

**RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020**

	9 months ended 30th September 2020	9 months ended 30th September 2019
	Amount Rial '000	Amount Rial '000
Total assets	206,472	252,717
Total liabilities	128,258	135,143
Net assets (excluding Perpetual notes and Minority)	59,558	57,842
Net assets per share (Rial)	0.279	0.174
Current ratio	1.5	2.5

	9 months ended 30th September 2020	9 months ended 30th September 2019
	Amount Rial '000	Amount Rial '000
Gross profit	15,376	14,500
Gross profit margin %	19%	19%
Net profit after tax	7,065	15,943
Net profit after minority interest	5,460	9,793
Earnings per share (Rial) (after Perpetual notes coupon)	0.026	0.018

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Unaudited consolidated balance sheet as at
30th September 2020

	Notes	9 months ended 30th September 2020	9 months ended 30th September 2019
		Amount Rial '000	Amount Rial '000
Non current assets			
Property, plant and equipment		132,637	134,707
Intangible assets		1,974	2,215
Investments - FVTOCI	5,6,7	2,444	-
		<u>137,055</u>	<u>136,922</u>
Current assets			
Inventories	1	5,613	4,001
Trade receivables & Prepayments	2&9	40,056	53,769
Receivables from related parties		256	51
Investments - FVTPL	5,6,7&9	1,528	246
Bank and cash		21,964	57,728
Current assets		<u>69,417</u>	<u>115,795</u>
Total assets		<u>206,472</u>	<u>252,717</u>
Current liabilities			
Trade & other creditors		39,036	38,825
Working capital borrowings	4	2,000	4,626
Term loans - current portion	4	5,410	3,332
Current liabilities		<u>46,446</u>	<u>46,783</u>
Long term liabilities			
Term loans	4	71,902	76,022
Non current payables and advance (including lease liabilities)		5,538	8,302
Staff terminal benefits		4,372	4,036
		<u>81,812</u>	<u>88,360</u>
Total Liabilities		<u>128,258</u>	<u>135,143</u>
Net assets	TOTAL -A	<u>78,214</u>	<u>117,574</u>
Capital and reserves			
Share capital		23,641	36,727
Treasury shares	6	(6,853)	(6,853)
Share premium		26,936	26,936
Legal reserve		8,347	12,446
Subordinated loan reserve		3,000	3,000
Other reserves		217	-
Retained earnings		(1,190)	(24,207)
Profit for the period		5,460	9,793
		<u>59,558</u>	<u>57,842</u>
Perpetual notes	4	-	46,799
Minority interest		18,656	12,933
	TOTAL-B	<u>78,214</u>	<u>117,574</u>

Note: Share capital of the Company was reduced from RO 36,727,750 to RO 23,641,000 in Q4 2019.

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Unaudited consolidated income statement
For the nine months ended
30th September 2020

	9 months ended 30th September 2020 Amount Rial '000	9 months ended 30th September 2019 Amount Rial '000
Turnover	79,516	78,368
Gross profit	15,376	14,500
Administration & general expenses	(5,355)	(5,931)
Operating profit	10,021	8,569
Investment and other income	507	52
Finance charges	(3,450)	(4,134)
Profit before tax	7,078	4,487
Tax	(13)	(104)
Profit for the period from continuing operations	7,065	4,383
Profit from discontinued operations (Note 5)	-	11,560
Profit for the period	7,065	15,943
Minority interest (Note 5)	(1,605)	(6,150)
Net profit attributable to Ordinary Shareholders	5,460	9,793
Dividend per share (Rial)	0.020	-
Net profit margin (%)	8.9%	5.6%

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Unaudited consolidated statement of cash flows
For the nine months ended
30th September 2020

	9 months ended 30th September 2020 Amount Rial '000	9 months ended 30th September 2019 Amount Rial '000
Cash from operations	12,305	6,123
Net tax (paid)/refund received	184	(386)
Net interest paid	(3,087)	(4,134)
Net cash from operating activities	9,402	1,603
Net cash from/(used) in investing activities	(10,094)	55,343
Net cash from/(used) in financing activities	(11,122)	(19,716)
Net decrease in cash & cash equivalents	(11,814)	37,230
Cash and cash equivalents brought forward	33,778	17,872
Cash and cash equivalents carried forward	21,964	55,102

