

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH JUNE 2012

	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Total assets	658,469	609,089
Total liabilities	458,349	414,014
Net assets (less minority)	171,244	170,451
Net assets per share	0.640	0.637
Current ratio	1.123	1.117

	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Gross profit	33,543	31,804
Gross profit margin %	23%	24%
Net profit/(loss)	4,650	2,256
Earnings per share	0.017	0.008

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**Unaudited consolidated balance sheet as at
30th June 2012**

	Notes	6 months ended 30th June 2012 Amount Rial '000	6 months ended 30th June 2011 Amount Rial '000
Non current assets			
Property, plant and equipments		464,031	412,817
Intangible assets		34,165	38,878
Long term investments	5,6,7	1,910	1,734
Deferred tax asset		1,149	448
		501,255	453,877
Current assets			
Inventories	1	14,438	22,976
Trade receivables & Prepayments	2&9	122,593	104,103
Receivables from related parties		179	1,260
Investments	5,6,7&9	16	15
Bank and cash		19,988	26,858
		157,214	155,212
		658,469	609,089
Current liabilities			
Trade & other creditors		70,175	65,381
Payable to related parties		88	1,150
Bank overdrafts	4	4,978	8,904
Term loans and leases	4	64,752	63,564
		139,993	138,999
Long term liabilities			
Term loans and leases	4	303,304	257,224
Non current payables and advances		8,387	11,598
Staff terminal benefits		6,665	6,193
		318,356	275,015
		458,349	414,014
Net assets	TOTAL -A	200,120	195,075
Capital and reserves			
Share capital		28,209	28,209
Treasury shares		(1,704)	(1,704)
Share premium		19,496	19,496
Legal reserve		10,524	10,577
Subordinated loan reserve		5,714	-
Retained earnings		105,993	112,479
Exchange gain on investment in foreign subsidiaries		257	48
Income on treasury shares		-	174
Hedging reserve		(1,895)	(1,084)
Profit for the period		4,650	2,256
		171,244	170,451
Minority interest		28,876	24,624
	TOTAL-B	200,120	195,075

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Unaudited consolidated income statement
For the six months ended
30th June 2012

	6 months ended 30th June 2012 Amount Rial '000	6 months ended 30th June 2011 Amount Rial '000
Turnover	148,305	132,301
Gross profit	33,543	31,804
Administration & general expenses	(14,370)	(15,138)
Operating profit	19,173	16,666
Provision for contract cancellation*	-	(1,846)
Finance charges	(10,324)	(8,357)
Amortisation	(10)	(10)
Gain on divestment of a subsidiary	22	-
Other income**	2,193	506
Share of loss from associate	(10)	-
Profit before taxation and minority interests	11,044	6,959
Taxation	(4,101)	(3,594)
Profit for the period	6,943	3,365
Minority Interest	(2,293)	(1,109)
Net profit attributable to Ordinary Shareholders	4,650	2,256
Dividend per share	-	-
Net profit margin (%)	3.1%	1.7%

* The provision in the year 2011 was made for the net loss related to a contract cancellation by a client in the Company's Ship Building Operations.

** Other income for 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. The gain was not recognised in 2011 as the amount was not expected to be recovered through the divestment of this subsidiary at that time. As the recovery of the amount through divestment is certain, the income is recognised in these consolidated financial statements.

