

**RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2016**

	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Total assets	726,099	765,671
Total liabilities	462,158	518,240
Net assets (excluding Perpetual notes and Minority)	129,346	165,484
Net assets per share	0.479	0.619
Current ratio	1.260	1.025

	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Gross profit	17,150	16,613
Gross profit margin %	30%	28%
Net profit/(loss)	451	(728)
Earnings per share	0.002	(0.003)

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**Unaudited consolidated balance sheet as at
31st March 2016**

	Notes	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Non current assets			
Property, plant and equipment		574,805	591,709
Intangible assets		32,998	32,820
Long term investments	5,6,7	322	322
Deferred tax asset		563	1,151
Other long term receivables		3,160	1,033
		611,848	627,035
Current assets			
Inventories	1	4,310	4,595
Trade receivables & Prepayments	2&9	64,953	70,355
Receivables from related parties		187	191
Investments	5,6,7&9	14	14
Bank and cash		44,336	44,669
		113,799	119,824
Assets of disposal group classified as held-for-sale	5	451	18,812
		114,250	138,636
		Current assets	138,636
		Total assets	765,671
Current liabilities			
Trade & other creditors		63,088	61,583
Payable to related parties		1	-
Term loans - current portion	4	26,794	39,695
Equity settled mandatory convertible bonds - current portion	4	584	21,890
		90,467	125,989
Liabilities of disposal group classified as held-for-sale	5	192	9,204
		90,659	135,193
		Current liabilities	135,193
Long term liabilities			
Term loans and Senior notes	4	327,165	327,683
Equity settled mandatory convertible bonds (Note 4)	4	21,007	41,164
Non current payables and advances		18,946	10,161
Staff terminal benefits		4,381	4,039
		371,499	383,047
		Total Liabilities	518,240
Net assets	TOTAL -A	263,940	247,431
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		53,426	89,334
Exchange loss on investment in foreign subsidiaries		(1,081)	(157)
Profit/(loss) for the period		451	(728)
		176,144	165,484
Minority interest		87,796	81,947
	TOTAL-B	263,940	247,431

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Unaudited consolidated income statement
For the three months ended
31st March 2016

	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Continuing Operations:		
Turnover	56,339	58,334
Gross profit	<u>17,150</u>	<u>16,613</u>
Administration & general expenses	(5,257)	(5,617)
Operating profit	<u>11,893</u>	<u>10,996</u>
Finance charges	(6,720)	(6,998)
Other income	4	49
Profit before taxation and minority interests	<u>5,177</u>	<u>4,047</u>
Taxation	(2,485)	(2,841)
Profit for the period from continuing operations	<u>2,692</u>	<u>1,206</u>
Profit/(loss) from discontinued operations (Note 5)	(6)	17
Profit/(loss) for the period	<u>2,686</u>	<u>1,223</u>
Minority Interest	(2,235)	(1,951)
Net profit/(loss) attributable to Ordinary Shareholders	<u>451</u>	<u>(728)</u>
Dividend per share	-	-
Net profit margin (%)	0.8%	-1.2%

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Unaudited consolidated statement of cash flows
For the three months ended
31st March 2016

	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Cash from operations	27,562	27,590
Tax paid	(2,442)	(2,850)
Net interest paid	(6,720)	(6,998)
Net cash from operating activities	18,400	17,742
Net cash used in investing activities	(13,228)	(8,165)
Net cash used in financing activities	(2,084)	(4,204)
Net increase/(decrease) in cash & cash equivalents	3,088	5,373
Cash and cash equivalents brought forward	41,248	39,296
Cash and cash equivalents carried forward	44,336	44,669

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Unaudited consolidated statement of changes in equity
For the three months ended
31st March 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 profit for the period	-	-	-	-	451	451
Transfer to legal reserve	-	-	67	-	(67)	-
Perpetual notes coupon paid	-	-	-	-	(1,909)	(1,909)
31st March 2016	29,065	21,045	9,884	-	53,877	113,871
1st January 2015	28,209	19,496	9,605	-	92,155	149,465
Net loss for the period	-	-	-	-	(728)	(728)
Dividend paid	-	-	-	-	(2,821)	(2,821)
31st March 2015	28,209	19,496	9,605	-	88,606	145,916

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Notes

1. Inventories

Inventories can be analysed as follows:

	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Catering stock	3,028	2,843
Spares	1,282	1,752
	4,310	4,595

2. Trade receivables

Trade receivables can be analysed as follows

	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Trade receivables & Prepayments	73,715	78,209
Less: Provisions	(8,762)	(7,854)
	64,953	70,355

