

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2014

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Total assets	733,857	643,269
Total liabilities	498,163	430,750
Net assets (less minority)	185,385	178,631
Net assets per share	0.693	0.668
Current ratio	1.246	1.376

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Gross profit	61,952	55,236
Gross profit margin %	34%	31%
Net profit	11,640	12,383
Earnings per share	0.044	0.046

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**Unaudited consolidated balance sheet as at
30th September 2014**

	Notes	9 months ended	9 months ended
		30th September 2014	30th September 2013
		Amount	Amount
		Rial '000	Rial '000
Non current assets			
Property, plant and equipments		568,457	455,258
Intangible assets		31,952	33,513
Long term investments	5,6,7	322	322
Deferred tax asset		1,333	1,835
Other non current assets		1,150	4,814
		<u>603,214</u>	<u>495,742</u>
Current assets			
Inventories	1	7,807	6,378
Trade receivables & Prepayments	2&9	74,675	95,334
Receivables from related parties		182	207
Investments	5,6,7&9	16	16
Bank and cash		28,678	44,004
		<u>111,358</u>	<u>145,939</u>
Assets of disposal group classified as held-for-sale	5	19,285	1,588
Current assets		<u>130,643</u>	<u>147,527</u>
		<u>733,857</u>	<u>643,269</u>
Current liabilities			
Trade & other creditors		55,348	57,987
Payable to related parties		1	173
Bank overdrafts	4	826	1,726
Term loans - current portion	4	38,751	47,364
		<u>94,926</u>	<u>107,250</u>
Liabilities of disposal group classified as held-for-sale	5	9,940	-
Current liabilities		<u>104,866</u>	<u>107,250</u>
Long term liabilities			
Term loans and Senior notes	4	345,060	271,772
Mandatory convertible bonds	6	38,948	38,874
Non current payables and advances		3,495	6,749
Staff terminal benefits		5,794	6,105
		<u>393,297</u>	<u>323,500</u>
Total Liabilities		<u>498,163</u>	<u>430,750</u>
Net assets	TOTAL -A	<u>235,694</u>	<u>212,519</u>
Capital and reserves			
Share capital		28,209	28,209
Treasury shares		(1,704)	(1,704)
Share premium		19,496	19,496
Legal reserve		9,603	10,530
Subordinated loan reserve		17,143	11,429
Retained earnings		100,731	98,531
Exchange gain on investment in foreign subsidiaries		15	243
Income on treasury shares		146	-
Hedging reserve		105	(486)
Profit for the period		11,640	12,383
		<u>185,384</u>	<u>178,631</u>
Minority interest		50,310	33,888
	TOTAL-B	<u>235,694</u>	<u>212,519</u>

Note: Other non-current assets as of 30th September 2014 include 1) Rial 0.5 million of costs to mobilise certain vessels which will be amortised over the contract period (2013: Rial 3.7 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 (2013 : Rial 0.9 million), the sales consideration to be received within next one year is classified under current assets.

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
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Unaudited consolidated income statement
For the nine months ended
30th September 2014

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Continuing Operations:		
Turnover	181,974	181,022
Gross profit	61,952	55,236
Administration & general expenses *	(18,330)	(19,723)
Operating profit	43,622	35,513
Finance charges	(21,215)	(16,038)
Amortisation	(23)	(23)
Gain on divestment of treasury MCBs (Note 6)	-	731
Other income	223	393
Profit before taxation and minority interests	22,607	20,576
Taxation	(7,192)	(6,840)
Profit for the period from continuing operations	15,415	13,736
Profit from discontinued operations** (Note 5)	1,698	3,493
Profit for the period	17,113	17,229
Minority Interest	(5,473)	(4,846)
Net profit attributable to Ordinary Shareholders	11,640	12,383
Dividend per share	-	-
Net profit margin (%)	6.4%	6.8%

* Administrative expenses for the period ended 30th September 2014 include one-off receivables provision of Rial 1 million (2013 : Rial 4.3 million).

** Profit from discontinued operations for the period ended 30th September 2014 include profit of Rial 1.8 million from the divestment of Media and Communication Group and 30th September 2013 include gain of Rial 3.9 million from the divestment of Topaz Oil and Gas division (part of the Engineering segment).