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Unaudited consolidated statement of cash flows
For the six months ended
30th June 2012

	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Cash from operations	18,927	8,308
Tax paid	(5,092)	(3,308)
Net interest paid	(10,787)	(8,633)
Net cash (used in)/from operating activities	3,048	(3,633)
Net cash used in investing activities	(28,853)	(30,139)
Net cash from/(used in) financing activities	11,706	32,774
Net increase/(decrease) in cash & cash equivalents	(14,098)	(998)
Cash and cash equivalents brought forward	29,109	18,952
Cash and cash equivalents carried forward	15,010	17,954

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Unaudited consolidated statement of changes in equity
For the six months ended
30th June 2012

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2012	28,209	19,496	10,771	-	105,746	164,222
Transfer related to divestment of a subsidiary	-	-	(247)	-	247	-
Net profit for the period	-	-	-	-	4,650	4,650
Hedging reserve	-	-	-	-	(1,895)	(1,895)
30th June 2012	28,209	19,496	10,524	-	108,748	166,977
1st January 2011	28,209	19,496	10,577	3,385	112,479	174,146
Net profit for the period	-	-	-	-	2,256	2,256
Income on treasury shares	-	-	-	-	174	174
Hedging reserve	-	-	-	-	(1,084)	(1,084)
Dividend paid / payable	-	-	-	(3,385)	-	(3,385)
30th June 2011	28,209	19,496	10,577	-	113,825	172,107

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Notes

1. Inventories

Inventories can be analysed as follows:

	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Work in Progress	7,343	15,085
Catering stock	2,898	3,046
Spares	5,106	5,520
Less: provisions	(909)	(675)
	14,438	22,976

2. Trade receivables

Trade receivables can be analysed as follows

	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Trade receivables & Prepayments	127,037	107,637
Less: Provisions	(4,444)	(3,534)
	122,593	104,103

Note:- 1) 2012 : RO 6,312K (2011: 2,427K) 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	52,317	(40,629)	(2,626)	9,062	-
Marine Group	54,861	(28,782)	(9,775)	16,304	-
Engineering Group	41,082	(42,119)	(1,738)	(2,775)	-
Other Operations	6,608	(5,460)	(183)	965	-
Total segment result	154,868	(116,990)	(14,322)	23,556	23,556
Intersegment adjustments	(4,432)	4,272	-	(160)	(160)
Finance charges	-	-	-	-	(10,324)
Amortisation	-	-	-	-	(10)
Share of profit/(loss) of associates	-	-	-	-	(10)
Unallocated expenses	-	(1,798)	(294)	-	(2,092)
Unallocated income	62	-	-	-	62
Income tax	-	-	-	-	(4,101)
Minority Interest	-	-	-	-	(2,293)
Consolidated results	150,498	(114,516)	(14,616)	23,396	4,650

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4. Bank loans, leases and overdrafts

These can be analysed as follows:	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Bank loans and leases	368,056	320,788
Overdrafts	4,978	8,904
	373,034	329,692
Current maturities of bank loans, leases & bank overdrafts	(69,730)	(72,468)
Long term element of bank loans and leases	303,304	257,224

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:

The maturity of the bank loans and leases:	6 months ended 30th June 2012	6 months ended 30th June 2011
	Amount Rial '000	Amount Rial '000
Due within one year	64,752	63,564
Due after more than one year	303,304	257,224
	368,056	320,788

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	30th June 2012 Holding	30th June 2011 Holding
1) Dubai Wire Products Ltd	37.65%	37.65%
2) Global Fastners Ltd.	43.50%	43.50%

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:-

	30th June 2012 Holding	30th June 2011 Holding
1) Skills Development Training Institute LLC	49%	-

During 2011, the NTI has incorporated a new associate 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.

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:-

1) Nico Doosan Babcock, UAE	-	50%
2) DMS Jaya Marine WLL, Qatar	-	51%
3) Jaya DMS Marine Pte Ltd., Singapore	-	50%
4) Magistau Oblast Boat Yard LLP, Kazakhstan (MOBY)	-	50%

In January 2012, Nico Doosan Babcock (previously known as Nico Mitsui Babcock) has been dissolved and ship repair unit of Topaz Engineering Limited is running this boiler unit as an independent business unit within its fold.

The group has exited from the joint venture, MOBY, in the beginning of the year 2012.

