



## OVERVIEW

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG for the nine-month period ended 30 September 2017 (Third Quarter, Q3).

## RENAISSANCE GROUP

Our core message is unchanged from our earlier statements:

We know 2017 is a challenging year. Our top priority is to secure the company's liquidity to meet all our obligations. We are succeeding in that aim.

The losses continue as anticipated although we know we have a positive future to look forward to in 2018, secured in the form of the Tengiz Project in TOPAZ and the buildup to higher occupancy in our Renaissance Village Duqm in RENAISSANCE. Both projects are now on-stream with material pick up expected in H2 2018.

## FINANCIAL PERFORMANCE

### RS Consolidated

Continuing Operations	Rial Million		USD Million	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Revenue	141.1	157.1	366.5	408.1
EBITDA	44.3	54.5	115.1	141.6
Operating profit	18.3	28.7	47.5	74.5
Net profit/(loss) after tax	(15.2)	0.9	(39.5)	2.5
Net loss after minority interest	(17.5)	(5.2)	(45.5)	(13.4)

Note: Q3 2017 Net loss is after a charge of Rial 7.3 million (USD 19 million) associated with the refinancing of the Senior Notes in Topaz

Revenue, EBITDA and Operating Profit remain positive; although, as expected, lower than the previous year.

Net loss is impacted by the one-off charge of Rial 7.3 million required in the successful issue of new bonds by Topaz, reported in Q2. The USD 375 million issue, with maturity in 2022, further secures Topaz financial stability during the crisis in the Offshore Support Vessel (OSV) industry.



	Rial Million		USD Million	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Revenue	67.8	83.3	176.1	216.4
Operating profit	13.7	21.2	35.6	55.1
Net loss after tax	(14.5)	(1.6)	(37.7)	(4.2)
Net loss after minority interest	(18.1)	(7.7)	(47.0)	(20.0)

Note: Q3 2017 Net loss is after a charge of Rial 7.3 million (USD 19 million) associated with the refinancing of the Senior Notes



The Offshore Support Vessel (OSV) sector remains challenged with utilization and rate levels severely depressed, with continued stacking of about 40% of the global offshore fleet. Topaz has been affected by those industry headwinds, but has continued to show a higher resilience through further contracting and building positive backlog throughout the crisis; while adjusting its cost-base to remain competitive.

The company's market outlook is decidedly more positive going into 2018, when comparing with 2017. Albeit difficult industry conditions are expected to endure in the short term. We do, however, anticipate a positive trend in the utilization of our vessels and an improvement in our ability to build further contract cover. Consequently, we have re-activated five vessels from warm layup.

Asset prices, rates, and utilization remain depressed and Topaz shall, at the end of the year, carry out its annual valuation of all vessels to assess potential impairment. We anticipate a non-cash impairment charge to the accounts. The recovery in oil prices, accompanied by growing utilization and demand, leads us to believe we have passed the peak impairment levels of 2016.



In the third quarter, Topaz announced a strategically important contract win with Total in Azerbaijan. The win results from Topaz's global relationship with Total, established through successfully supporting Total's operations in West Africa and the Middle East, and this newly established relationship in Azerbaijan shows great promise for further growth.

The USD 550 million Tengiz project in Kazakhstan is progressing well with Topaz's scope ahead of schedule. As a result, two vessels have commenced operations earlier than anticipated. The overall construction of the module carrying vessels (MCVs) continues with remaining deliveries scheduled over the coming six months. Topaz's strong performance under the contract is expected to further broaden our opportunities with both Chevron and ExxonMobil.

Topaz's total revenue backlog remains at a market leading USD 1.5 billion – significantly, USD 1 billion of this will be invoiced over the coming three years. This means the company has already secured revenue greater than 2017 in each of the next three years. In addition, we have built a very healthy bidding pipeline, underscoring our more positive outlook.



	Rial Million		USD Million	
	Q3 2017	Q3 2016	Q3 2017	Q3 2016
Revenue	73.3	73.8	190.4	191.7
Operating profit	4.6	7.5	11.9	19.5
Net profit after tax	1.9*	5.3	4.9*	13.8
Net profit after minority interest	3.2*	5.4	8.3*	14.0

Note: After Rial 2.5 million loss in Renaissance Village Duqm

Performance in our core Facilities Management services businesses, and occupancy in our Renaissance Villages in the oilfields, all remain stable. The company has absorbed increased cost of doing business in our core markets, off-set by improved efficiency.

Competition in services tenders is fierce with squeezed margins and we have lost some low-impact contracts during this period.

However, the principal negative effect on performance is the initial loss-making period expected with the build-up of occupancy of our new flagship project Renaissance Village Duqm.

Occupancy at Duqm continues to rise in line with our expectations of known project activity: Q1 ended with occupancy at 12%; Q2 ended at 15%. At the current time of reporting occupancy is at 18%. While any unplanned major delay in Duqm projects would affect our projections, we remain on track to exceed break-even occupancy level of 45% on aggregate over 2018.