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Unaudited consolidated statement of cash flows
For the nine months ended
30th September 2014

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Cash from operations	60,740	46,804
Tax paid	(5,362)	(4,461)
Net interest paid	(21,319)	(17,190)
Net cash from/(used in) operating activities	34,059	25,153
Net cash from/(used in) investing activities *	(88,885)	1,947
Net cash from/(used in) financing activities	(3,275)	(7,343)
Net increase/(decrease) in cash & cash equivalents	(58,101)	19,757
Cash and cash equivalents brought forward	85,953	22,521
Cash and cash equivalents carried forward	27,852	42,278

* 2014 Net cash received from investing activities include 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. It also include cash inflow of Rial 2.3 million from divestment of the Media and Communication group, which was divested in Q1 2014. 2013 Net cash received from investing activities include Rial 11.4 million from divestment of MCBs held by the Group and Rial 14.4 million from divestment of Topaz Oil and Gas division (part of the Engineering segment).

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Unaudited consolidated statement of changes in equity
For the nine months ended
30th September 2014

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2014	28,209	19,496	9,718	-	103,437	160,860
Net profit for the period	-	-	-	-	11,640	11,640
Transfer from legal reserve related to divestment of a subsidiary	-	-	(115)	-	115	-
Income on treasury shares	-	-	-	-	146	146
Hedging reserve	-	-	-	-	105	105
Dividend paid	-	-	-	-	(2,821)	(2,821)
30th September 2014	28,209	19,496	9,603	-	112,622	169,930
1st January 2013	28,209	19,496	10,530	-	98,831	157,066
Net profit for the period	-	-	-	-	12,383	12,383
Transfer related to divestment of a subsidiary	-	-	-	-	(300)	(300)
Hedging reserve	-	-	-	-	(486)	(486)
30th September 2013	28,209	19,496	10,530	-	110,428	168,663

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Notes

1. Inventories

Inventories can be analysed as follows:

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Inventory for sale	3,058	-
Work in Progress	-	1,669
Catering stock	3,500	2,619
Spares	1,288	3,192
Less: provisions	(39)	(1,102)
	7,807	6,378

2. Trade receivables

Trade receivables can be analysed as follows

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Trade receivables & Prepayments	82,164	103,630
Less: Provisions	(7,489)	(8,296)
	74,675	95,334

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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:-

Amount in Rial '000

Identity of Segments:	Segment Revenue	Segment Expenses excluding Depreciation	Depreciation	Segment Results	Consolidated Results
Marine Group (Topaz)	111,186	(55,736)	(17,948)	37,502	-
Contract Services Group	71,005	(59,204)	(3,263)	8,538	-
Total segment result	182,191	(114,940)	(21,211)	46,040	46,040
Intersegment adjustments	(87)	87	-	-	-
Finance charges	-	-	-	-	(21,215)
Amortisation	-	-	-	-	(23)
Unallocated expenses	-	(2,229)	(59)	-	(2,288)
Unallocated income	93	-	-	-	93
Income tax	-	-	-	-	(7,192)
Profit from discontinued operations	-	-	-	-	1,698
Minority Interest	-	-	-	-	(5,473)
Consolidated results	182,197	(117,082)	(21,270)	46,040	11,640

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4. Bank loans, senior notes and overdrafts

These can be analysed as follows:	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Bank loans and senior notes	383,811	319,136
Overdrafts	826	1,726
	384,637	320,862
Current maturities of bank loans & bank overdrafts	(39,577)	(49,090)
Long term element of bank loans and senior notes	345,060	271,772

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:

	9 months ended 30th September 2014	9 months ended 30th September 2013
	Amount Rial '000	Amount Rial '000
Due within one year	38,751	47,364
Due after one year	345,060	271,772
	383,811	319,136

The Group' subsidiary, Topaz had issued Rial 135 million aggregate principal amount of 8.625% senior notes (the senior notes) in Q4 2013. Out of the proceeds from the issuance of the senior notes, Rial 46.2 million were used to prepay amounts outstanding under some of the senior secured bank borrowings and the balance proceeds have been used for acquisition of vessels. The Senior Notes will mature on 1 November 2018 and are classified under long term loans.

The long term loan includes Rial 30 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.

5. Investments in associates and subsidiaries

Associates

Investments in Associates are accounted for using the equity method.

The Associates of Renaissance Services SAOG are as follows:

	30th September 2014	30th September 2013
Company	Holding	Holding
1) Dubai Wire Products Ltd	37.65%	37.65%
2) Global Fastners Ltd.	43.50%	43.50%

The Group had decided to sell investments in associate companies i.e. Dubai Wire and Global Fastener Limited following the approval of Board on 12 August 2012. Accordingly, the carrying amount of the investments in these two associates of Rial 1.6 million were classified as assets held for sale under IFRS 5. The investments in these associates were not divested in 2013. As at 31 December 2013, the recoverability of these investments was uncertain and accordingly, on a prudent basis, the carrying amount of these investments was fully written-off.

