



النهضة للخدمات ش.م.ع.
Renaissance Services SAOG

**UNAUDITED CONSOLIDATED INTERIM REPORT
FOR THE PERIOD ENDED
30TH JUNE 2019**

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

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|--|---|---|
| Total assets | 808,086 | 800,035 |
| Total liabilities | 613,000 | 619,353 |
| Net assets (excluding Perpetual notes and Minority) | 57,694 | 47,583 |
| Net assets per share (Rial) | 0.174 | 0.143 |
| Current ratio | 1.344 | 0.892 |

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|---|---|---|
| Gross profit | 9,150 | 7,330 |
| Gross profit margin % | 18% | 16% |
| Net profit after tax | 12,595 | 1,665 |
| Net profit after minority interest | 7,831 | 407 |
| Earnings per share (Rial) (after Perpetual notes coupon) | 0.018 | (0.005) |

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

**Unaudited consolidated balance sheet as at
30th June 2019**

| | Notes | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|---|-----------------|---|---|
| Non current assets | | | |
| Property, plant and equipment | | 136,246 | 629,504 |
| Intangible assets | | 3,014 | 30,549 |
| Long term investments | 5,6,7 | - | 322 |
| Deferred tax asset | | - | 3,722 |
| Other long term receivables | | - | 882 |
| | | <u>139,260</u> | <u>664,979</u> |
| Current assets | | | |
| Inventories | 1 | 4,216 | 8,135 |
| Trade receivables & Prepayments | 2&9 | 43,292 | 82,767 |
| Receivables from related parties | | 71 | 51 |
| Investments | 5,6,7&9 | 245 | 149 |
| Bank and cash | | 8,386 | 37,599 |
| | | <u>56,210</u> | <u>128,701</u> |
| Assets of disposal group classified as held-for-sale | 5 | 612,616 | 6,355 |
| | | <u>668,826</u> | <u>135,056</u> |
| | | Current assets | 135,056 |
| | | Total assets | 800,035 |
| Current liabilities | | | |
| Trade & other creditors | | 37,077 | 85,264 |
| Advance from a customer | | - | 39,124 |
| Working capital borrowings | 4 | 14,438 | 8,630 |
| Term loans - current portion | 4 | 9,081 | 18,345 |
| | | <u>60,596</u> | <u>151,363</u> |
| Liabilities of disposal group classified as held-for-sale | 5 | 437,070 | - |
| | | <u>497,666</u> | <u>151,363</u> |
| | | Current liabilities | 151,363 |
| Long term liabilities | | | |
| Term loans and Senior notes | 4 | 103,230 | 365,472 |
| Non current payables and advance | | 8,157 | 97,116 |
| Staff terminal benefits | | 3,947 | 5,402 |
| | | <u>115,334</u> | <u>467,990</u> |
| | | Total Liabilities | 619,353 |
| Net assets | TOTAL -A | 195,086 | 180,682 |
| 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 | | (22,779) | (23,710) |
| Exchange loss on investment in foreign subsidiaries | | (96) | (870) |
| Profit for the period | | 7,831 | 407 |
| | | <u>57,694</u> | <u>47,583</u> |
| Perpetual notes | 4 | 46,799 | 46,799 |
| Minority interest | | 90,593 | 86,300 |
| | TOTAL-B | 195,086 | 180,682 |

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

Unaudited consolidated income statement
For the six months ended
30th June 2019

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|---|---|---|
| Turnover | 51,017 | 46,476 |
| Gross profit | 9,150 | 7,330 |
| Administration & general expenses | (3,885) | (3,372) |
| Operating profit | 5,265 | 3,958 |
| Other income | 41 | 34 |
| Finance charges | (2,672) | (2,749) |
| Profit before tax and minority interests | 2,634 | 1,243 |
| Taxation | (650) | 1,715 |
| Profit for the period from continuing operations | 1,984 | 2,958 |
| Profit/(Loss) from discontinued operations (Note 5) | 10,611 | (1,293) |
| Profit for the period | 12,595 | 1,665 |
| Minority interest | (4,764) | (1,258) |
| Net profit attributable to Ordinary Shareholders | 7,831 | 407 |
| Dividend per share | - | - |
| Net profit margin (%) | 15.4% | 0.9% |

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

Unaudited consolidated statement of cash flows
For the six months ended
30th June 2019

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|---|---|---|
| Cash from operations | 26,391 | 27,737 |
| Net tax paid | (6,203) | (1,373) |
| Net interest paid | (15,466) | (15,554) |
| Net cash from operating activities | 4,722 | 10,810 |
| Net cash used in investing activities | (45,444) | (46,249) |
| Net cash from financing activities | 31,774 | 22,029 |
| Net decrease in cash & cash equivalents | (8,948) | (13,411) |
| Cash and cash equivalents brought forward | 31,625 | 50,880 |
| Cash and cash equivalents included under assets of disposal group classified as held-for-sale | (15,771) | - |
| Cash and cash equivalents carried forward | 6,906 | 37,469 |

Note: Statement of cashflows includes cashflows relating to discontinued operations.

