

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH JUNE 2017

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Total assets	767,700	747,848
Total liabilities	552,918	483,990
Net assets (excluding Perpetual notes and Minority)	74,940	127,383
Net assets per share (Rial)	0.276	0.472
Current ratio	0.978	1.251

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Gross profit	20,743	32,002
Gross profit margin %	22%	30%
Net profit/(loss)	(8,122)	(1,484)
Earnings per share (Rial) (after Perpetual notes coupon)	(0.037)	(0.013)

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**Unaudited consolidated balance sheet as at
30th June 2017**

	Notes	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Non current assets			
Property, plant and equipment		622,371	602,571
Intangible assets		34,980	33,117
Long term investments	5,6,7	322	322
Deferred tax asset		2,784	563
Other long term receivables		1,993	2,719
		<u>662,450</u>	<u>639,292</u>
Current assets			
Inventories	1	6,389	4,795
Trade receivables & Prepayments	2&9	64,560	66,821
Receivables from related parties		114	192
Investments	5,6,7&9	14	14
Bank and cash		34,173	36,293
		<u>105,250</u>	<u>108,115</u>
Assets of disposal group classified as held-for-sale	5	-	441
		<u>105,250</u>	<u>108,556</u>
		<u>767,700</u>	<u>747,848</u>
Current liabilities			
Trade & other creditors		69,621	58,822
Payable to related parties		1	-
Short term loans and Bank overdrafts	4	5,000	353
Term loans - current portion	4	21,021	26,852
Equity settled mandatory convertible bonds - current portion	4	11,994	594
		<u>107,637</u>	<u>86,621</u>
Liabilities of disposal group classified as held-for-sale	5	-	183
		<u>107,637</u>	<u>86,804</u>
		<u>767,700</u>	<u>747,848</u>
Long term liabilities			
Term loans and Senior notes	4	353,109	330,312
Equity settled mandatory convertible bonds	4	-	20,997
Non current payables and advances		87,129	41,410
Staff terminal benefits		5,043	4,467
		<u>445,281</u>	<u>397,186</u>
		<u>552,918</u>	<u>483,990</u>
		<u>767,700</u>	<u>747,848</u>
Net assets	TOTAL -A	<u>214,782</u>	<u>263,858</u>
Capital and reserves			
Share capital	4	29,878	29,065
Treasury shares	6	(5,163)	(3,445)
Share premium		22,302	21,045
Legal reserve		10,163	9,884
Subordinated loan reserve		1,429	20,000
Retained earnings		25,462	53,420
Exchange loss on investment in foreign subsidiaries		(1,009)	(1,103)
Profit/(loss) for the period		(8,122)	(1,484)
		<u>74,940</u>	<u>127,382</u>
Perpetual notes	4	46,799	46,799
Minority interest		93,043	89,677
		<u>214,782</u>	<u>263,858</u>
	TOTAL-B	<u>214,782</u>	<u>263,858</u>

Notes:

1) Equity settled mandatory convertible bonds of RO 12 million under current liability were converted to shares in July 2017 in accordance with MCBS conversion program.

2) Non current payables and advances as of 30th June 2017 mainly include advance from a customer of Rial 69.8 million (2016: RO 22 million) relating to a new contract in Kazakhstan and derivative liability of Rial 7.6 million (2016: Rial 12.3 million) relating to issue of shares in Topaz to an investor in 2014.

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Unaudited consolidated income statement
For the six months ended
30th June 2017

	6 months ended 30th June 2017	6 months ended 30th June 2016
	Amount Rial '000	Amount Rial '000
Continuing Operations:		
Turnover	92,669	107,611
Gross profit	<u>20,743</u>	<u>32,002</u>
Administration & general expenses	(9,234)	(11,046)
Operating profit	<u>11,509</u>	<u>20,956</u>
Finance charges	(13,791)	(13,849)
Other income	54	182
Profit before taxation and minority interests	<u>(2,228)</u>	<u>7,289</u>
Taxation	(3,570)	(4,564)
Profit for the period from continuing operations	<u>(5,798)</u>	<u>2,725</u>
Loss from discontinued operations (Note 5)	-	(58)
Profit/(loss) for the period	<u>(5,798)</u>	<u>2,667</u>
Minority interest	(2,324)	(4,151)
Net loss attributable to Ordinary Shareholders	<u>(8,122)</u>	<u>(1,484)</u>
Dividend per share	-	-
Net profit margin (%)	-8.8%	-1.4%

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Unaudited consolidated statement of cash flows
For the six months ended
30th June 2017

