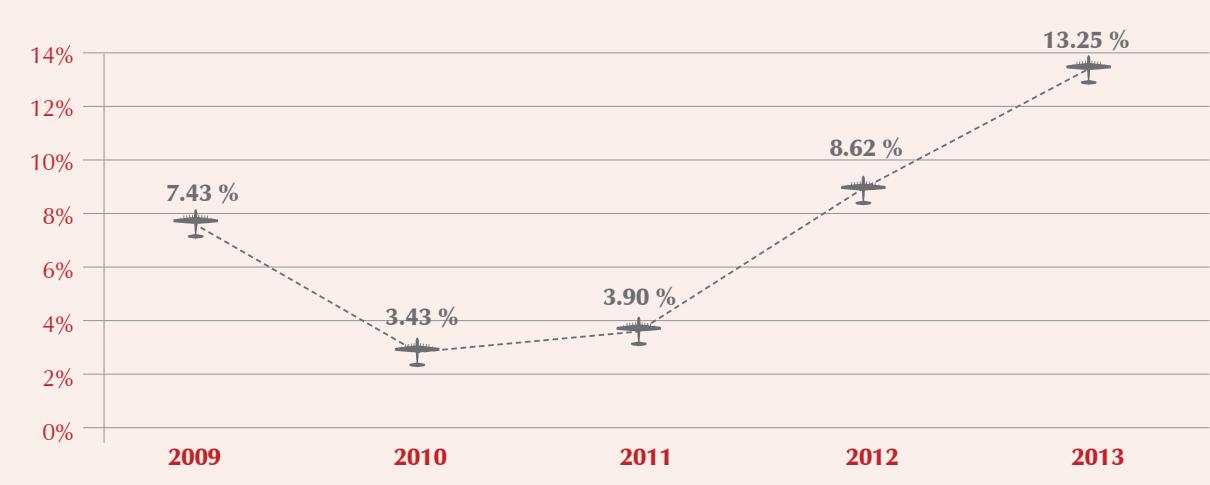


Return on Investment Ratio





Return on Equity Ratio



Financial Leverage

