



النهضة للخدمات ش.م.ع.
Renaissance Services SAOG

**UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED
31ST MARCH 2019**

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Total assets	816,619	765,590
Total liabilities	626,445	583,781
Net assets (excluding Perpetual notes and Minority)	56,275	47,378
Net assets per share (Rial)	0.170	0.143
Current ratio	0.732	0.881

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Gross profit	27,241	13,211
Gross profit margin %	39%	26%
Net profit after tax	7,857	874
Net profit after minority interest	6,162	206
Earnings per share (Rial) (after Perpetual notes coupon)	0.016	(0.002)

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

**Unaudited consolidated balance sheet as at
31st March 2019**

	Notes	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Non current assets			
Property, plant and equipment		665,821	617,846
Intangible assets		29,455	30,710
Long term investments	5,6,7	-	322
Deferred tax asset		2,165	3,722
Other long term receivables		-	917
		<u>697,441</u>	<u>653,517</u>
Current assets			
Inventories	1	10,684	7,670
Trade receivables & Prepayments	2&9	80,085	73,125
Receivables from related parties		68	46
Investments	5,6,7&9	245	150
Bank and cash		23,757	26,129
		<u>114,839</u>	<u>107,120</u>
Assets of disposal group classified as held-for-sale	5	4,339	4,953
		<u>119,178</u>	<u>112,073</u>
		Current assets	112,073
		Total assets	765,590
Current liabilities			
Trade & other creditors		81,820	72,824
Advance from a customer *		44,200	30,109
Working capital borrowings	4	13,416	7,507
Term loans - current portion	4	23,378	16,817
		<u>162,814</u>	<u>127,257</u>
		Current liabilities	127,257
Long term liabilities			
Term loans and Senior notes	4	387,260	360,429
Non current payables and advance *		70,749	90,787
Staff terminal benefits		5,622	5,308
		<u>463,631</u>	<u>456,524</u>
		Total Liabilities	583,781
Net assets	TOTAL -A	190,174	181,809
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		3,482	2,500
Retained earnings		(22,529)	(23,710)
Exchange loss on investment in foreign subsidiaries		(96)	(874)
Profit for the period		6,162	206
		<u>56,275</u>	<u>47,378</u>
Perpetual notes	4	46,799	46,799
Minority interest		87,100	87,632
	TOTAL -B	190,174	181,809

* 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 106.1 million, Rial 44.2 million is estimated to be recovered over next 12 months and is classified as current liability in Q1 2019 (2018: Rial 30.1 million). Balance amount of advance Rial 61.9 million (2018: Rial 77.6 million) is included under Non current payables and advances.

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

Unaudited consolidated income statement
For the three months ended
31st March 2019

	3 months ended 31st March 2019	3 months ended 31st March 2018
	Amount Rial '000	Amount Rial '000
Turnover	69,531	51,601
Gross profit	27,241	13,211
Administration & general expenses	(7,581)	(4,692)
Operating profit	19,660	8,519
Other income	245	15
Finance charges	(8,932)	(7,075)
Profit before tax and minority interests	10,973	1,459
Taxation	(3,116)	(585)
Profit for the period	7,857	874
Minority interest	(1,695)	(668)
Net profit attributable to Ordinary Shareholders	6,162	206
Dividend per share	-	-
Net profit margin (%)	8.9%	0.4%

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

Unaudited consolidated statement of cash flows
For the three months ended
31st March 2019

	3 months ended 31st March 2019	3 months ended 31st March 2018
	Amount Rial '000	Amount Rial '000
Cash from operations	8,580	10,400
Net tax paid	(1,898)	(1,376)
Net interest paid	(11,127)	(11,337)
Net cash from operating activities	(4,445)	(2,313)
Net cash used in investing activities	(39,324)	(24,009)
Net cash from financing activities	35,643	1,564
Net decrease in cash & cash equivalents	(8,127)	(24,758)
Cash and cash equivalents brought forward	31,625	50,880
Cash and cash equivalents carried forward	23,498	26,122

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

Unaudited consolidated statement of changes in equity
For the three months ended
31st March 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	-	-	-	-	6,162	6,162
Perpetual notes coupon paid	-	-	-	-	(1,908)	(1,908)
31st March 2019	36,727	26,936	12,446	-	(16,367)	59,742
1st January 2018	36,727	26,936	12,446	-	(21,802)	54,307
Net profit for the period	-	-	-	-	206	206
Perpetual notes coupon paid	-	-	-	-	(1,908)	(1,908)
31st March 2018	36,727	26,936	12,446	-	(23,504)	52,605