	6 months ended 30th June 2017	6 months ended 30th June 2016
	Amount Rial '000	Amount Rial '000
Cash from operations	30,000	41,589
Tax paid	(2,872)	(4,751)
Net interest paid	(13,791)	(13,849)
Net cash from operating activities	13,337	22,989
Net cash used in investing activities	(53,504)	(51,415)
Net cash from/(used) in financing activities	41,024	23,117
Net decrease in cash & cash equivalents	857	(5,308)
Cash and cash equivalents brought forward	33,316	41,248
Cash and cash equivalents carried forward	34,173	35,940

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Unaudited consolidated statement of changes in equity
For the six months ended
30th June 2017

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2017	29,878	22,302	10,163	-	27,371	89,714
Net loss for the period	-	-	-	-	(8,122)	(8,122)
Perpetual notes coupon paid	-	-	-	-	(1,909)	(1,909)
30th June 2017	29,878	22,302	10,163	-	17,340	79,683
1st January 2016	29,065	21,045	9,817	-	55,402	115,329
Net loss for the period	-	-	-	-	(1,484)	(1,484)
Transaction with MI	-	-	-	-	(6)	(6)
Transfer to legal reserve	-	-	67	-	(67)	-
Perpetual notes coupon paid	-	-	-	-	(1,909)	(1,909)
30th June 2016	29,065	21,045	9,884	-	51,936	111,930

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Notes

1. Inventories

Inventories can be analysed as follows:

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Catering stock	3,256	3,273
Spares	3,133	1,522
	6,389	4,795

2. Trade receivables

Trade receivables can be analysed as follows

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Trade receivables & Prepayments	67,361	76,254
Less: Provisions	(2,801)	(9,433)
	64,560	66,821

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)	44,483	(22,466)	(13,131)	8,886	-
Contract Services Group (Renaissance)	48,240	(41,913)	(3,648)	2,679	-
Total segment result	92,723	(64,381)	(16,779)	11,563	11,563
Finance charges	-	-	-	-	(13,791)
Taxation	-	-	-	-	(3,570)
Minority Interest	-	-	-	-	(2,324)
Consolidated results	92,723	(64,381)	(16,779)	11,563	(8,122)

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4. Bank loans, senior notes and overdrafts

These can be analysed as follows:	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Bank loans and senior notes	374,130	357,164
Overdrafts	-	353
	<u>374,130</u>	<u>357,517</u>
Current maturities of bank loans & bank overdrafts	(21,021)	(27,205)
Long term portion of bank loans and senior notes	<u>353,109</u>	<u>330,312</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 senior notes:

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Due within one year	21,021	26,852
Due after one year	353,109	330,312
	<u>374,130</u>	<u>357,164</u>

Topaz issued 8.625% Senior Notes (the Existing Notes) for an aggregate principal amount of USD 350 million in Q4 2013. The Existing Notes shall mature on 1 November 2018 and are classified under long term loans.

In July 2017, Topaz has completed the offering of USD 375.0 million aggregate principal amount of Senior Notes due 2022 (the "Notes") at a fixed coupon of 9.125% per annum. The gross proceeds from the issue and sale of the Notes will be used to repurchase Topaz's existing US\$350 million 8.625% Senior Notes due in 2018. The issuance costs for the Notes, the costs associated with the refinancing of the Existing Notes and the unamortized costs of the Existing Notes are expected to be up to approximately US\$30 million. Out of approximately US\$30 million, approximately US\$20 million shall be charged to the 2017 income statement and the remaining balance of approximately US\$10 million shall be amortized over the tenure of the Notes.

The company has Rial 10 million of subordinated loan notes. These loan notes will be repaid over 7 years. First installment of RO 1.25 million is due on 30 September 2017 and is classified under current maturities of bank loans.

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 25 July 2012. The MCBs carry a coupon rate of 3.75% per annum. 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.

In accordance with the approved repurchase program, the company has completed repurchase of the first and a part of the second tranches of MCBs in Q3 2015. The remaining 13,734,045 MCBs in the second tranche were converted to 8,126,654 shares at a conversion price of RO 0.169 per MCB in Q3 2016. The company has also repurchased 60,230,215 MCBs out of the third/final tranche of 141,054,404 MCBs that were due for conversion in July 2017, at a repurchase price of RO 0.149 amounting to RO 9.0 million. The remaining 80,824,189 MCBs in the third tranche are due for conversion to equity shares in July 2017.

Repurchase of the first and second tranches of 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% per annum on the outstanding perpetual notes. Coupon distributions are reported in the consolidated statement of changes in equity.