## OUTLOOK

Current improvement in oil prices shall not change the imperative for tighter fiscal prudence by governments in our core markets. Major clients in the oil industry, both International Oil Companies and National Oil Companies, have learned to operate at lower break-even cost levels per barrel as they start to tackle new growth initiatives. Our two companies, RENAISSANCE and TOPAZ, each offer the oil and gas industry safe, efficient and effective solutions in their respective fields of expertise. While growth is already secured in known contracts impacting 2018, both companies continue to pursue initiatives to diversify services, sectors and geographies for the long term.

In 2017 the company has capitalized its two flagship projects – Renaissance Village Duqm, Rial 75 million; and TengizChevroil, Rial 80 million to date. This would never have been possible without the unstinting confidence and support of our all-important financial stakeholders. This is why our focus remains fixed on sustaining our liquidity position and meeting all our commitments within our financial eco-system. Their continued belief in our company and these major projects are providing a segway to the rewards that we believe shall start to flow in the second half of 2018, that will ultimately restore shareholder value.

## TRIBUTE

On behalf of the Board of Directors, I express our sincere gratitude to His Majesty Sultan Qaboos bin Said for his leadership in creating a stable and secure nation, in which our company may thrive and prosper at home and abroad. We are releasing this statement at the time of celebration for the 47th National Day. We extend our congratulations and best wishes to His Majesty and the people of Oman on this happy occasion.



Samir J. Fancy  
Chairman



## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2017

	2017 Rial '000	2016 Rial '000
<b>Non-current assets</b>		
Property, plant and equipment	627,982	619,224
Intangible assets	34,872	35,127
Other non-current assets	4,066	2,784
	<b>666,920</b>	657,135
<b>Current assets</b>	<b>105,837</b>	113,965
<b>Current liabilities</b>	<b>111,173</b>	96,398
Equity settled mandatory convertible bonds - current portion	-	11,996
<b>Net current assets</b>	<b>(5,336)</b>	5,571
<b>Non-current liabilities</b>		
Term loans and senior notes, excluding current maturities	355,630	348,529
Non current payables and advances	91,381	53,399
	<b>447,011</b>	401,928
<b>Net assets</b>	<b>214,573</b>	260,778
<b>Equity</b>		
Share capital	36,727	29,878
Treasury shares	(6,853)	(5,163)
Share premium	29,220	22,573
Legal reserve	10,163	9,884
Subordinated loan reserve	1,429	20,000
Retained earnings	6,463	46,361
Other reserves	(1,008)	(1,109)
	<b>76,141</b>	122,424
Perpetual notes	46,799	46,799
Non controlling interest	91,633	91,555
<b>Total equity</b>	<b>214,573</b>	260,778

Note:  
Topaz, a subsidiary of Renaissance Services SAOG, received pre-mobilisation funding of Rial 81.8 million from Tengizchevroil (TCO) towards the Offshore Marine Module Transport Contract. Pre-mobilisation funds have been used to fund capital expenditure for building vessels for the contract. This advance will be recovered, subsequent to commencement of operations, from the amount to be billed to TCO for provision of transportation services. Rial 10.5 million (2016: Nil) of the advance, which is estimated to be recovered over next 12 months, is classified as current liability. Balance amount of advance Rial 71.3 million (2016: Rial 29.8 million) is included under Non current payables and advances.

## UNAUDITED CONSOLIDATED STATEMENT OF INCOME

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017

	2017 Rial '000	2016 Rial '000
<b>Continuing Operations</b>		
<b>Revenue</b>	<b>141,089</b>	157,136
Operating expenses	(97,222)	(102,864)
Depreciation	(25,556)	(25,579)
<b>Profit from operations</b>	<b>18,311</b>	28,693
Net finance costs	(20,757)	(21,123)
Refinancing costs of Senior Notes*	(7,333)	-
<b>Profit/(loss) before tax</b>	<b>(9,779)</b>	7,570
Taxation	(5,377)	(6,613)
<b>Profit/(loss) for the period from continuing operations</b>	<b>(15,156)</b>	957
Loss for the period from discontinued operations	-	(114)
<b>Profit/(loss) for the period</b>	<b>(15,156)</b>	843
<b>Net profit/(loss) attributable to:-</b>		
Shareholders of the Parent Company	(17,471)	(5,151)
Non-controlling interest	2,315	5,994
	<b>(15,156)</b>	843

\* In July 2017, Topaz has completed the offering of USD 375 million aggregate principal amount of Senior Notes due 2022 (the "Notes"). The gross proceeds from the issue of the Notes were used to fund the repurchase and redemption of Topaz's existing USD 350 million Senior Notes and associated costs. The costs of RO 7.3 million (USD 19 million) associated with the refinancing of the existing Senior Notes have been charged in Q3 2017.

Notes:-  
1) The complete accounts will be sent by mail to shareholders within 7 days of receipt of request.  
2) The complete set of financial results can be accessed at [www.renaissance.om](http://www.renaissance.om)

Renaissance Services SAOG

P.O. Box 1676, Muttrah, PC - 114, Sultanate of Oman  
Website: [www.renaissance.om](http://www.renaissance.om)