

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2013

	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Total assets	651,390	639,364
Total liabilities	451,501	444,045
Net assets (less minority)	170,104	167,464
Net assets per share	0.636	0.626
Current ratio	1.163	0.901

	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Gross profit	18,774	14,713
Gross profit margin %	28%	25%
Net profit	3,805	782
Earnings per share	0.014	0.003

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**Unaudited consolidated balance sheet as at
31st March 2013**

	Notes	3 months ended 31st March 2013 Amount Rial '000	3 months ended 31st March 2012 Amount Rial '000
Non current assets			
Property, plant and equipments		452,285	455,684
Intangible assets		33,531	38,865
Long term investments	5,6,7	322	1,910
Deferred tax asset		1,835	1,149
Other non current assets*		8,791	-
		<u>496,764</u>	<u>497,608</u>
Current assets			
Inventories	1	10,209	14,451
Trade receivables & Prepayments	2&9	84,574	103,483
Receivables from related parties		232	207
Investments	5,6,7&9	16	16
Bank and cash		35,367	23,599
		<u>130,398</u>	<u>141,756</u>
Assets of disposal group classified as held-for-sale	5	24,228	-
Current assets		<u>154,626</u>	<u>141,756</u>
Total assets			
		<u>651,390</u>	<u>639,364</u>
Current liabilities			
Trade & other creditors		57,954	72,733
Payable to related parties		205	1,342
Bank overdrafts	4	2,298	8,054
Term loans and leases	4	56,546	75,181
		<u>117,003</u>	<u>157,310</u>
Liabilities of disposal group classified as held-for-sale	5	15,907	-
Current liabilities		<u>132,910</u>	<u>157,310</u>
Long term liabilities			
Term loans and leases	4	266,964	271,218
Mandatory convertible bonds	6	38,858	-
Non current payables and advances		6,906	8,777
Staff terminal benefits		5,863	6,740
		<u>318,591</u>	<u>286,735</u>
Total Liabilities		<u>451,501</u>	<u>444,045</u>
Net assets	TOTAL -A	<u>199,889</u>	<u>195,319</u>
Capital and reserves			
Share capital		28,209	28,209
Treasury shares		(1,704)	(1,704)
Share premium		19,496	19,496
Legal reserve		10,530	10,771
Subordinated loan reserve		11,429	5,714
Retained earnings		98,831	105,746
Exchange gain on investment in foreign subsidiaries		231	265
Income on treasury shares		-	-
Hedging reserve		(723)	(1,815)
Profit for the period		3,805	782
		<u>170,104</u>	<u>167,464</u>
Minority interest		29,785	27,855
	TOTAL-B	<u>199,889</u>	<u>195,319</u>

* Other non-current assets as of 31st March 2013 include 1) costs to mobilise certain vessels RO 7.6 million which will be amortised over the contract period, and 2) balance amount of sales consideration relating to divestment of a subsidiary in Q2 2012 RO 1.2 million receivable over a period of five years from the date of sale.

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Unaudited consolidated income statement
For the three months ended
31st March 2013

	3 months ended 31st March 2013 Amount Rial '000	3 months ended 31st March 2012 Amount Rial '000
Continuing Operations:		
Turnover	68,243	59,213
Gross profit	18,774	14,713
Administration & general expenses	(7,369)	(6,351)
Operating profit	11,405	8,362
Finance charges	(5,280)	(4,669)
Amortisation	(5)	(5)
Gain on divestment of treasury MCBs (Note 6)	731	-
Other income*	301	1,971
Share of loss from associate	-	(10)
Profit before taxation and minority interests	7,152	5,649
Taxation	(2,222)	(1,940)
Profit for the period from continuing operations	4,930	3,709
Loss from discontinued operations**	(67)	(1,710)
Profit for the period	4,863	1,999
Minority Interest	(1,058)	(1,217)
Net profit attributable to Ordinary Shareholders	3,805	782
Dividend per share	-	-
Net profit margin (%)	5.6%	1.3%

* Other income for the period ended 31st March 2012 includes an amount of RO 1.8 million representing the fair value of certain assets received from a customer of Al Wasita Emirates in 2011 in settlement of amounts due from that customer.

** Loss from discontinued operations for the period ended 31st March 2012 includes depreciation of RO 0.6 million; whereas loss for the period ended 31st March 2013 does not include depreciation which is in accordance with IFRS.

