

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2015

	3 months ended 31st March 2015	3 months ended 31st March 2014
	Amount Rial '000	Amount Rial '000
Total assets	765,671	734,593
Total liabilities	518,240	506,264
Net assets (less minority)	165,484	176,962
Net assets per share (refer note 4)	0.619	0.661
Current ratio	1.025	1.222

	3 months ended 31st March 2015	3 months ended 31st March 2014
	Amount Rial '000	Amount Rial '000
Gross profit	16,640	18,595
Gross profit margin %	29%	33%
Net profit	(728)	3,525
Earnings per share	(0.003)	0.013

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**Unaudited consolidated balance sheet as at
31st March 2015**

	Notes	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Non current assets			
Property, plant and equipments		591,709	554,531
Intangible assets		32,820	31,966
Long term investments	5,6,7	322	322
Deferred tax asset		1,151	1,333
Other non current assets		1,033	3,113
		<u>627,035</u>	<u>591,265</u>
Current assets			
Inventories	1	4,595	4,149
Trade receivables & Prepayments	2&9	70,355	84,439
Receivables from related parties		191	215
Investments	5,6,7&9	14	16
Bank and cash		44,669	37,986
		<u>119,824</u>	<u>126,805</u>
Assets of disposal group classified as held-for-sale	5	18,812	16,523
Current assets		<u>138,636</u>	<u>143,328</u>
Total assets		<u>765,671</u>	<u>734,593</u>
Current liabilities			
Trade & other creditors		61,583	66,253
Dividend payable		2,821	2,821
Payable to related parties		-	120
Bank overdrafts	4	-	2,485
Term loans - current portion	4	39,695	35,875
Equity settled mandatory convertible bonds - current portion	4	21,890	-
		<u>125,989</u>	<u>107,554</u>
Liabilities of disposal group classified as held-for-sale	5	9,204	9,747
Current liabilities		<u>135,193</u>	<u>117,301</u>
Long term liabilities			
Term loans and Senior notes	4	327,683	342,296
Equity settled mandatory convertible bonds	4	41,164	38,948
Non current payables and advances		10,161	2,355
Staff terminal benefits		4,039	5,364
		<u>383,047</u>	<u>388,963</u>
Total Liabilities		<u>518,240</u>	<u>506,264</u>
Net assets	TOTAL -A	<u>247,431</u>	<u>228,329</u>
Capital and reserves			
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		89,334	100,731
Exchange gain on investment in foreign subsidiaries		(157)	36
Hedging reserve		-	(77)
Profit for the period		(728)	3,525
		<u>165,484</u>	<u>176,962</u>
Minority interest		81,947	51,367
TOTAL-B		<u>247,431</u>	<u>228,329</u>

Notes:

Other non-current assets as of 31st March 2015 include 1) Rial 0.3 million of costs to mobilise certain vessels which will be amortised over the contract period (2014: Rial 2.1 million), and 2) Rial 0.7 million is a part of sales consideration relating to divestment of a subsidiary to be received over a period of next two years (2014 : Rial 0.1 million), the sales consideration to be received within next one year is classified under current assets.

Non current payables and advances as of 31st March 2015 include derivative liability of Rial 7.6 million (2014: Nil) relating to issue of shares in Topaz to an investor.

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Unaudited consolidated income statement
For the three months ended
31st March 2015

	3 months ended 31st March 2015	3 months ended 31st March 2014
	Amount Rial '000	Amount Rial '000
Continuing Operations:		
Turnover	58,369	56,375
Gross profit	16,640	18,595
Administration & general expenses	(5,689)	(5,976)
Operating profit	10,951	12,619
Finance charges	(6,998)	(6,652)
Amortisation	(7)	(8)
Other income	49	56
Profit before taxation and minority interests	3,995	6,015
Taxation	(2,841)	(2,217)
Profit for the period from continuing operations	1,154	3,798
Profit from discontinued operations* (Note 5)	69	1,585
Profit for the period	1,223	5,383
Minority Interest	(1,951)	(1,858)
Net profit attributable to Ordinary Shareholders	(728)	3,525
Dividend per share	-	-
Net profit margin (%)	-1.2%	6.3%

* Profit from discontinued operations for the period ended 31st March 2014 includes profit of Rial 1.8 million from the divestment of Media and Communication Group.

