

**RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 30TH SEPTEMBER 2018**

	9 months ended 30th September 2018	9 months ended 30th September 2017
	Amount Rial '000	Amount Rial '000
Total assets	791,153	772,757
Total liabilities	613,731	558,184
Net assets (excluding Perpetual notes and Minority)	47,723	76,141
Net assets per share (Rial)	0.144	0.229
Current ratio	0.802	0.952

	9 months ended 30th September 2018	9 months ended 30th September 2017
	Amount Rial '000	Amount Rial '000
Gross profit	50,875	31,393
Gross profit margin %	29%	22%
Net profit/(loss) after tax	4,326	(15,156)
Net profit/(loss) after minority interest	2,468	(17,471)
Earnings per share (Rial) (after Perpetual notes coupon)	(0.004)	(0.075)

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**Unaudited consolidated balance sheet as at
30th September 2018**

	Notes	9 months ended 30th September 2018	9 months ended 30th September 2017
		Amount Rial '000	Amount Rial '000
Non current assets			
Property, plant and equipment		635,549	627,982
Intangible assets		30,394	34,872
Long term investments	5,6,7	322	322
Deferred tax asset		3,722	2,784
Other long term receivables		88	960
		670,075	666,920
Current assets			
Inventories	1	9,299	6,777
Trade receivables & Prepayments	2&9	82,348	70,690
Receivables from related parties		49	103
Investments	5,6,7&9	149	14
Bank and cash		24,280	28,253
		116,125	105,837
Assets of disposal group classified as held-for-sale	5	4,953	-
		121,078	105,837
		Current assets	105,837
		Total assets	772,757
Current liabilities			
Trade & other creditors		78,451	70,256
Advance from a customer *		43,695	10,481
Working capital borrowings	4	7,455	15,648
Term loans - current portion	4	21,317	14,788
		150,918	111,173
		Current liabilities	111,173
Long term liabilities			
Term loans and Senior notes	4	362,591	355,630
Non current payables and advance *		94,703	86,534
Staff terminal benefits		5,519	4,847
		462,813	447,011
		Total Liabilities	558,184
Net assets	TOTAL -A	177,422	214,573
Capital and reserves			
Share capital	4	36,727	36,727
Treasury shares	6	(6,853)	(6,853)
Share premium		26,937	29,220
Legal reserve		12,446	10,163
Subordinated loan reserve		2,500	1,429
Retained earnings		(25,619)	23,934
Exchange loss on investment in foreign subsidiaries		(883)	(1,008)
Profit/(loss) for the period		2,468	(17,471)
		47,723	76,141
Perpetual notes	4	46,799	46,799
Minority interest		82,900	91,633
	TOTAL-B	177,422	214,573

* Topaz, a subsidiary of Renaissance Services SAOG, received pre-mobilisation funding from Tengizchevroil (TCO) towards the Offshore Marine Module Transport Contract. Pre-mobilisation funds have been used to fund capital expenditure for building vessels for the contract. TCO is recovering this advance from the amount payable to Topaz for transportation services. Out of total outstanding balance of advance Rial 125.3 million, Rial 43.7 million is estimated to be recovered over next 12 months and is classified as current liability in Q3 2018 (2017: Rial 10.5 million). Balance amount of advance Rial 81.6 million (2017: Rial 71.3 million) is included under Non current payables and advances. Q3 2018 Non current payables and advances also include derivative liability of Rial 8.2 million (2017: Rial 7.6 million) relating to issue/transfer of shares in Topaz to an investor.

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Unaudited consolidated income statement
For the nine months ended
30th September 2018

	9 months ended 30th September 2018	9 months ended 30th September 2017
	Amount Rial '000	Amount Rial '000
Turnover	174,046	140,678
Gross profit	50,875	31,393
Administration & general expenses	(16,033)	(13,493)
Operating profit	34,842	17,900
Other income	947	411
Loss on sale of vessels	(3,426)	-
Refinancing costs of Senior Notes	-	(7,333)
Finance charges	(23,865)	(20,757)
Profit/(loss) before tax and minority interests	8,498	(9,779)
Taxation	(4,172)	(5,377)
Profit/(loss) for the period	4,326	(15,156)
Minority interest	(1,858)	(2,315)
Net profit/(loss) attributable to Ordinary Shareholders	2,468	(17,471)
Dividend per share	-	-
Net profit margin (%)	1.4%	-12.4%

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Unaudited consolidated statement of cash flows
 For the nine months ended
 30th September 2018

	9 months ended 30th September 2018	9 months ended 30th September 2017
	Amount Rial '000	Amount Rial '000
Cash from operations	46,655	46,297
Net tax paid	(2,670)	(4,345)
Net interest paid	(26,786)	(20,757)
Net cash from operating activities	17,199	21,195
Net cash used in investing activities	(66,218)	(70,486)
Net cash from/(used) in financing activities	22,119	40,486
Net decrease in cash & cash equivalents	(26,900)	(8,805)
Cash and cash equivalents brought forward	50,880	33,316
Cash and cash equivalents carried forward	23,980	24,511

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Unaudited consolidated statement of changes in equity
For the nine months ended
30th September 2018

