

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH JUNE 2013

	6 months ended 30th June 2013	6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000
Total assets	661,322	658,469
Total liabilities	455,104	458,349
Net assets (less minority)	175,110	171,244
Net assets per share	0.655	0.640
Current ratio	1.368	1.123

	6 months ended 30th June 2013	6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000
Gross profit	39,785	32,935
Gross profit margin %	28%	27%
Net profit	8,691	4,650
Earnings per share	0.032	0.017

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**Unaudited consolidated balance sheet as at
30th June 2013**

	Notes	6 months ended 30th June 2013 Amount Rial '000	6 months ended 30th June 2012 Amount Rial '000
Non current assets			
Property, plant and equipments		449,442	464,031
Intangible assets		33,522	34,165
Long term investments	5,6,7	322	1,910
Deferred tax asset		1,835	1,149
Other non current assets		5,364	-
		<u>490,485</u>	<u>501,255</u>
Current assets			
Inventories	1	6,562	14,438
Trade receivables & Prepayments	2&9	95,898	122,593
Receivables from related parties		205	179
Investments	5,6,7&9	16	16
Bank and cash		42,418	19,988
		<u>145,099</u>	<u>157,214</u>
Assets of disposal group classified as held-for-sale	5	25,738	-
Current assets		<u>170,837</u>	<u>157,214</u>
		<u>661,322</u>	<u>658,469</u>
Current liabilities			
Trade & other creditors		60,370	70,175
Payable to related parties		182	88
Bank overdrafts	4	486	4,978
Term loans and leases	4	50,404	64,752
		<u>111,442</u>	<u>139,993</u>
Liabilities of disposal group classified as held-for-sale	5	13,453	-
Current liabilities		<u>124,895</u>	<u>139,993</u>
Long term liabilities			
Term loans and leases	4	279,097	303,304
Mandatory convertible bonds	6	38,874	-
Non current payables and advances		6,161	8,387
Staff terminal benefits		6,077	6,665
		<u>330,209</u>	<u>318,356</u>
Total Liabilities		<u>455,104</u>	<u>458,349</u>
Net assets	TOTAL -A	<u>206,218</u>	<u>200,120</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	10,524
Subordinated loan reserve		11,429	5,714
Retained earnings		98,831	105,993
Exchange gain on investment in foreign subsidiaries		237	257
Income on treasury shares		-	-
Hedging reserve		(609)	(1,895)
Profit for the period		8,691	4,650
		<u>175,110</u>	<u>171,244</u>
Minority interest		31,108	28,876
	TOTAL-B	<u>206,218</u>	<u>200,120</u>

Note: Other non-current assets as of 30th June 2013 include 1) RO 4 million of costs to mobilise certain vessels which will be amortised over the contract period, and 2) RO 0.9 million is a part of sales consideration relating to divestment of a subsidiary to be received over a period of next four years, the sales consideration to be received within next one year is classified under current assets.

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Unaudited consolidated income statement
For the six months ended
30th June 2013

	6 months ended 30th June 2013	6 months ended
	Amount	30th June 2012
	Rial '000	Amount
		Rial '000
Continuing Operations:		
Turnover	139,937	122,917
Gross profit	39,785	32,935
Administration & general expenses	(14,915)	(12,276)
Operating profit	24,870	20,659
Finance charges	(10,702)	(9,903)
Amortisation	(14)	(10)
Gain on divestment of treasury MCBs (Note 6)	731	-
Gain on divestment of a subsidiary	-	22
Other income*	439	2,116
Share of loss from associate	-	(10)
Profit before taxation and minority interests	15,324	12,874
Taxation	(4,585)	(4,101)
Profit for the period from continuing operations	10,739	8,773
Profit/loss from discontinued operations**	320	(1,830)
Profit for the period	11,059	6,943
Minority Interest	(2,368)	(2,293)
Net profit attributable to Ordinary Shareholders	8,691	4,650
Dividend per share	-	-
Net profit margin (%)	6.2%	3.8%

* Other income for the period ended 30th June 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 settlement of amounts due from that customer.

** Loss from discontinued operations for the period ended 30th June 2012 includes depreciation of RO 1.2 million; whereas profit for the period ended 30th June 2013 does not include depreciation which is in accordance with IFRS.

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Unaudited consolidated statement of cash flows
For the six months ended
30th June 2013

	6 months ended 30th June 2013	6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000
Cash from operations	29,564	18,927
Tax paid	(3,401)	(5,092)
Net interest paid	(11,159)	(10,787)
Net cash from/(used in) operating activities	15,004	3,048
Net cash from/(used in) investing activities	1,376	(28,853)
Net cash from/(used in) financing activities	3,031	11,706
Net increase/(decrease) in cash & cash equivalents	19,411	(14,098)
Cash and cash equivalents brought forward	22,521	29,109
Cash and cash equivalents carried forward	41,932	15,010