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Unaudited consolidated statement of cash flows
For the three months ended
31st March 2015

	3 months ended 31st March 2015	3 months ended 31st March 2014
	Amount Rial '000	Amount Rial '000
Cash from operations	27,590	17,498
Tax paid	(2,850)	(1,729)
Net interest paid	(6,998)	(6,822)
Net cash from/(used in) operating activities	17,742	8,947
Net cash from/(used in) investing activities *	(8,165)	(49,890)
Net cash from/(used in) financing activities	(4,204)	(9,509)
Net increase/(decrease) in cash & cash equivalents	5,373	(50,452)
Cash and cash equivalents brought forward	39,296	85,953
Cash and cash equivalents carried forward	44,669	35,501

* Q1 2014 Net cash used in investing activities is net of cash inflow of Rial 7.4 million from divestment of a subsidiary (National Training Institute) and remaining balance of Rial 1.3 million from divestment of Topaz Oil and Gas division (part of the Engineering segment), both of these were divested in 2013.

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Unaudited consolidated statement of changes in equity
For the three months ended
31st March 2015

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2015	28,209	19,496	9,605	-	92,155	149,465
Net profit for the period	-	-	-	-	(728)	(728)
Dividend paid / payable	-	-	-	-	(2,821)	(2,821)
31st March 2015	28,209	19,496	9,605	-	88,606	145,916
1st January 2014	28,209	19,496	9,718	-	103,437	160,860
Net profit for the period	-	-	-	-	3,525	3,525
Transfer related to divestment of a subsidiary	-	-	(115)	-	115	-
Hedging reserve	-	-	-	-	(77)	(77)
Dividend paid / payable	-	-	-	-	(2,821)	(2,821)
31st March 2014	28,209	19,496	9,603	-	104,179	161,487

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Notes

1. Inventories

Inventories can be analysed as follows:

	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Catering stock	2,843	2,449
Spares	1,752	1,739
Less: provisions	-	(39)
	4,595	4,149

2. Trade receivables

Trade receivables can be analysed as follows

	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Trade receivables & Prepayments	78,209	91,003
Less: Provisions	(7,854)	(6,564)
	70,355	84,439

3. Segment Reporting

The Group operates under two primary business segments. The results of segments are analysed by this classification and not by geographical classification. Inter segment pricing is determined on an arm's length basis. Information relating to these primary segments are as follows:-

Identity of Segments:	Amount in Rial '000				
	Segment Revenue	Segment Expenses excluding Depreciation	Depreciation	Segment Results	Consolidated Results
Marine Group (Topaz)	32,814	(17,645)	(6,543)	8,626	-
Contract Services Group	25,593	(21,169)	(1,221)	3,203	-
Total segment result	58,407	(38,814)	(7,764)	11,829	11,829
Intersegment adjustments	(12)	12	-	-	-
Finance charges	-	-	-	-	(6,998)
Amortisation	-	-	-	-	(7)
Unallocated expenses	-	(829)	(23)	-	(852)
Unallocated income	23	-	-	-	23
Income tax	-	-	-	-	(2,841)
Profit from discontinued operations	-	-	-	-	69
Minority Interest	-	-	-	-	(1,951)
Consolidated results	58,418	(39,631)	(7,787)	11,829	(728)

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4. Bank loans, senior notes and overdrafts

These can be analysed as follows:	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Bank loans and senior notes	367,378	378,171
Overdrafts	-	2,485
	<u>367,378</u>	<u>380,656</u>
Current maturities of bank loans & bank overdrafts	(39,695)	(38,360)
Long term element of bank loans and senior notes	<u>327,683</u>	<u>342,296</u>

The bank loans and overdrafts are secured by charge over certain assets of the company and its subsidiaries and corporate guarantees. The Rial loans, Foreign currency loans, Rial overdrafts and Foreign currency overdrafts bear commercial rates.