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5. Investments in associates and subsidiaries

Associates

There are no investment in associate companies.

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	30th June 2017 Holding %	30th June 2016 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 SAOC (NHI)	52.02%	52.02%
5) Renaissance Energy Limited (REL)	100%	100%
6) Renaissance International Limited (RIL)	100%	100%
7) Renaissance Integrated Facilities Management SAOC (RIFM)	100%	100%
Subsidiaries of TEAM JAFZA		
1) Topaz Energy & Marine Limited (Topaz)	86.5%	90.2%
2) Topaz Energy and Marine PLC	100%	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%

RDH is a holding company to hold investments in Renaissance Duqm Accommodation Company SAOC, which is engaged in building, owning and operating permanent accommodation facilities in Duqm.

In 2013, the assets and liabilities related to NHI were classified as held-for-sale following the approval of the Renaissance Board of Directors on 10 December 2013. During the year 2016, NHI converted from SAOG to an SAOC and Renaissance had purchased 64,806 additional shares in NHI. Renaissance had fully written off its investment in NHI in Q4 2016.

Topaz and its subsidiaries are engaged in the provision of offshore support vessels and other marine vessels on charter primarily to oil and gas industry.

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

RCSI through its subsidiaries in UAE, provides catering and allied services. During 2016, RCSI through its subsidiary in UAE had acquired 80% shareholding in Emirates Taste Catering Services Food LLC (ET) which is registered in UAE. ET is engaged in the provision of catering services in UAE.

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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 2017	Market Value 6 months ended 30th June 2016	Book Value 6 months ended 30th June 2017	Book Value 6 months ended 30th June 2016
Short Term investments	Amount Rial '000	Amount Rial '000	Amount Rial '000	Amount Rial '000
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	14	14	14	14
Government Bonds	-	-	-	-
	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</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 (2016: Rial 322 K) include unquoted investments.

A subsidiary company holds 26,800,921 shares (2016 - 20,750,625 shares) in Renaissance Services SAOG (RSS). Cost of these treasury shares of Rial 5,163 K (2016: Rial 3,445 K) has been shown as a deduction from equity. This subsidiary company also holds 10,225,000 MCBs (2016: 20,450,002 MCBs) issued by RSS. The increase in number and cost of treasury shares pertains to conversion of 10,225,002 MCBs held by this subsidiary company to 6,050,296 shares of RSS in Q3 2016.

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 2017	6 months ended 30th June 2016
	Amount Rial '000	Amount Rial '000
Investment income can be analysed as follows		
Realised	-	-
Unrealised	-	-
	<u>-</u>	<u>-</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 June 2017

	Holding %	Number of Securities	Market Value Amount Rial '000	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Quoted Securities	0%	-	-	-	-
Foreign Listed Securities	0%	-	-	-	-
<hr/>					
As of 30th June 2017		-	-	-	-

	Holding %		Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%		-	-
<hr/>				
Total as of 30th June 2017			-	-
<hr/>				
Foreign Unlisted Securities	0%		-	-
<hr/>				
Total as of 30th June 2017			-	-

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

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Tawoos LLC - Services	7	7
Truck Oman Oil & Gas Services SAOC	94	-
	<hr/>	<hr/>
	101	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:

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Tawoos LLC	-	-
Truck Oman Oil & Gas Services SAOC	-	-
	<hr/>	<hr/>
	-	-

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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:

	6 months ended 30th June 2017 Amount Rial '000	6 months ended 30th June 2016 Amount Rial '000
Tawoos LLC	12	12
Truck Oman Oil & Gas Services SAOC	65	-
Receivable from related parties	77	12

9. Provisions

Changes to the level of provisions during the period can be analysed as follows.

Provisions for :	Receivables & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Beginning balance of Provision	3,061	-	-	3,061
Provided during the period	94	-	-	94
Transferred/Released during the period	(354)	-	-	(354)
(Written off) during the period	-	-	-	-
Provision balance as of 30th June 2017	2,801	-	-	2,801

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	67,361	336	6,389	74,086
Provision balance as of 30th June 2017	(2,801)	-	-	(2,801)
Book value of assets as of 30th June 2017	64,560	336	6,389	71,285

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:

	6 months ended 30th June 2017 No of shares	6 months ended 30th June 2016 No of shares
Common Share holders:		
Tawoos LLC	42,538,025	42,538,025
Truck Oman Oil & Gas Services SAOC	32,102,850	-
Preferred Shareholders:		
Nil	-	-
	74,640,875	42,538,025