	Share Capital	Share Premium	Legal Reserve	Proposed Distribution	Retained earnings	Total Rial '000
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
1st January 2017	29,877	22,302	10,163	-	27,371	89,713
Net loss for the period					(17,471)	(17,471)
Conversion of MCBs	6,850	6,918	-	-	380	14,148
Perpetual notes coupon paid	-	-	-	-	(3,817)	(3,817)
30th September 2017	36,727	29,220	10,163	-	6,463	82,573

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Notes

1. Inventories

Inventories can be analysed as follows:

	9 months ended 30th September 2018 Amount Rial '000	9 months ended 30th September 2017 Amount Rial '000
Catering stock	3,435	3,362
Spares	5,864	3,415
	9,299	6,777

2. Trade receivables

Trade receivables can be analysed as follows

	9 months ended 30th September 2018 Amount Rial '000	9 months ended 30th September 2017 Amount Rial '000
Trade receivables & Prepayments	85,276	73,511
Less: Provisions	(2,928)	(2,821)
	82,348	70,690

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)	94,529	(45,661)	(19,585)	29,283	-
Contract Services Group (Renaissance)	80,464	(66,897)	(7,061)	6,506	-
Total segment result	174,993	(112,558)	(26,646)	35,789	35,789
Loss on sale of vessels	-	-	-	-	(3,426)
Finance charges	-	-	-	-	(23,865)
Taxation	-	-	-	-	(4,172)
Minority Interest	-	-	-	-	(1,858)
Consolidated results	174,993	(112,558)	(26,646)	35,789	2,468

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4. Bank loans, senior notes and overdrafts

These can be analysed as follows:

	9 months ended 30th September 2018	9 months ended 30th September 2017
	Amount Rial '000	Amount Rial '000
Term loans and senior notes	383,908	370,418
Working capital borrowings - Short term loans	7,155	11,906
Working capital borrowings - Overdrafts	300	3,742
	391,363	386,066
Current maturities of bank loans	(21,317)	(14,788)
Working capital borrowings	(7,455)	(15,648)
Long term portion of term loans and senior notes	362,591	355,630

The bank loans and overdrafts are secured by charge over certain assets of the company and its subsidiaries and corporate guarantee. The Rial loans, Foreign currency loans, Rial overdrafts and Foreign currency overdrafts bear commercial rates.

The maturity of long term loans and senior notes:

	9 months ended 30th September 2018	9 months ended 30th September 2017
	Amount Rial '000	Amount Rial '000
Due within one year	21,317	14,788
Due after one year	362,591	355,630
	383,908	370,418

In July 2017, Topaz had issued USD 375 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 of the Notes were used to fund the repurchase and redemption of Topaz's USD 350 million Senior Notes and associated costs.

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.

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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 September 2018 Holding %	30th September 2017 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%	86.5%
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%

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. Supraco is in the process of divestment of its operations in Norway.

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:

	Market Value 9 months ended 30th September 2018 Amount Rial '000	Market Value 9 months ended 30th September 2017 Amount Rial '000	Book Value 9 months ended 30th September 2018 Amount Rial '000	Book Value 9 months ended 30th September 2017 Amount Rial '000
Short Term investments				
Marketable securities - Available for sale				
Banking	-	-	-	-
Investments	-	-	-	-
Insurance	-	-	-	-
Services	-	-	-	-
Industrial	11	14	11	14
Government Bonds	-	-	-	-
	<u>11</u>	<u>14</u>	<u>11</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	138	-	138	-
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	<u>138</u>	<u>-</u>	<u>138</u>	<u>-</u>

Long Term investments

Long term investments of Rial 322 K (2017: Rial 322 K) include unquoted investments.

A subsidiary company holds 35,466,175 shares (2017 - 35,466,175 shares) in Renaissance Services SAOG. Cost of these treasury shares of Rial 6,853K (2017: 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.

	9 months ended 30th September 2018 Amount Rial '000	9 months ended 30th September 2017 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 September 2018

	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 2018		-	-	-	-
<hr/>					

	Holding %		Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%		-	-
<hr/>				
Total as of 30th September 2018			-	-
<hr/>				
Foreign Unlisted Securities	0%		-	-
<hr/>				
Total as of 30th September 2018			-	-
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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 2018 Amount Rial '000	9 months ended 30th September 2017 Amount Rial '000
Tawoos LLC - Services	8	10
	8	10

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 2018 Amount Rial '000	9 months ended 30th September 2017 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 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 2018 Amount Rial '000	9 months ended 30th September 2017 Amount Rial '000
Tawoos LLC	<u>15</u>	<u>18</u>
	<u>15</u>	<u>18</u>

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	2,972	-	-	2,972
Provided during the period	444	-	-	444
Transferred/Released during the period	(331)	-	-	(331)
(Written off) during the period	(157)	-	-	(157)
Provision balance as of 30th September 2018	<u>2,928</u>	<u>-</u>	<u>-</u>	<u>2,928</u>
Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	85,276	470	9,299	95,045
Provision balance as of 30th September 2018	(2,928)	-	-	(2,928)
Book value of assets as of 30th September 2018	<u>82,348</u>	<u>470</u>	<u>9,299</u>	<u>92,117</u>

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 2018 No of shares	9 months ended 30th September 2017 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	-	-
	<u>95,992,763</u>	<u>95,992,763</u>