The maturity of the bank loans and senior notes:

The maturity of the bank loans and senior notes:	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Due within one year	39,695	35,875
Due after one year	327,683	342,296
	<u>367,378</u>	<u>378,171</u>

The Group' subsidiary, Topaz had issued Rial 135 million aggregate principal amount of 8.625% senior notes (the senior notes) in Q4 2013. The Senior Notes will mature on 1 November 2018 and are classified under long term loans.

The long term loan includes Rial 20 million of subordinated loan due for repayment after one year and current maturities include an amount of Rial 10 million of subordinated loan payable within one year. The tenure of the loan is 7 years with repayment of four annual installments of Rial 10 million starting from November 2014.

Equity settled mandatory convertible bonds

In 2012 the parent company issued 423,141,678 Mandatory Convertible Bonds (MCB) to its shareholders at RO 0.102 each (including RO 2 baizas for expenses) on 26 July 2012. The Group companies subscribed 30,673,468 bonds out of the total issue. These treasury MCB's are netted off from the total MCB's issued by Renaissance, and the net amount is shown in the balance sheet.

During Q4 2014, the company re-evaluated the accounting for its mandatorily convertible bonds. The terms of the bonds entitled the shareholders to receive bonds as rights and provided the benefits that are generally associated with a rights issue, being an entitlement to receive shares at the defined ratio. It was noted that such benefit entitlement given to shareholders is regarded as a transfer of benefits. Accordingly, the company revised its accounting of the bonds by recognising the value of benefits transferred under the bond issue as an equity movement in its statement of changes in equity. Q1 2015, accordingly present the application of this revised accounting for the bonds. Consequently, the net assets per share is lower in Q1 2015 as compared to Q1 2014.

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5. Investments in associates and subsidiaries

Associates

Investments in Associates are accounted for using the equity method.

Following closure of operations of the company's associate companies i.e. Dubai Wire and Global Fastener Limited in 2013, the carrying amount of investments in these associates was fully written-off in 2013. These associates were dormant in 2014 and initiatives are on to liquidate these companies.

Subsidiaries

Investments in subsidiaries are accounted for using the consolidated method as per International Financial Reporting Standards ("IFRS").

The subsidiaries of Renaissance Services SAOG are as follows:

Company	31st March 2015 Holding %	31st March 2014 Holding %
1) Topaz Energy & Marine Limited (TEAM JAFZA)	100%	100%
2) Tawoos Industrial Services Co LLC (TISCO)	100%	100%
3) Renaissance Duqm Holding SAOC (RDH)	51.9%	-
4) National Hospitality Institute SAOG (NHI)	100%	100%
5) Renaissance Energy Limited (REL)	45.55%	45.55%
Subsidiaries of TOPAZ		
1) Topaz Energy & Marine Limited (Topaz)	100%	100%
2) Topaz Holding Limited (THL)	100%	100%
3) Topaz Energy and Marine PLC (UK)	100%	100%
4) Topaz Engineering Limited	100%	100%
Subsidiaries of TISCO		
1) Rusail Catering & Cleaning Services LLC (RCCS)	100%	100%
2) Supraco Ltd. (Supraco)	100%	100%
3) Renaissance Contract Services International LLC (RCSI)	100%	100%
4) Al Wasita Catering Services LLC (Al Wasita)	100%	100%
5) Renaissance Facilities Management Company SAOC	100%	-
Subsidiary of RDH		
1) Renaissance Duqm Accommodation company SAOC	100%	-

During 2013, the assets and liabilities of UMS, NHI and Topaz Marine Engineering Division (part of Topaz Engineering Limited) were presented as held-for-sale. In Q1 2014, the Group disposed of UMS (Media and Communication Group). The assets and liabilities of NHI and Topaz Marine Engineering Division continue to present as held-for-sale in Q1 2015.

BUE Marine Limited is 100% subsidiary of Topaz. BUE Marine Limited is incorporated in UK, which operates through its subsidiaries and is engaged principally in charter of marine vessels and vessel management.

Supraco Limited through its subsidiaries in Norway provides contract catering services.

RCSI through its subsidiaries in Angola and UAE provides catering and allied services.