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 six months ended
30th June 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	-	-	-	-	8,691	8,691
Hedging reserve	-	-	-	-	(609)	(609)
30th June 2013	28,209	19,496	10,530	-	106,913	165,148
1st January 2012	28,209	19,496	10,771	-	105,746	164,222
Net profit for the period	-	-	-	-	4,650	4,650
Transfer related to divestment of a subsidiary	-	-	(247)	-	247	-
Hedging reserve	-	-	-	-	(1,895)	(1,895)
30th June 2012	28,209	19,496	10,524	-	108,748	166,977

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Notes

1. Inventories

Inventories can be analysed as follows:

	6 months ended 30th June 2013 Amount Rial '000	6 months ended 30th June 2012 Amount Rial '000
Work in Progress	1,234	7,343
Catering stock	3,191	2,898
Spares	3,156	5,106
Less: provisions	(1,019)	(909)
	6,562	14,438

2. Trade receivables

Trade receivables can be analysed as follows

	6 months ended 30th June 2013 Amount Rial '000	6 months ended 30th June 2012 Amount Rial '000
Trade receivables & Prepayments	100,605	127,037
Less: Provisions	(4,707)	(4,444)
	95,898	122,593

Note:- 1) 2013 : RO Nil K (2012: 6,312K) 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	49,828	(41,156)	(2,114)	6,558	-
Marine Group	72,015	(40,721)	(10,969)	20,325	-
Engineering Group	12,106	(12,578)	(437)	(909)	-
Other Operations	7,148	(6,206)	(186)	756	-
Total segment result	141,097	(100,661)	(13,706)	26,730	26,730
Intersegment adjustments	(777)	777	-	-	-
Finance charges	-	-	-	-	(10,702)
Amortisation	-	-	-	-	(14)
Unallocated expenses	-	(1,412)	(65)	-	(1,477)
Unallocated income	56	-	-	-	56
Investment gain/(loss)	-	-	-	-	731
Income tax	-	-	-	-	(4,585)
Profit from discontinued operation					320
Minority Interest	-	-	-	-	(2,368)
Consolidated results	140,376	(101,296)	(13,771)	26,730	8,691

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4. Bank loans, leases and overdrafts

These can be analysed as follows:	6 months ended 30th June 2013	6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000
Bank loans and leases	329,501	368,056
Overdrafts	<u>486</u>	<u>4,978</u>
	329,987	373,034
Current maturities of bank loans, leases & bank overdrafts	(50,890)	(69,730)
Long term element of bank loans and leases	<u>279,097</u>	<u>303,304</u>

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:

	6 months ended 30th June 2013	6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000
Due within one year	50,404	64,752
Due after more than one year	279,097	303,304
	<u>329,501</u>	<u>368,056</u>

The Group has completed refinancing of loans of RO 200.5 million. Out of total refinancing, RO 70.5 million is in Topaz Marine and is completed in H1 2013. The balance RO 130 million is in Renaissance Services SAOG (Parent company) and is completed post 30th June 2013.

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 2013 Holding	30th June 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. 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. The divestment shall be completed post 30th June 2013 and results of the divestment shall be recognised in Q3 2013. No share of profit from these two associates has been recognized in these consolidated financials of the company.

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

	30th June 2013 Holding	30th June 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	30th June 2013 Holding %	30th June 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 divestment is completed post 30th June 2013 and the gain from divestment shall be recognised in Q3 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:

	Market Value 6 months ended 30th June 2013	Market Value 6 months ended 30th June 2012	Book Value 6 months ended 30th June 2013	Book Value 6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000	Amount Rial '000	Amount 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 (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.

	6 months ended 30th June 2013	6 months ended 30th June 2012
	Amount Rial '000	Amount Rial '000
Investment income can be analysed as follows		
Realised (Note 6)	731	22
Unrealised	-	-
	<u>731</u>	<u>22</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:-

30th June 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%	-	-	-	-
<hr/>					
As of 30th June 2013		-	-	-	-
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	Holding %	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities			
IMTAC LLC	1.25%	197	-
Total as of 30th June 2013		<u>197</u>	<u>-</u>
Foreign Unlisted Securities	0%	-	-
Total as of 30th June 2013		<u>-</u>	<u>-</u>

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 2013 Amount Rial '000	6 months ended 30th June 2012 Amount Rial '000
Tawoos LLC - Services	10	15
	<u>10</u>	<u>15</u>

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 2013 Amount Rial '000	6 months ended 30th June 2012 Amount Rial '000
Tawoos LLC	-	-
	<u>-</u>	<u>-</u>

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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 2013 Amount Rial '000	6 months ended 30th June 2012 Amount Rial '000
Tawoos LLC	28	22
Receivable from related parties	28	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	3,949	-	1,281	5,230
Provided during the period	1,076	-	-	1,076
(Released) during the period	(318)	-	(95)	(413)
(Written off) during the period	-	-	(167)	(167)
Provision balance as of 30th June 2013	4,707	-	1,019	5,726

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	100,605	338	7,581	108,524
Provision balance as of 30th June 2013	(4,707)	-	(1,019)	(5,726)
Book value of assets as of 30th June 2013	95,898	338	6,562	102,798

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 2013 No of shares	6 months ended 30th June 2012 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	42,538,025	42,538,025