

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH JUNE 2016

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Total assets	747,848	765,031
Total liabilities	483,990	521,444
Net assets (excluding Perpetual notes and Minority)	127,383	161,665
Net assets per share	0.472	0.604
Current ratio	1.251	1.104

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Gross profit	32,002	34,253
Gross profit margin %	30%	29%
Net profit/(loss)	(1,484)	(4,668)
Earnings per share (after Perpetual notes coupon)	(0.013)	(0.017)

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**Unaudited consolidated balance sheet as at
30th June 2016**

	Notes	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Non current assets			
Property, plant and equipment		602,571	594,263
Intangible assets		33,117	33,020
Long term investments	5,6,7	322	322
Deferred tax asset		563	1,151
Other long term receivables		2,719	1,337
		<u>639,292</u>	<u>630,093</u>
Current assets			
Inventories	1	4,795	4,254
Trade receivables & Prepayments	2&9	66,821	76,601
Receivables from related parties		192	180
Investments	5,6,7&9	14	14
Bank and cash		36,293	33,361
		<u>108,115</u>	<u>114,410</u>
Assets of disposal group classified as held-for-sale	5	441	20,528
		<u>108,556</u>	<u>134,938</u>
		Current assets	134,938
		<u>747,848</u>	<u>765,031</u>
		Total assets	765,031
Current liabilities			
Trade & other creditors		58,822	59,399
Bank overdrafts	4	353	193
Term loans - current portion	4	26,852	29,730
Equity settled mandatory convertible bonds - current portion	4	594	22,129
		<u>86,621</u>	<u>111,451</u>
Liabilities of disposal group classified as held-for-sale	5	183	10,794
		<u>86,804</u>	<u>122,245</u>
		Current liabilities	122,245
Long term liabilities			
Term loans and Senior notes	4	330,312	341,586
Equity settled mandatory convertible bonds (Note 4)	4	20,997	40,925
Non current payables and advances		41,410	12,423
Staff terminal benefits		4,467	4,265
		<u>397,186</u>	<u>399,199</u>
		Total Liabilities	521,444
		<u>483,990</u>	<u>521,444</u>
Net assets	TOTAL -A	<u>263,858</u>	<u>243,587</u>
Capital and reserves			
Share capital (Note 4)		29,065	28,209
Treasury shares (Note 6)		(3,445)	(1,704)
Share premium (Note 4)		21,045	19,496
Perpetual notes (Note 4)		46,799	-
Legal reserve		9,884	9,605
Subordinated loan reserve		20,000	21,429
Retained earnings		53,420	89,334
Exchange loss on investment in foreign subsidiaries		(1,103)	(181)
Income on treasury shares		-	146
Profit/(loss) for the period		(1,484)	(4,668)
		<u>174,181</u>	<u>161,666</u>
Minority interest		89,677	81,921
	TOTAL-B	<u>263,858</u>	<u>243,587</u>

Notes:

1) Non current payables and advances as of 30th June 2016 mainly include advance received from a customer of Rial 22.0 million (2015: Nil) relating to a new contract in Kazakhstan and derivative liability of Rial 12.3 million (2015: Rial 7.6 million) relating to issue of shares in Topaz to an investor.

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Unaudited consolidated income statement
For the six months ended
30th June 2016

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Continuing Operations:		
Turnover	107,611	117,716
Gross profit	<u>32,002</u>	<u>34,253</u>
Administration & general expenses	(11,046)	(12,114)
Operating profit	<u>20,956</u>	<u>22,139</u>
Finance charges	(13,849)	(16,994)
Other income	182	65
Profit before taxation and minority interests	<u>7,289</u>	<u>5,210</u>
Taxation	(4,564)	(5,265)
Profit for the period from continuing operations	<u>2,725</u>	<u>(55)</u>
Loss from discontinued operations (Note 5)	(58)	(1,859)
Profit/(loss) for the period	<u>2,667</u>	<u>(1,914)</u>
Minority interest	(4,151)	(2,754)
Net loss attributable to Ordinary Shareholders	<u>(1,484)</u>	<u>(4,668)</u>
Dividend per share	-	-
Net profit margin (%)	-1.4%	-4.0%

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Unaudited consolidated statement of cash flows
For the six months ended
30th June 2016

	6 months ended 30th June 2016	6 months ended 30th June 2015
	Amount	Amount
	Rial '000	Rial '000
Cash from operations	41,589	37,007
Tax paid	(4,751)	(4,798)
Net interest paid	(13,849)	(13,902)
Net cash from operating activities	22,989	18,307
Net cash used in investing activities	(51,415)	(17,338)
Net cash from/(used) in financing activities	23,117	(7,097)
Net decrease in cash & cash equivalents	(5,308)	(6,128)
Cash and cash equivalents brought forward	41,248	39,296
Cash and cash equivalents carried forward	35,940	33,168

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Unaudited consolidated statement of changes in equity
For the six months ended
30th June 2016

