

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2019

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Total assets	252,717	791,153
Total liabilities	135,143	613,732
Net assets (excluding Perpetual notes and Minority)	57,842	47,722
Net assets per share (Rial)	0.174	0.144
Current ratio	2.475	0.802

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Gross profit	14,500	11,245
Gross profit margin %	19%	16%
Net profit after tax	15,943	4,326
Net profit after minority interest	9,793	2,468
Earnings per share (Rial) (after Perpetual notes coupon)	0.018	(0.004)

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Unaudited consolidated balance sheet as at
30th September 2019

	Notes	9 months ended 30th September 2019 Amount Rial '000	9 months ended 30th September 2018 Amount Rial '000
Non current assets			
Property, plant and equipment		134,707	635,549
Intangible assets		2,215	30,394
Long term investments and receivables	5,6,7	-	410
Deferred tax asset		-	3,722
		<u>136,922</u>	<u>670,075</u>
Current assets			
Inventories	1	4,001	9,299
Trade receivables & Prepayments	2&9	53,769	82,348
Receivables from related parties		51	49
Investments	5,6,7&9	246	149
Bank and cash		57,728	24,280
		<u>115,795</u>	<u>116,125</u>
Assets of disposal group classified as held-for-sale	5	-	4,953
		<u>115,795</u>	<u>121,078</u>
		Current assets	121,078
		Total assets	791,153
		<u>252,717</u>	<u>791,153</u>
Current liabilities			
Trade & other creditors		38,825	78,452
Advance from a customer		-	43,695
Working capital borrowings	4	4,626	7,455
Term loans - current portion	4	3,332	21,317
		<u>46,783</u>	<u>150,919</u>
Liabilities of disposal group classified as held-for-sale	5	-	-
		<u>46,783</u>	<u>150,919</u>
		Current liabilities	150,919
Long term liabilities			
Term loans and Senior notes	4	76,022	362,591
Non current payables and advance		8,302	94,703
Staff terminal benefits		4,036	5,519
		<u>88,360</u>	<u>462,813</u>
		Total Liabilities	613,732
		<u>135,143</u>	<u>613,732</u>
Net assets	TOTAL -A	117,574	177,421
		<u>117,574</u>	<u>177,421</u>
Capital and reserves			
Share capital	4	36,727	36,727
Treasury shares	6	(6,853)	(6,853)
Share premium		26,936	26,936
Legal reserve		12,446	12,446
Subordinated loan reserve		3,000	2,500
Retained earnings		(24,207)	(25,619)
Exchange loss on investment in foreign subsidiaries		-	(883)
Profit for the period		9,793	2,468
		<u>57,842</u>	<u>47,722</u>
Perpetual notes	4	46,799	46,799
Minority interest		12,933	82,900
		<u>117,574</u>	<u>177,421</u>
	TOTAL-B	117,574	177,421
		<u>117,574</u>	<u>177,421</u>

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
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Unaudited consolidated income statement
For the nine months ended
30th September 2019

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Turnover	78,368	71,726
Gross profit	14,500	11,245
Administration & general expenses	(5,931)	(5,123)
Operating profit	8,569	6,122
Other income	52	43
Finance charges	(4,134)	(4,338)
Profit before tax and minority interests	4,487	1,827
Tax*	(104)	1,715
Profit for the period from continuing operations	4,383	3,542
Profit/(Loss) from discontinued operations (Note 5)	11,560	784
Profit for the period	15,943	4,326
Minority interest	(6,150)	(1,858)
Net profit attributable to Ordinary Shareholders	9,793	2,468
Dividend per share	-	-
Net profit margin (%)	12.5%	3.4%

* YTD Sep 2018 includes reversal of tax provision of Rial 1.9 million.

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Unaudited consolidated statement of cash flows
For the nine months ended
30th September 2019

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Cash from operations	6,123	46,655
Net tax paid	(386)	(2,670)
Net interest paid	(4,134)	(26,786)
Net cash from operating activities	1,603	17,199
Net cash used in investing activities	55,343	(66,218)
Net cash from financing activities	(19,716)	22,119
Net decrease in cash & cash equivalents	37,230	(26,900)
Cash and cash equivalents brought forward (excl Topaz)	17,872	50,880
Cash and cash equivalents carried forward	55,102	23,980

Note: Net cash used in investing activities includes net proceeds from divestment of Topaz amounting to Rial 62.8 million

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Unaudited consolidated statement of changes in equity
For the nine months ended
30th September 2019

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
1st January 2019	36,727	26,936	12,446	-	(20,621)	55,488
Net profit for the period	-	-	-	-	9,793	9,793
Transfer from sub-ordinated reserve	-	-	-	-	482	482
Perpetual notes coupon paid	-	-	-	-	(3,817)	(3,817)
Transaction with MI	-	-	-	-	(251)	(251)
30th September 2019	36,727	26,936	12,446	-	(14,414)	61,695
1st January 2018	36,727	26,936	12,446	-	(21,802)	54,307
Net profit for the period	-	-	-	-	2,468	2,468
Perpetual notes coupon paid	-	-	-	-	(3,817)	(3,817)
30th September 2018	36,727	26,936	12,446	-	(23,151)	52,958

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Notes

1. Inventories

Inventories can be analysed as follows:

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Catering stock and consumables	4,001	3,435
Spares	-	5,864
	4,001	9,299

2. Trade receivables

Trade receivables can be analysed as follows

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Trade receivables & Prepayments	55,992	85,276
Less: Provisions	(2,223)	(2,928)
	53,769	82,348

3. Segment Reporting

Renaissance currently operates only one business segment.