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)	29,887	(14,628)	(6,982)	8,277	-
Contract Services Group (Renaissance)	26,480	(21,236)	(1,624)	3,620	-
Total segment result	56,367	(35,864)	(8,606)	11,897	11,897
Intersegment adjustments	(24)	24	-	-	-
Finance charges	-	-	-	-	(6,720)
Taxation	-	-	-	-	(2,485)
Loss from discontinued operations	-	-	-	-	(6)
Minority Interest	-	-	-	-	(2,235)
Consolidated results	56,343	(35,840)	(8,606)	11,897	451

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4. Bank loans, senior notes and overdrafts

These can be analysed as follows:

	3 months ended 31st March 2016	3 months ended 31st March 2015
	Amount Rial '000	Amount Rial '000
Bank loans and senior notes	353,959	367,378
Overdrafts	-	-
	353,959	367,378
Current maturities of bank loans & bank overdrafts	(26,794)	(39,695)
Long term element of bank loans and senior notes	327,165	327,683

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:

	3 months ended 31st March 2016	3 months ended 31st March 2015
	Amount Rial '000	Amount Rial '000
Due within one year	26,794	39,695
Due after one year	327,165	327,683
	353,959	367,378

The Group' subsidiary, Topaz, has in place a comprehensive financing facility with a syndicate of banks on conventional and Shari'ah compliant Islamic basis for USD 550 million in Q2 2015. This includes USD 350 million senior secured 7 year facility (Tranche A), USD 100 million senior secured 5 year Revolving Credit Facility (Tranche B) and USD 100 million senior unsecured 5 year amortizing facility (Tranche C). Tranche A was utilized to repay existing bank debt of USD 350 million and the remaining two tranches B and C (USD 200 million) are undrawn.

Topaz had 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.

The long term loan includes Rial 10 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.

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 third and final tranche of 141,054,404 MCBs are due for conversion in July 2017.

Repurchase of these 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% pa on the outstanding perpetual notes. Coupon distributions will be reported in the consolidated statement of changes in equity.

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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. These associates were dormant in 2015 and liquidation of these companies 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	31st March 2016 Holding %	31st March 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 SAOG (NHI)	45.55%	45.55%
5) Renaissance Energy Limited (REL)	100%	100%
6) Renaissance International Limited (RIL)	100%	-
7) Renaissance Integrated Facilities Management SAOC (RIFM)	100%	-
Subsidiaries of TOPAZ		
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%

Renaissance Services SAOG had incorporated a new subsidiary, RDH, in February 2015. RDH is a holding company to hold investments in Renaissance Duqm Accommodation Company SAOC (incorporated in February 2015), which is engaged in building, owning and operating permanent accommodation facilities in Duqm.

Renaissance Services SAOG had incorporated a new subsidiary, RIL, in Cayman Islands in June 2015 as a special purpose vehicle to issue Perpetual notes to finance repurchase of MCBs issued by the company.

The Group had incorporated a new subsidiary, RIFM, in 2015. Its principal activities include building, owning and operating accommodation facilities, and also providing cleaning services. 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 Q1 2016.

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

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.

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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 3 months ended 31st March 2016 Amount Rial '000	Market Value 3 months ended 31st March 2015 Amount Rial '000	Book Value 3 months ended 31st March 2016 Amount Rial '000	Book Value 3 months ended 31st March 2015 Amount Rial '000
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	14	14	14	14
Government Bonds	-	-	-	-
	14	14	14	14
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 (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.

Investment income can be analysed as follows	3 months ended 31st March 2016 Amount Rial '000	3 months ended 31st March 2015 Amount 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 2016

	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 the Muscat Securities Market. The results of NHI have been consolidated in these financial statements.					

Foreign Listed Securities	0%	-	-	-	-
As of 31st March 2016		-	-	-	-

	Holding %		Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%		-	-
Total as of 31st March 2016			-	-
Foreign Unlisted Securities	0%		-	-
Total as of 31st March 2016			-	-

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 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Tawoos LLC - Services	4	7
	4	7

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 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Tawoos LLC	-	-
	-	-

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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 2016 Amount Rial '000	3 months ended 31st March 2015 Amount Rial '000
Tawoos LLC	5	12
Receivable from related parties	5	12

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	47	-	-	47
(Released) during the period	-	-	-	-
(Written off) during the period	-	-	-	-
Provision balance as of 31st March 2016	8,762	-	-	8,762
Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	73,715	337	4,310	78,362
Provision balance as of 31st March 2016	(8,762)	-	-	(8,762)
Book value of assets as of 31st March 2016	64,953	337	4,310	69,600

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 2016 No of shares	3 months ended 31st March 2015 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025