Note: Net cash from investing activities for the period ended 30th September 2019 includes net proceeds from divestment of Topaz amounting to Rial 62.8 million (Note 5)

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Unaudited consolidated statement of changes in equity
For the nine months ended
30th September 2020

	Share Capital	Share Premium	Legal Reserve	Retained earnings	Total Rial '000
1st January 2020	23,641	26,936	8,341	3,362	62,280
Net profit for the period	-	-	-	5,460	5,460
Income from treasury shares				457	457
Dividend paid	-	-	-	(4,728)	(4,728)
Transactions with MI	-	-	6	(281)	(275)
30th September 2020	23,641	26,936	8,347	4,270	63,194
1st January 2019	36,727	26,936	12,446	(20,621)	55,488
Net profit for the period				9,793	9,793
Transfer from Subordinated reserves	-	-	-	482	482
Transactions with MI	-	-	-	(251)	(251)
Perpetual notes coupon paid	-	-	-	(3,817)	(3,817)
30th September 2019	36,727	26,936	12,446	(14,414)	61,695

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

Notes

1. Inventories

Inventories can be analysed as follows:

	9 months ended 30th September 2020	9 months ended 30th September 2019
	Amount	Amount
	Rial '000	Rial '000
Catering stock and consumables	<u>5,613</u>	<u>4,001</u>

2. Trade receivables

Trade receivables can be analysed as follows

	9 months ended 30th September 2020	9 months ended 30th September 2019
	Amount	Amount
	Rial '000	Rial '000
Trade receivables and Prepayments & advances	42,423	55,992
Less: Provisions	(2,367)	(2,223)
	<u>40,056</u>	<u>53,769</u>

3. Segment Reporting

Renaissance currently operates only one business segment.

4. Bank loans and overdrafts

These can be analysed as follows:

	9 months ended 30th September 2020	9 months ended 30th September 2019
	Amount	Amount
	Rial '000	Rial '000
Term loans	77,312	79,354
Short term loans	2,000	2,000
Overdrafts	-	2,626
	<u>79,312</u>	<u>83,980</u>
Current maturities of term loans	(5,410)	(3,332)
Short term loans and overdrafts	(2,000)	(4,626)
Long term portion of term loans	<u>71,902</u>	<u>76,022</u>

The bank loans and working capital borrowings are secured by charge over certain assets of the company and its subsidiaries and corporate guarantee. The bank loans and overdrafts bear commercial rates.

The maturity of long term loans:

	9 months ended 30th September 2020	9 months ended 30th September 2019
	Amount	Amount
	Rial '000	Rial '000
Due within one year	5,410	3,332
Due after one year	71,902	76,022
	<u>77,312</u>	<u>79,354</u>

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 to repurchase a part of the Mandatory Convertible Bonds issued by the Company. Issuance costs amounting to RO 1.5 million (USD 3.9 million) were incurred. Perpetual notes were bearing a coupon rate of 7.9% per annum. Coupon distributions were reported in the consolidated statement of changes in equity.

The Issuer had repurchased/redeemed 100% P Notes of RO 48.3 million in Q4 2019 at par value including coupons accrued till the date of repurchase/redemption by utilising proceeds received from divestment of Topaz.

**RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020**

5. Investments in associates and subsidiaries

Associates

There are no investments in associate companies.

Subsidiaries

Investments in subsidiaries are accounted for using the consolidated method as per International Financial Reporting Standards ("IFRS").