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5. Investments in associates and subsidiaries (continued)

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	30th September 2014 Holding %	30th September 2013 Holding %
1) National Training Institute LLC (NTI)	-	100%
2) United Media Services LLC (UMS)	-	100%
3) Tawoos Industrial Services Co LLC (TISCO)	100%	100%
4) Topaz Energy & Marine Limited (TOPAZ JAFZA)	100%	100%
5) National Hospitality Institute SAOG (NHI)	45.55%	45.55%
6) Renaissance Energy Limited (REL)	100%	100%
Subsidiary of UMS LLC		
1) United Press and Publishing Co. LLC (UPP)	-	100%
2) Oryx Media Services WLL (ORYX)	-	49%
3) UMS International FZ LLC	-	100%
Subsidiary of TISCO LLC.		
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%
Subsidiary of NTI LLC		
1) National Training Institute Qatar WLL (NTIQ)	-	100%
Subsidiary of TOPAZ		
1) Topaz Energy & Marine Limited (TOPAZ BARMUDA) [earlier known as Nico Middle East Limited (NICO)]	100%	100%
2) Topaz Holding Limited (THL)	100%	100%
3) Topaz Energy and Marine PLC (UK)	100%	100%
4) Topaz Engineering Limited	100%	100%

In 2013 the Group disposed of its subsidiary National Training Institute LLC (NTI).

As on 31 December 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 effective date of disposal is 31 March 2014 as per the share purchase agreement (SPA). As on 30th September 2014, the assets and liabilities of NHI and Topaz Marine Engineering Division are presented as held-for-sale.

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

RCSI through its subsidiaries in Angola, UAE and Iraq provides catering and allied services. The subsidiary in Iraq is yet to start operations. One of the subsidiaries in UAE had temporarily closed its operations during 2012 following completion of its contract in Abu Dhabi.

Al Wasita is yet to start operations.

BUE Marine Limited is 100% subsidiary of Topaz Barmuda. BUE Marine Limited is incorporated in UK, which operates through its subsidiary in several countries engaged principally in charter of offshore support vessels, vessel management and ship repair.

In 2013, Topaz Engineering Limited had divested its Oil & Gas Engineering business and currently has only Marine Engineering business.

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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	Market Value	Book Value	Book Value
	9 months ended	9 months ended	9 months ended	9 months ended
	30th September 2014	30th September 2013	30th September 2014	30th September 2013
	Amount	Amount	Amount	Amount
	Rial '000	Rial '000	Rial '000	Rial '000
Short Term investments				
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	16	16	16	16
Government Bonds	-	-	-	-
	<u>16</u>	<u>16</u>	<u>16</u>	<u>16</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 (2013: 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.

In the year 2012 two of Renaissance subsidiaries had invested Rial 13.5 million (132,447,571 MCBs at Rial 0.102) in mandatory convertible bonds (MCBs) issued by Renaissance Services SAOG. In March 2013, International Financial Corporation had acquired 101,887,000 MCBs from one of the company's subsidiary. The subsidiary made a net gain of Rial 731K from this sale. The remaining treasury MCB's 30,673,468 at a cost of Rial 3,128,694 are netted off from the total MCB's issued by Renaissance, and the net amount is shown in the balance sheet.

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.

	9 months ended	9 months ended
	30th September 2014	30th September 2013
	Amount	Amount
	Rial '000	Rial '000
Realised (Note 6)	-	731
Unrealised	-	-
	<u>-</u>	<u>731</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 September 2014

	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 30th September 2014		-	-	-	-
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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 30th September 2014		-	-
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Foreign Unlisted Securities	0%	-	-
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Total as of 30th September 2014		-	-
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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

	9 months ended 30th September 2014 Amount Rial '000	9 months ended 30th September 2013 Amount Rial '000
Tawoos LLC - Services	15	15
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	15	15
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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:

	9 months ended 30th September 2014 Amount Rial '000	9 months ended 30th September 2013 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:

	9 months ended 30th September 2014 Amount Rial '000	9 months ended 30th September 2013 Amount Rial '000
Tawoos LLC	42	42
Receivable from related parties	42	42

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	6,211	-	39	6,250
Provided during the period	1,563	-	-	1,563
(Released) during the period	-	-	-	-
(Written off) during the period	(285)	-	-	(285)
Provision balance as of 30th September 2014	7,489	-	39	7,528

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	82,164	338	7,846	90,348
Provision balance as of 30th September 2014	(7,489)	-	(39)	(7,528)
Book value of assets as of 30th September 2014	74,675	338	7,807	82,820

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:

	9 months ended 30th September 2014 No of shares	9 months ended 30th September 2013 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025