4. Bank loans, senior notes and overdrafts

These can be analysed as follows:

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Term loans and senior notes	79,354	383,908
Working capital borrowings - Short term loans	2,000	7,155
Working capital borrowings - Overdrafts	2,626	300
	83,980	391,363
Current maturities of bank loans	(3,332)	(21,317)
Working capital borrowings (Short term loans and overdrafts)	(4,626)	(7,455)
Long term portion of term loans and senior notes	76,022	362,591

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 working capital borrowings bear commercial rates.

Decrease in loan balance is mainly due to divestment of Topaz. Renaissance has also prepaid term loans/working capital borrowings amounting to RO 40.8m in Q3 2019 utilising proceeds received from divestment of Topaz.

The maturity of long term loans and senior notes:

	9 months ended 30th September 2019	9 months ended 30th September 2018
	Amount Rial '000	Amount Rial '000
Due within one year	3,332	21,317
Due after one year	76,022	362,591
	79,354	383,908

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 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.

Post reporting date, the Issuer has repurchased/redeemed 100% P Notes of RO 48.3 million in October/November 2019 at par value including coupons accrued till the date of repurchase/redemption.

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

Company	30th September 2019 Holding %	30th September 2018 Holding %
1) Tawoos Industrial Services Company SAOC (TISCO)	100%	100%
2) Renaissance Duqm Holding SAOC (RDH)	51.9%	51.9%
3) Renaissance International Limited (RIL)	100%	100%
Subsidiaries of TISCO		
1) Rusail Catering & Cleaning Services LLC (RCCS)	100%	100%
2) Renaissance Contract Services International LLC (RCSI)	100%	100%
3) Renaissance Facilities Management Company SAOC (RFMC)	100%	100%
4) Renaissance Sager Environment Solutions LLC	51%	-
Subsidiary of RDH		
1) Renaissance Duqm Accommodation Company SAOC (RDAC)	100%	100%

Renaissance has concluded the divestment of its major subsidiary Topaz Energy and Marine Limited on 18 September 2019 for an enterprise value of Rial 415 million. Net profit after tax from discontinued operations for the nine months period ended 30th September 2019 represents the net result of divestment including profit of Topaz till the date of divestment (Net profit for the period ended 30th September 2018 was Rial 0.5 million).

Renaissance had divested its operations in Norway in Q4 2018. Net profit/(loss) after tax from discontinued operations for the period ended 30th September 2018 includes net profit from Norway operations of Rial 0.3 million.

Renaissance Group has incorporated a new subsidiary Renaissance Sager Environment Solutions LLC, Oman in Q1 2019. This is a joint venture between the Group's subsidiary and Sager S.R.L, Italy with an objective to carry out waste management service.

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

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.

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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
	9 months ended	9 months ended	9 months ended	9 months ended
	30th September 2019	30th September 2018	30th September 2019	30th September 2018
	Amount	Amount	Amount	Amount
	Rial '000	Rial '000	Rial '000	Rial '000
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	8	11	8	11
Government Bonds	-	-	-	-
	8	11	8	11
Marketable securities-Foreign				
Banking	-	-	-	-
Investments	-	-	-	-
Industrial	-	-	-	-
Bonds	-	-	-	-
	-	-	-	-
Unquoted and other investments				
Unquoted Omani shares	-	-	-	-
Investment fund units	238	138	238	138
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	238	138	238	138

Long Term investments

Long term investments of NIL (2018: Rial 322 K) include unquoted investments.

A subsidiary company holds 35,466,175 shares (2018 - 35,466,175 shares) in Renaissance Services SAOG. Cost of these treasury shares of Rial 6,853K (2018: Rial 6,853K) 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.

Investment income can be analysed as follows	9 months ended	9 months ended
	30th September 2019	30th September 2018
	Amount	Amount
	Rial '000	Rial '000
Realised	14	1
Unrealised	(2)	-
	12	1

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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 September 2019

	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 2019		-	-	-	-
<hr/>					

	Holding %		Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%		-	-
<hr/>				
Total as of 30th September 2019			-	-
<hr/>				
Foreign Unlisted Securities	0%		-	-
<hr/>				
Total as of 30th September 2019			-	-
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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 2019 Amount Rial '000	9 months ended 30th September 2018 Amount Rial '000
Tawoos LLC - Services	8	8
	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 2019 Amount Rial '000	9 months ended 30th September 2018 Amount Rial '000
Tawoos LLC	-	-
	-	-

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 2019 Amount Rial '000	9 months ended 30th September 2018 Amount Rial '000
Tawoos LLC	10	15
	10	15

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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	3,805	-	-	3,805
Provided during the period	1,323	-	-	1,323
Transfer up on divestment of Topaz	(2,832)	-	-	(2,832)
(Written off) during the period	(73)	-	-	(73)
Provision balance as of 30th September 2019	2,223	-	-	2,223
Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	55,992	246	4,001	60,239
Provision balance as of 30th September 2019	(2,223)	-	-	(2,223)
Book value of assets as of 30th September 2019	53,769	246	4,001	58,016

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 2019 No of shares	9 months ended 30th September 2018 No of shares
Common Share holders:		
Cyclical Services LLC	53,454,738	53,454,738
Tawoos LLC	42,538,025	42,538,025
Preferred Shareholders:		
Nil	-	-
	95,992,763	95,992,763