The principal operating subsidiaries of Renaissance Services SAOG (RS or the company) are as follows:

Company	30th September 2020 Holding %	30th September 2019 Holding %
1) Tawoos Industrial Services Company SAOC (TISCO)	100%	100%
2) Renaissance Duqm Holding SAOC (RDH)	54.8%	51.9%
Subsidiaries of TISCO		
1) Rusail Catering & Cleaning Services LLC (RCCS)	100%	100%
2) Renaissance Sager Environment Solutions LLC (RS SAGER)	51%	51%
3) Renaissance Contract Services International LLC (RCSI)	100%	100%
4) Renaissance Facilities Management Company SAOC (RFMC)	100%	100%
Subsidiary of RDH		
1) Renaissance Duqm Accommodation Company SAOC (RDAC)	100%	100%

Renaissance had divested its subsidiary, Topaz Energy and Marine Limited (Topaz) in Q3 2019. Net profit after tax from discontinued operations for Q3 2019 represents the net result of divestment of Topaz including profit till the date of divestment. Non-controlling interest (NCI) for Q3 2019 includes NCI relating to Topaz RO 5.5 million.

RCSI through its subsidiaries in UAE, provides catering and allied services.

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

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 appreciation or diminutions in value.

Investments can be analysed as follows:

	Market Value 9 months ended 30th September 2020 Amount Rial '000	Market Value 9 months ended 30th September 2019 Amount Rial '000	Book Value 9 months ended 30th September 2020 Amount Rial '000	Book Value 9 months ended 30th September 2019 Amount Rial '000
Short Term investments				
Marketable securities - Oman				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	-	8	-	8
Government Bonds	-	-	-	-
	-	8	-	8
Marketable securities - Foreign				
Banking	-	-	-	-
Investments	-	-	-	-
Industrial	-	-	-	-
Bonds	-	-	-	-
	-	-	-	-
Unquoted and other investments				
Unquoted Omani shares	-	-	-	-
Investment fund units	1,528	238	1,528	238
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	1,528	238	1,528	238

Long Term investments

Long term investments of RO 2,444K (2019: NIL) represents market value of investments in Omani and Foreign quoted shares, bonds and other fixed income instruments. These investments are classified as measured at fair value through other comprehensive income (FVTOCI). The movement in the market value of these investments have been recognised in the statement of other comprehensive income and disclosed under other reserves in the balance sheet. Gains and losses accumulated in the statement of other comprehensive income are reclassified to the profit or loss account upon sale of fixed income instruments.

A subsidiary company holds 22,829,240 shares (2019 - 35,466,175 shares) in Renaissance Services SAOG. Cost of these treasury shares of Rial 6,853K (2019: Rial 6,853K) has been shown as a deduction from equity.

6a. Investment 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 30th September 2020 Amount Rial '000	9 months ended 30th September 2019 Amount Rial '000
Investment income can be analysed as follows		
Realised	428	14
Unrealised	163	(2)
	591	12

**RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020**

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 2020

	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 September 2020		-	-	-	-
<hr/>					

	Holding %		Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%		-	-
Total as of 30th September 2020			-	-
<hr/>				
Foreign Unlisted Securities	0%		-	-
Total as of 30th September 2020			-	-
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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 2020 Amount Rial '000	9 months ended 30th September 2019 Amount Rial '000
Tawoos LLC - Services	<u>8</u>	<u>8</u>
	8	8

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 2020 Amount Rial '000	9 months ended 30th September 2019 Amount Rial '000
Tawoos LLC	<u>-</u>	<u>-</u>
	-	-

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 2020 Amount Rial '000	9 months ended 30th September 2019 Amount Rial '000
Tawoos LLC	<u>20</u>	<u>10</u>
	20	10

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2020

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	2,085	-	-	2,085
Provided during the period	149	-	-	149
Transfer during the period	133	-	-	133
(Written off) during the period	-	-	-	-
Provision balance as of 30th September 2020	2,367	-	-	2,367
Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	42,423	3,972	5,613	52,008
Provision balance as of 30th September 2020	(2,367)	-	-	(2,367)
Book value of assets as of 30th September 2020	40,056	3,972	5,613	49,641

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 2020 No of shares	9 months ended 30th September 2019 No of shares
Common Share holders:		
Cyclical Services LLC	34,408,309	53,454,738
Tawoos LLC	27,381,324	42,538,025
Preferred Shareholders:		
Nil	-	-
	61,789,633	95,992,763