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6. Investments

Investments include all long term and short term investments of the company, excluding only those associates and subsidiaries listed in Note.5. Marketable Securities are carried at their open market value.

Unquoted and other investments are carried at cost adjusted for any permanent diminutions in value.

Investments can be analysed as follows:

Short Term investments	Market Value	Market Value	Book Value	Book Value
	3 months ended	3 months ended	3 months ended	3 months ended
	31st March 2015	31st March 2014	31st March 2015	31st March 2014
	Amount	Amount	Amount	Amount
	Rial '000	Rial '000	Rial '000	Rial '000
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	14	16	14	16
Government Bonds	-	-	-	-
	14	16	14	16
Marketable securities-Foreign				
Banking	-	-	-	-
Investments	-	-	-	-
Industrial	-	-	-	-
Bonds	-	-	-	-
	-	-	-	-
Unquoted and other investments				
Unquoted Omani shares	-	-	-	-
Investment fund units	-	-	-	-
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	-	-	-	-

Long Term investments

Long term investments of Rial 322 K (2014: Rial 322 K) include unquoted investments.

A subsidiary company holds 14,554,586 shares in Renaissance Services SAOG. The cost of these treasury shares Rial 1,704 K has been shown as a deduction from equity.

6a. Investments income

Realised

Realised investment income represents gains and losses on disposal of investments and other realised investment related gains and losses.

Unrealised

Marketable securities are recorded at their open market value. Movements in the carrying values of marketable securities are taken to unrealised investment income.

Investment income can be analysed as follows	3 months ended	3 months ended
	31st March 2015	31st March 2014
	Amount	Amount
	Rial '000	Rial '000
Realised	-	-
Unrealised	-	-
	-	-

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7. Details of significant Investments

Details of all the reporting company's investments including Associates/Subsidiaries for which either the reporting company's holdings represent 10% or more of the issued share capital or the reporting company's holdings exceed 10% of the market value of the reporting company's investment portfolio are provided as follows as on:-

31st March 2015

	Holding %	Number of Securities	Market Value Amount Rial '000	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Quoted Securities	%	-	-	-	-
NHI a partly owned subsidiaries of Renaissance Services SAOG is public joint stock company, listed with Muscat Security Market. The results of NHI have been consolidated in these financial statements.					
Foreign Listed Securities	0%	-	-	-	-
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As of 31st March 2015		-	-	-	-
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	Holding %	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%	-	-
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Total as of 31st March 2015		-	-
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Foreign Unlisted Securities	0%	-	-
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Total as of 31st March 2015		-	-
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8. Related parties & holders of 10% of company shares.

The nature of significant transactions involving related parties holding 10% or more of the company's shares and the amounts involved during the period were as follows:

Income items

	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Tawoos LLC - Services	7	5
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	7	5
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Expense Items

The nature of significant transactions involving related parties holding 10% or more of the company's shares and the amounts involved during the period were as follows:

	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Tawoos LLC	-	-
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	-	-
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8a. Loans, Advances, Receivables due, Provisions & write offs

Loans, advances or receivables due from related parties holding 10% or more of the company's shares minus all provisions and write-offs which have been made on these accounts at any time, are further analysed as follows:

	3 months ended 31st March 2015 Amount Rial '000	3 months ended 31st March 2014 Amount Rial '000
Tawoos LLC	12	33
Receivable from related parties	12	33

9. Provisions

Changes to the level of provisions during the period can be analysed as follows.

Provisions for :	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Beginning balance of Provision	7,788	-	-	7,788
Provided during the period	82	-	-	82
(Released) during the period	(16)	-	-	(16)
(Written off) during the period	-	-	-	-
Provision balance as of 31st March 2015	7,854	-	-	7,854
Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	78,209	336	4,595	83,140
Provision balance as of 31st March 2015	(7,854)	-	-	(7,854)
Book value of assets as of 31st March 2015	70,355	336	4,595	75,286

10. Shareholders

All the shareholders of the company who own 10% or more of the company's shares and the number of shares they hold are as follows:

	3 months ended 31st March 2015 No of shares	3 months ended 31st March 2014 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025