The group has sold its 50% of holding in Jaya DMS Marine Pte Ltd, Singapore to the Joint owner of that company. The Group has acquired 49% of holding in DMS Jaya Marine WLL, Qatar and is now 100% subsidiary of Topaz.

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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 June 2012 Holding %	30th June 2011 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%
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%	100%
Subsidiary of TOPAZ		
1) Nico Middle East Limited (NICO)	100%	100%
2) Topaz Holding Limited (THL)	100%	100%
3) Topaz Energy and Marine Services DMCC	-	100%
4) Topaz Energy and Marine PLC (UK)	100%	100%
5) Topaz Engineering Limited	100%	100%

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.

During the year 2011, TOPAZ has transferred its equity interest in Topaz Energy and Marine DMCC to NICO.

Topaz Engineering Limited is a wholly owned subsidiary of Topaz, incorporated in 2011. It has been formed for the purpose of taking over business, assets and liabilities of Topaz Engineering division.

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.

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

The Group has divested its holding in Al Wasita Emirates Catering Services LLC ("Al Wasita Emirates"), a subsidiary of Al Wasita, with effect from 1st April 2012. The gain from disposal of the same is disclosed separately in the consolidated income statement.

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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 2012 Amount Rial '000	Market Value 6 months ended 30th June 2011 Amount Rial '000	Book Value 6 months ended 30th June 2012 Amount Rial '000	Book Value 6 months ended 30th June 2011 Amount Rial '000
Short Term investments				
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	16	15	16	15
Government Bonds	-	-	-	-
	<hr/> 16	<hr/> 15	<hr/> 16	<hr/> 15
Marketable securities-Foreign				
Banking	-	-	-	-
Investments	-	-	-	-
Industrial	-	-	-	-
Bonds	-	-	-	-
	<hr/> -	<hr/> -	<hr/> -	<hr/> -

6. Investments (continued)

	Market Value 6 months ended 30th June 2012 Amount Rial '000	Market Value 6 months ended 30th June 2011 Amount Rial '000	Book Value 6 months ended 30th June 2012 Amount Rial '000	Book Value 6 months ended 30th June 2011 Amount Rial '000
Short Term investments				
Unquoted and other investments				
Unquoted Omani shares	-	-	-	-
Investment fund units	-	-	-	-
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	<hr/> -	<hr/> -	<hr/> -	<hr/> -

Long Term investments

Long term investments of Rial 1,910 K (2011: Rial 1,734 K) includes investment in associates, quoted and unquoted investments.

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.

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 2012 Amount Rial '000	6 months ended 30th June 2011 Amount Rial '000
Investment income can be analysed as follows		
Realised	22	-
Unrealised	-	-
	<hr/> 22	<hr/> -

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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:-

30th June 2012

	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 30th June 2012		-	-	-	-

	Holding %	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities			
IMTAC LLC	1.25%	197	-
Total as of 30th June 2012		197	-
Foreign Unlisted Securities	0%	-	-
Total as of 30th June 2012		-	-

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

	6 months ended 30th June 2012 Amount Rial '000	6 months ended 30th June 2011 Amount Rial '000
Tawoos LLC - Services	15	10
	15	10

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:

	6 months ended 30th June 2012 Amount Rial '000	6 months ended 30th June 2011 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:

	6 months ended 30th June 2012 Amount Rial '000	6 months ended 30th June 2011 Amount Rial '000
Tawoos LLC	22	-
Receivable from related parties	22	-

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	4,131	-	906	5,037
Provided during the period	373	-	8	381
(Released) during the period	(60)	-	-	(60)
(Written off) during the period	-	-	(5)	(5)
Provision balance as of 30th June 2012	4,444	-	909	5,353

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	127,037	1,926	15,347	144,310
Provision balance as of 30th June 2012	(4,444)	-	(909)	(5,353)
Book value of assets as of 30th June 2012	122,593	1,926	14,438	138,957

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:

	6 months ended 30th June 2012 No of shares	6 months ended 30th June 2011 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025