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Unaudited consolidated statement of cash flows
 For the three months ended
 31st March 2013

	3 months ended 31st March 2013 Amount Rial '000	3 months ended 31st March 2012 Amount Rial '000
Cash from operations	11,996	15,501
Tax paid	(1,887)	(3,397)
Net interest paid	(5,617)	(5,061)
Net cash (used in)/from operating activities	4,492	7,043
Net cash from /(used) in investing activities	9,033	(6,681)
Net cash from/(used in) financing activities	(2,977)	(13,926)
Net increase/(decrease) in cash & cash equivalents	10,548	(13,563)
Cash and cash equivalents brought forward	22,521	29,109
Cash and cash equivalents carried forward	33,069	15,545

Note:- In 2013, net cash from investing activities include RO 11.4 million from divestment of MCBs held by the Group.

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Unaudited consolidated statement of changes in equity
For the three months ended
31st March 2013

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2013	28,209	19,496	10,530	-	98,831	157,066
Net profit for the period	-	-	-	-	3,805	3,805
Hedging reserve	-	-	-	-	(723)	(723)
31st March 2013	28,209	19,496	10,530	-	101,913	160,148
1st January 2012	28,209	19,496	10,771	-	105,746	164,222
Net profit for the period	-	-	-	-	782	782
Hedging reserve	-	-	-	-	(1,815)	(1,815)
31st March 2012	28,209	19,496	10,771	-	104,713	163,189

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Notes

1. Inventories

Inventories can be analysed as follows:

	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Work in Progress	4,510	6,668
Catering stock	3,472	3,276
Spares	3,513	5,412
Less: provisions	(1,286)	(905)
	10,209	14,451

2. Trade receivables

Trade receivables can be analysed as follows

	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Trade receivables & Prepayments	88,881	107,618
Less: Provisions	(4,307)	(4,135)
	84,574	103,483

Note:- 1) 2013 : RO Nil K (2012: 600K) Trade receivables discounted with banks are netted off from receivables.

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3. Segment Reporting

The Group operates under three primary business segments. The results of Media and Training business which are relatively small in relation to the Group's consolidated results are combined under Other Operations. 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 segment and combined Other Operations are as follows:-

Identity of Segments:	Amount in Rial '000				
	Segment Revenue	Segment Expenses excluding Depreciation	Depreciation	Segment Results	Consolidated Results
Contract Services Group	23,850	(19,395)	(1,065)	3,390	-
Marine Group	34,905	(20,300)	(5,572)	9,033	-
Engineering Group	6,527	(6,661)	(209)	(343)	-
Other Operations	3,548	(3,103)	(97)	348	-
Total segment result	68,830	(49,459)	(6,943)	12,428	12,428
Intersegment adjustments	(314)	314	-	-	-
Finance charges	-	-	-	-	(5,280)
Amortisation	-	-	-	-	(5)
Unallocated expenses	-	(718)	(32)	-	(750)
Unallocated income	28	-	-	-	28
Investment gain/(loss)	-	-	-	-	731
Income tax	-	-	-	-	(2,222)
Loss from discontinued operation	-	-	-	-	(67)
Minority Interest	-	-	-	-	(1,058)
Consolidated results	68,544	(49,863)	(6,975)	12,428	3,805

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4. Bank loans, leases and overdrafts

These can be analysed as follows:

	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Bank loans and leases	323,510	346,399
Overdrafts	2,298	8,054
	325,808	354,453
Current maturities of bank loans, leases & bank overdrafts	(58,844)	(83,235)
Long term element of bank loans and leases	266,964	271,218

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 leases:

	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Due within one year	56,546	75,181
Due after more than one year	266,964	271,218
	323,510	346,399

The long term loan includes RO 40 million Subordinated loan. The tenure of the loan is 7 years with repayment of four annual installments of RO 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:

Company	31st March 2013 Holding	31st March 2012 Holding
1) Dubai Wire Products Ltd	37.65%	37.65%
2) Global Fastners Ltd.	43.50%	43.50%

The Group has decided to sell investments in associate companies i.e. Dubai Wire and Global Fastener Limited following the approval of Board on 12 August 2012. The Group believes that the sale transaction will be completed within one year from the date of Board approval. Accordingly, the carrying amount of the investments in these two associates of RO 1.6 million are classified as assets held for disposal under IFRS 5. No share of profit from these two associates has been recognized in these three months consolidated financials of the company.

