



Chairman's Report Q1 2015

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG for the three-month period ending 31 March 2015.

Short term pressure from volatile oil prices does not affect our long-term strategy and growth path. Profit margins will be squeezed in the short-term, particularly in the first two quarters of this year. However, strong EBITDA performance, even under these market conditions, illustrates the underlying strength and stability of the business.

Financial Performance

	Rial Million		USD Million	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Continuing Operations				
Revenue	58.4	56.4	151.7	146.5
EBITDA	18.8	19.4	48.8	50.4
Operating profit	11.0	12.7	28.6	33.0
Net Profit after tax from continuing operations	1.1	3.8	2.9	9.9
Discontinued Operations				
Profit from discontinued operations	0.1	1.6	0.3	4.2
Net Profit	1.2	5.4	3.1	14.1

Clients across the oil and gas industry are seeking savings on contract rates and margins from their contractors and service suppliers to compensate for lower oil prices. This applies across the Offshore Support Vessel (OSV) industry, where spot rates have plummeted and many high-rate contracts have been cancelled. But Topaz stands out in the industry as a model of resilience due to the prudence of securing long-term contracts, in stable markets, with blue-chip clients, in the operating and production phase of the oil and gas development cycle. So it is only a minority part of the Topaz fleet that is affected by market volatility. This is reflected in how well EBITDA and Operating Profit performance is holding up in extreme market conditions. While the OSV industry at large talks of crisis, Topaz talks of short-term pressure and turbulence in some areas of its operation. Long-term strategy implementation continues calmly and unaffected.

Topaz



	Rial Million		USD Million	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Revenue	32.8	34.4	85.2	89.4
Operating profit	8.6	10.8	22.3	28.1

A secured US\$1bn contract backlog provides us with resilience and our young and efficient fleet makes us highly competitive. Broadly speaking, Topaz benefits from stability in rates and high vessel utilisation in long-term contracts and deployments in the Caspian Sea and Arabian Gulf while absorbing the temporary impact of reduced rates and utilization in other markets.

This does not hold back our ongoing development of new markets. We have made good progress in growing and securing a platform for long-term presence in important markets in West Africa, where we seek to emulate our successful Caspian and Gulf model of an optimum fleet size presence for efficiency of scale; supported by strong local partnerships; and substantive in-country support infrastructure and local employment, delivering our ICV – in-country value – business ethos: Best-in-class international standards of the Topaz brand, while maximising development of local content and sustainable value creation.

We have achieved the necessary licensing status in Angola and Nigeria to become serious contenders in the long-term tendering cycle. Clients know when we enter new markets we bring viable competitive tension, with world-class safety and efficiency. This is reflected in our first new contract with BP in Angola. So our growth is not just driven across new geographies, but also through global relationships with international companies who know and value our capability.

We remain committed to our long-term strategy. We have been conservative in managing our business costs and investment approach during this cycle. We have replaced an order for a new Anchor Handlers with a new Platform Supply Vessel in its place, due for delivery in late 2016. Our conservative approach to vessel acquisition in 2015 does not mean we shall not be vigilant for asset availability at attractive market-driven pricing.

We have recently announced a new US\$550m financing for Topaz at exceptionally attractive rates to replace US\$350m existing

four year debt with more mature seven year debt; and raise an additional US\$200m with five year maturity. The transaction increases liquidity, reduces annual debt repayment, reduces the overall cost of financing and brings in an additional US\$200m for capex on growth, to allow Topaz to continue developing its fleet, or to consider acquisition opportunities, should appropriate targets arise. This new facility, secured in turbulent times, underlines the confidence in Topaz shown by major regional and international financial institutions.

Renaissance (Previously reported as Contract Services Group – CSG)



	Rial Million		USD Million	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Revenue	25.6	22.0	66.5	57.1
Operating profit	3.2	2.6	8.3	6.8

While our support services business serves clients inside and outside the oil and gas sector, we recognize that we operate primarily in oil and gas reliant economies. So we also see the same pressure for reduction in rates and costs relating to the fall in oil price, particularly in our Africa and North Sea operations.

In spite of this, we see improvement in performance driven by new business gains secured last year. We are also seeing some modest, but important, net contract gains in 2015.

Clients want to maintain or increase standards while reducing costs and we are increasingly being selected as contractor or partner of choice in our three areas of business: traditional contract catering and related contract services; permanent or temporary accommodation solutions for large workforces; and Integrated Facilities Management (IFM). We continue to deploy resources to seek out new opportunities and widen our presence across the GCC, with a particular focus on UAE in 2015.