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2016	29,065	21,045	9,817	-	55,402	115,329
Net loss for the period	-	-	-	-	(1,484)	(1,484)
Transfer to legal reserve	-	-	67	-	(67)	-
Perpetual notes coupon paid	-	-	-	-	(1,909)	(1,909)
Transaction with MI	-	-	-	-	(6)	(6)
30th June 2016	29,065	21,045	9,884	-	51,936	111,930
1st January 2015	28,209	19,496	9,605	-	92,155	149,465
Net loss for the period	-	-	-	-	(4,668)	(4,668)
Income on treasury shares	-	-	-	-	146	146
Dividend paid	-	-	-	-	(2,821)	(2,821)
30th June 2015	28,209	19,496	9,605	-	84,812	142,122

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Notes

1. Inventories

Inventories can be analysed as follows:

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Catering stock	3,273	2,839
Spares	1,522	1,415
	4,795	4,254

2. Trade receivables

Trade receivables can be analysed as follows

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Trade receivables & Prepayments	76,254	86,461
Less: Provisions	(9,433)	(9,860)
	66,821	76,601

3. Segment Reporting

The Group operates under two 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)	57,659	(28,224)	(13,999)	15,436	-
Contract Services Group (Renaissance)	50,159	(41,710)	(2,746)	5,703	-
Total segment result	107,818	(69,935)	(16,745)	21,138	21,138
Intersegment adjustments	(25)	25	-	-	-
Finance charges	-	-	-	-	(13,849)
Taxation	-	-	-	-	(4,564)
Loss from discontinued operations	-	-	-	-	(58)
Minority Interest	-	-	-	-	(4,151)
Consolidated results	107,793	(69,910)	(16,745)	21,138	(1,484)

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4. Bank loans, senior notes and overdrafts

These can be analysed as follows:	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Bank loans and senior notes	357,164	371,316
Overdrafts	353	193
	357,517	371,509
Current maturities of bank loans & bank overdrafts	(27,205)	(29,923)
Long term portion of bank loans and senior notes	330,312	341,586

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:	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Due within one year	26,852	29,730
Due after one year	330,312	341,586
	357,164	367,378

Topaz issued 8.625% senior notes (the senior notes) for an aggregate principal amount of USD 350 million in Q4 2013. The Senior Notes shall mature on 1 November 2018 and are classified under long term loans.

Long term portion of loans includes Rial 10 million of subordinated loan due for repayment after one year and current maturities also include an amount of Rial 10 million of subordinated loan payable within one year.

Equity settled mandatory convertible bonds and Perpetual Notes

Renaissance Services SAOG (the company) had issued 423,141,678 Mandatory Convertible Bonds (MCBs) 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 MCBs, out of the total issue. MCBs disclosed in the balance sheet are net of treasury MCBs held by its Group company.

The shareholders and the MCB holders of the company approved MCBs repurchase program in their respective General meetings held in June 2015. Accordingly, the company completed repurchase of the first tranche of MCBs in July 2015. Out of the 141,032,909 MCBs due for conversion in July 2015, 126,914,334 MCBs were repurchased at a price of RO 0.170 per MCB, amounting to a total of RO 21.6 million. The balance 14,118,575 MCBs were converted to 8,556,569 shares at a conversion price of RO 0.165 per MCB. The company has also repurchased 127,320,320 MCBs out of the second tranche of 141,054,365 MCBs in August 2015 at a repurchase price of RO 0.151 amounting to RO 19.2 million. The remaining 13,734,045 MCBs in the second tranche are due for conversion in July 2016. The company is in the process of repurchase of the third and final tranche of 141,054,404 MCBs that are due for conversion in July 2017, at a repurchase price of RO 0.149. The repurchase program will conclude in August 2016. The MCBs of those MCB holders who opt not to participate in the repurchase program will get converted in July 2017.

Repurchase of the first and second tranches of MCBs was financed by issuing Step-up Subordinated Perpetual Notes ("Perpetual notes"). Renaissance International Limited (the "Issuer"), a limited liability company registered in Cayman Islands and a wholly-owned subsidiary of the company, had issued RO 48.3 million (USD 125.5 million) perpetual notes. Issuance costs amounting to RO 1.5 million (USD 3.9 million) were incurred. Perpetual notes are listed on the Irish Stock Exchange. These Perpetual notes are a perpetual security in respect of which there is no fixed redemption date. Perpetual notes are callable by the issuer 5 years after the issue date, being 29 July 2020 (the "First Call Date"). Perpetual notes bear a coupon rate of 7.9% per annum, from the issue date to the First Call Date, payable semi-annually in arrears, however these can be deferred. Post first call date, the coupon rate shall increase to 12.9% per annum on the outstanding perpetual notes. Coupon distributions are being reported in the consolidated statement of changes in equity.

The company has internal accruals and new credit lines to finance the repurchase of third and final tranche of MCBs.

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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 were fully written-off in 2013. Since then these associates have been dormant in 2015 and liquidation of these associates is currently in progress.