The following associate company is held under a subsidiary of Renaissance:-

	31st March 2013 Holding	31st March 2012 Holding
1) Skills Development Training Institute LLC	-	49%

NTI's associate company Skills Development Training Institute LLC (formerly known as National Saudi Training Institute for Development Ltd) in Kingdom of Saudi Arabia, engaged in provision of various training services. This associate has not yet started its operation. The carrying value of the investment in this associate is fully impaired and provided.

Jointly Controlled Entities

Investments in jointly controlled entity is accounted for under the proportionate consolidation method.

The following joint controlled entity is held under subsidiaries of Renaissance:-

NIL

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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	31st March 2013 Holding %	31st March 2012 Holding %
1) National Training Institute LLC (NTI)	100%	100%
2) United Media Services LLC (UMS)	100%	100%
3) Tawoos Industrial Services Co LLC (TISCO)	100%	100%
4) Topaz Energy & Marine Limited (TOPAZ)	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%	100%
2) Oryx Media Services WLL (ORYX)	49%	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%	100%
Subsidiary of NHI SAOG		
1) Nakshatra Hospitality India Private Limited (NHIPL)	-	100%
Subsidiary of TOPAZ		
1) 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%

The Board of NHI has approved on 31 March 2013 the de-listing of NHI. The Board has appointed a financial advisor to complete the delisting process.

In 2012, UMS has registered a wholly owned subsidiary in UAE, UMS International FZ LLC, which provides media advertising and publishing services.

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

RCSI through its subsidiaries in Angola, UAE, Iraq and Qatar provides catering and allied services. The subsidiaries in Iraq and Qatar yet to start operations. Renaissance Facilities Management Services LLC, a subsidiary of RCSI, has temporarily closed its operations during 2012 following completion of its contract in Abu Dhabi.

NHIPL was dissolved in December 2012

BUE Marine Limited is 100% subsidiary of NICO. 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.

The assets and liabilities related to Topaz Oil and Gas division (part of the Engineering segment) are presented as held-for-sale following the approval of the Group's Board of Directors on 19 December 2012 to sell Topaz Oil and Gas division. The transaction is expected to be completed in 2013.

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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 31st March 2013	3 months ended 31st March 2012	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000	Amount Rial '000	Amount Rial '000
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 (2012: Rial 1,910 K) include unquoted investments. (refer note 5)

Some subsidiaries of the Parent Company hold 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 RO 13.5 million (132,447,571 MCBs at RO 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 RO 731K from this sale. The remaining treasury MCB's 30,673,468 at a cost of RO 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.

Investment income can be analysed as follows	3 months ended 31st March 2013	3 months ended 31st March 2012
	Amount Rial '000	Amount Rial '000
Realised (Note 6)	731	-
Unrealised	-	-
	<u>731</u>	<u>-</u>

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7. Details of significant Investments

Details of all the reporting companies investment including Associates/Subsidiaries for which either the reporting companies holding represents 10% or more of the issued share capital or the reporting companies holding exceeds 10% of the market value of the reporting companies investment portfolio are provided as follows as on:-

31st March 2013

	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%	-	-	-	-
As of 31st March 2013		-	-	-	-

	Holding %	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities			
IMTAC LLC	1.25%	197	-
Total as of 31st March 2013		197	-
Foreign Unlisted Securities	0%	-	-
Total as of 31st March 2013		-	-

8. Related parties & holders of 10% of company shares.

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

Income items

	3 months ended 31st March 2013 Amount Rial '000	3 months ended 31st March 2012 Amount Rial '000
Tawoos LLC - Services	5	5
	5	5

Expense Items

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

	3 months ended 31st March 2013 Amount Rial '000	3 months ended 31st March 2012 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 companies 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 2013 Amount Rial '000	3 months ended 31st March 2012 Amount Rial '000
Tawoos LLC	31	20
Receivable from related parties	31	20

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	3,949	-	1,281	5,230
Provided during the period	400	-	5	405
(Released) during the period	(5)	-	-	(5)
(Written off) during the period	(37)	-	-	(37)
Provision balance as of 31st March 2013	4,307	-	1,286	5,593

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	88,881	338	11,495	100,714
Provision balance as of 31st March 2013	(4,307)	-	(1,286)	(5,593)
Book value of assets as of 31st March 2013	84,574	338	10,209	95,121

10. Shareholders

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

	3 months ended 31st March 2013 No of shares	3 months ended 31st March 2012 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025