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

Notes

1. Inventories

Inventories can be analysed as follows:

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Catering stock and consumables	3,421	3,333
Spares	7,263	4,337
	10,684	7,670

2. Trade receivables

Trade receivables can be analysed as follows

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Trade receivables & Prepayments	84,323	76,148
Less: Provisions	(4,238)	(3,023)
	80,085	73,125

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)	44,228	(18,633)	(8,744)	16,851	-
Contract Services Group (Renaissance)	25,548	(20,317)	(2,178)	3,054	-
Total segment result	69,776	(38,950)	(10,921)	19,905	19,905
Finance charges	-	-	-	-	(8,932)
Taxation	-	-	-	-	(3,116)
Minority Interest	-	-	-	-	(1,695)
Consolidated results	69,776	(38,950)	(10,921)	19,905	6,162

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

4. Bank loans, senior notes and overdrafts

These can be analysed as follows:

	3 months ended 31st March 2019	3 months ended 31st March 2018
	Amount Rial '000	Amount Rial '000
Term loans and senior notes	410,638	377,246
Working capital borrowings - Short term loans	13,158	7,500
Working capital borrowings - Overdrafts	258	7
	424,054	384,753
Current maturities of bank loans	(23,378)	(16,817)
Working capital borrowings	(13,416)	(7,507)
Long term portion of term loans and senior notes	387,260	360,429

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:

	3 months ended 31st March 2019	3 months ended 31st March 2018
	Amount Rial '000	Amount Rial '000
Due within one year	23,378	16,817
Due after one year	387,260	360,429
	410,638	377,246

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.

In 2016, Topaz entered into an agreement with HSBC for a financing facility of RO 32.3 million for two high-spec Subsea vessels. The facility carries an interest rate of three-month LIBOR plus 1.40% and is repayable over 10 years starting from April 2019. The loan is guaranteed by the Norwegian Export Credit Bureau, GIEK and carries a guarantee margin of 1.92% of the guaranteed amount (80%). Out of this facility, Topaz has drawn down RO 32 million in January 2019. The cost of RO 1.0 million incurred to arrange this facility shall be amortized over the loan period at effective interest rate.

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.

**RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019**

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	31st March 2019 Holding %	31st March 2018 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%
6) Renaissance Sager Environment Solutions LLC	51%	-
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 is a holding company. Supraco had divested its operations in Norway in Q4 2018.

The 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 operations.

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.

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

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 3 months ended 31st March 2019	Market Value 3 months ended 31st March 2018	Book Value 3 months ended 31st March 2019	Book Value 3 months ended 31st March 2018
	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	7	12	7	12
Government Bonds	-	-	-	-
	<u>7</u>	<u>12</u>	<u>7</u>	<u>12</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	238	-	238	-
Term deposits	-	-	-	-
Unquoted foreign shares	-	-	-	-
	<u>238</u>	<u>-</u>	<u>238</u>	<u>-</u>

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.

	3 months ended 31st March 2019	3 months ended 31st March 2018
	Amount Rial '000	Amount Rial '000
Investment income can be analysed as follows		
Realised	-	-
Unrealised	-	-
	<u>-</u>	<u>-</u>

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

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:-

31st March 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 31st March 2019		-	-	-	-

	Holding %	Book Value Amount Rial '000	Cost Amount Rial '000
MSM Unquoted Securities	0%	-	-
<hr/>			
Total as of 31st March 2019		-	-
Foreign Unlisted Securities	0%	-	-
<hr/>			
Total as of 31st March 2019		-	-

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

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Tawoos LLC - Services	<u>3</u>	<u>3</u>
	3	3

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:

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Tawoos LLC	<u>-</u>	<u>-</u>
	-	-

RENAISSANCE SERVICES SAOG AND ITS SUBSIDIARY COMPANIES
INTERIM REPORT FOR THE PERIOD ENDED 31ST MARCH 2019

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:

	3 months ended 31st March 2019 Amount Rial '000	3 months ended 31st March 2018 Amount Rial '000
Tawoos LLC	4	1
	4	1

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	448	-	-	448
Transferred/Released during the period	-	-	-	-
(Written off) during the period	(15)	-	-	(15)
Provision balance as of 31st March 2019	4,238	-	-	4,238

Book value of Assets:	Receivable & Prepayments	Value of Investments	Inventories	Total Amount Rial '000
Value of assets before provision	84,323	245	10,684	95,252
Provision balance as of 31st March 2019	(4,238)	-	-	(4,238)
Book value of assets as of 31st March 2019	80,085	245	10,684	91,014

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:

	3 months ended 31st March 2019 No of shares	3 months ended 31st March 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