The Duqm permanent workforce accommodation project for 16,000 residents remains on time and in cost, ready to open as an engine of growth for the company in mid-2016.

We successfully raised the 45.3 million Rials of debt at very competitive rates, required for the financial close of the Duqm accommodation project. This long-term debt was significantly oversubscribed, which underlines the Oman banking sector's confidence in our business; confidence in our project in Duqm; and confidence in the government's and nation's ambitions to develop Duqm into a world-class global industrial and logistics hub.

We have achieved further success this quarter in our drive and commitment for sustainable business. Renaissance received an international award in Berlin for significantly reducing our carbon footprint through innovative food waste management. While the recent opening of our solar panel pilot project at Fahud Permanent Accommodation for Contractors (PAC) is another



exciting innovation for the company, offering the potential for ever-greener energy for our projects at home and abroad. The solar project will generate over 2 million kWh per annum, which is equivalent to serving 150 average Omani households. We are proud to be a pioneer in proving the value of alternative energy solutions with a viable and measurable project.

Outlook

We are not complacent about many of the business realities and ongoing challenges in regional and global markets. But we are confident in our business model – both in OSV and in services. We are conservative in the strength of our financial structure, with balance sheets at every level of the group resilient to pressure in adversity, and agile to respond to opportunity.

We have a number of important initiatives in play for consideration or completion during 2015. We continue to work towards divestment of the few remaining sections of our discontinued businesses. And we continue to consider the option of buying back the Mandatory Convertible Bonds. The initiative has been approved by the Capital Market Authority, so we are currently investigating appropriate alternative financing options. We see this initiative as good for the company, good for shareholders and good for bondholders. So, subject to finalising competitively attractive alternative financing, we shall present our Win-Win proposition to bondholders and shareholders for their consideration.

The Board draws great reassurance each time our business is subject to robust due diligence by high level independent third-party international financing, legal or audit professionals. So, the securing of the Topaz re-financing initiative and the Duqm project financing in these difficult times, once again franks the form of confidence in our governance and our business model.

Tribute

Everyone at Renaissance shared in the spontaneous expression of joy at the recent return of His Majesty Sultan Qaboos bin Said. His return has put back a spring in the step of the nation as we all take on the challenges of our time. We remain grateful to His Majesty for the confidence he gives to Omani companies like us to go out and compete with the best in the world in both home and international markets. We wish His Majesty continued good health.



Samir J. Fancy
Chairman

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	2015 RO '000	2014 RO '000
Non-current assets		
Property, plant and equipment	591,709	554,531
Intangible assets	32,820	31,966
Other non-current assets	2,506	4,768
	627,035	591,265
Current assets	138,636	143,328
Current liabilities	113,303	117,301
Equity settled mandatory convertible bonds - current portion	21,890	-
Net current assets	3,443	26,027
Non-current liabilities		
Term loans and senior notes, excluding current maturities	327,683	342,296
Equity settled mandatory convertible bonds	41,164	38,948
Non-current payables and advances	14,200	7,719
	383,047	388,963
Net assets	247,431	228,329
Equity		
Share capital	28,209	28,209
Treasury shares	(1,704)	(1,704)
Share premium	19,496	19,496
Legal reserve	9,605	9,603
Subordinated loan reserve	21,429	17,143
Retained earnings	88,606	104,256
Other reserves	(157)	(41)
	165,484	176,962
Non-controlling interest	81,947	51,367
Total equity	247,431	228,329

UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2015

	2015 RO '000	2014 RO '000
Continuing Operations		
Revenue	58,418	56,431
Operating expenses	(41,729)	(37,780)
Administrative expenses	(5,689)	(5,976)
Profit from operations	11,000	12,675
Net finance costs	(6,998)	(6,652)
Amortisation	(7)	(8)
Profit before income tax	3,995	6,015
Income tax	(2,841)	(2,217)
Profit for the period from Continuing Operations	1,154	3,798
Profit for the period from Discontinued Operations*	69	1,585
Profit for the period	1,223	5,383
Net profit attributable to:		
Shareholders of the Parent Company	(728)	3,525
Non-controlling interest	1,951	1,858
	1,223	5,383

* Profit from Discontinued Operations for the period ended 31 March 2014 include profit of RO 1.8 million from the divestment of Media and Communication Group.

Note:
1) The complete accounts will be sent by mail to shareholders within 7 days of receipt of the request.

2) The complete set of financial results can be accessed on www.renaissanceoman.com