Subsidiaries

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

The subsidiaries of Renaissance Services SAOG (the company) are as follows:

Company	30th June 2016 Holding %	30th June 2015 Holding %
1) Topaz Energy & Marine Limited (TEAM JAFZA)	100%	100%
2) Tawoos Industrial Services Company SAOC (TISCO)	100%	100%
3) Renaissance Duqm Holding SAOC (RDH)	51.9%	51.9%
4) National Hospitality Institute SAOC (NHI)	52.02%	45.55%
5) Renaissance Energy Limited (REL)	100%	100%
6) Renaissance International Limited (RIL)	100%	100%
7) Renaissance Integrated Facilities Management SAOC (RIFM)	100%	-
Subsidiaries of TEAM JAFZA		
1) Topaz Energy & Marine Limited (Topaz)	90.2%	90.2%
2) Topaz Energy and Marine PLC	100%	100%
3) Topaz Holding Limited (THL)	-	100%
4) Topaz Engineering Limited (TEL)	-	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 (RFMC)	100%	100%
Subsidiary of RDH		
1) Renaissance Duqm Accommodation Company SAOC (RDAC)	100%	100%

RDH is a holding company to hold investments in Renaissance Duqm Accommodation Company SAOC, which is engaged in building, owning and operating permanent accommodation facilities in Duqm. Currently, construction of the permanent accommodation facilities is in progress.

The Group had incorporated a new subsidiary, RIFM, in Q4 2015. Its principal activities include building, owning and operating accommodation facilities. RIFM has not yet commenced operations.

During 2013, the assets and liabilities of NHI and Topaz Engineering Limited were presented as held-for-sale. In Q3 2015, the Group disposed of TEL and this divestment resulted in a loss of RO 2.2 million (USD 5.7 million). The assets and liabilities of NHI are continued to be presented as held-for-sale in H1 2016. NHI converted from a public joint stock company (SAOG) to a closed joint stock company (SAOC) in Q2 2016.

Topaz and its subsidiaries are engaged in the provision of offshore support vessels and other marine vessels on charter primarily to oil and gas industry.

During the year 2015, the group had dissolved Topaz Holdings Limited.

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

RCSI through its subsidiaries in Angola and UAE, provides catering and allied services. RCSI's subsidiary in Angola had been classified as discontinued operations following closure of its operations in 2015.

The Group had incorporated a new subsidiary, RFMC, in 2015 and it is engaged in the provision of contract catering, facilities management and establishment, operations and maintenance services. RFMC has not yet commenced operations.

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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:

	Market Value 6 months ended 30th June 2016 Amount Rial '000	Market Value 6 months ended 30th June 2015 Amount Rial '000	Book Value 6 months ended 30th June 2016 Amount Rial '000	Book Value 6 months ended 30th June 2015 Amount Rial '000
Short Term investments				
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	14	14	14	14
Government Bonds	-	-	-	-
	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Marketable securities-Foreign				
Banking	-	-	-	-
Investments	-	-	-	-
Industrial	-	-	-	-
Bonds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unquoted and other investments				
Unquoted Omani shares	-	-	-	-
Investment fund units	-	-	-	-
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Long Term investments

Long term investments of Rial 322 K (2015: Rial 322 K) include unquoted investments.

A subsidiary company holds 20,750,625 shares (2015 - 14,554,586 shares) in Renaissance Services SAOG (RSS). The cost of these treasury shares is Rial 3,445 K (2015: Rial 1,704 K). The cost of these treasury shares has been shown as a deduction from equity. This subsidiary company also holds 20,450,002 MCBs (2015: 30,673,468 MCBs) issued by RSS. The increase in number and cost of treasury shares pertains to conversion of 10,223,466 MCBs held by this subsidiary company to 6,196,039 shares of RSS in 2015.

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.

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Investment income can be analysed as follows		
Realised	-	-
Unrealised	-	-
	<u>-</u>	<u>-</u>

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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:-

30th June 2016

	Holding %	Number of Securities	Market Value Amount Rial '000	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Quoted Securities	0%	-	-	-	-
Foreign Listed Securities	0%	-	-	-	-
<hr/>					
As of 30th June 2016		-	-	-	-
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	Holding %		Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%		-	-
<hr/>				
Total as of 30th June 2016			-	-
<hr/>				
Foreign Unlisted Securities	0%		-	-
<hr/>				
Total as of 30th June 2016			-	-
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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

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Tawoos LLC - Services	7	10
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	7	10
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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:

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 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:

	6 months ended 30th June 2016 Amount Rial '000	6 months ended 30th June 2015 Amount Rial '000
Tawoos LLC	12	4
Receivable from related parties	12	4

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	8,715	-	-	8,715
Provided during the period	718	-	-	718
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provision balance as of 30th June 2016	9,433	-	-	9,433

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	76,254	336	4,795	81,385
Provision balance as of 30th June 2016	(9,433)	-	-	(9,433)
Book value of assets as of 30th June 2016	66,821	336	4,795	71,952

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:

	6 months ended 30th June 2016 No of shares	6 months ended 30th June 2015 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025