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

Unaudited consolidated statement of changes in equity
For the six months ended
30th June 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 | - | - | - | - | 7,831 | 7,831 |
| Perpetual notes coupon paid | - | - | - | - | (1,908) | (1,908) |
| Transaction with MI | - | - | - | - | (250) | (250) |
| 30th June 2019 | 36,727 | 26,936 | 12,446 | - | (14,948) | 61,161 |
| 1st January 2018 | 36,727 | 26,936 | 12,446 | - | (21,802) | 54,307 |
| Net profit for the period | - | - | - | - | 407 | 407 |
| Perpetual notes coupon paid | - | - | - | - | (1,908) | (1,908) |
| 30th June 2018 | 36,727 | 26,936 | 12,446 | - | (23,303) | 52,806 |

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

Notes

1. Inventories

Inventories can be analysed as follows:

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|--------------------------------|---|---|
| Catering stock and consumables | 4,216 | 3,420 |
| Spares | - | 4,715 |
| | 4,216 | 8,135 |

2. Trade receivables

Trade receivables can be analysed as follows

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|---------------------------------|---|---|
| Trade receivables & Prepayments | 45,464 | 85,496 |
| Less: Provisions | (2,172) | (2,729) |
| | 43,292 | 82,767 |

3. Segment Reporting

Renaissance currently operates only one business segment.

4. Bank loans, senior notes and overdrafts

These can be analysed as follows:

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|--|---|---|
| Term loans and senior notes | 112,311 | 383,817 |
| Working capital borrowings - Short term loans | 12,958 | 8,500 |
| Working capital borrowings - Overdrafts | 1,480 | 130 |
| | 126,749 | 392,447 |
| Current maturities of bank loans | (9,081) | (18,345) |
| Working capital borrowings (Short term loans and overdrafts) | (14,438) | (8,630) |
| Long term portion of term loans and senior notes | 103,230 | 365,472 |

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:

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|---------------------|---|---|
| Due within one year | 9,081 | 18,345 |
| Due after one year | 103,230 | 365,472 |
| | 112,311 | 383,817 |

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 30TH JUNE 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 | 30th June 2019 Holding % | 30th June 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. The Board of Renaissance accepted the final binding offer from DP World amounting to Rial 415 million enterprise value for acquiring 100% shares in Topaz on 30th June 2019. Accordingly, assets and liabilities of Topaz as on 30th June 2019 has been classified as held for sale as per IFRS 5. These assets and liabilities of disposal group are valued at lower of carrying value or fair value less cost to sell. As required by IFRS 5, net result (after considering goodwill impairment of RO 5.7 million) of Topaz for H1 2019 Rial 10.6 million (H1 2018: Loss of Rial 1.5 million) has been classified as discontinued operation. The final profit from discontinued operation shall vary depending upon Topaz's debt and cash position at the time of financial closure of the divestment transaction.

Supraco Limited is a holding company. Supraco had divested its operations in Norway in Q4 2018. Net profit/(loss) after tax from discontinued operations for H1 2018 includes net profit from Norway operations of Rial 0.2 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 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 30TH JUNE 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 6 months ended 30th June 2019 Amount Rial '000 | Market Value 6 months ended 30th June 2018 Amount Rial '000 | Book Value 6 months ended 30th June 2019 Amount Rial '000 | Book Value 6 months ended 30th June 2018 Amount Rial '000 |
|--|--|--|--|--|
| Short Term investments | | | | |
| Marketable securities - Available for sale | | | | |
| Banking | - | - | - | - |
| Investments | - | - | - | - |
| Insurance | - | - | - | - |
| Services | - | - | - | - |
| Industrial | 7 | 11 | 7 | 11 |
| Government Bonds | - | - | - | - |
| | 7 | 11 | 7 | 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.

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|--|---|---|
| Investment income can be analysed as follows | | |
| Realised | 13 | 1 |
| Unrealised | - | - |
| | 13 | 1 |

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

30th June 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 June 2019 | | - | - | - | - |

| | Holding % | | Book Value Amount Rial '000 | Cost Amount Rial '000 |
|------------------------------------|------------------|--|---------------------------------------|---------------------------------|
| MSM Unquoted Securities | 0% | | - | - |
| Total as of 30th June 2019 | | | - | - |
| Foreign Unlisted Securities | 0% | | - | - |
| Total as of 30th June 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

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|-----------------------|--|---|
| Tawoos LLC - Services | <u>5</u> | <u>8</u> |
| | <u>5</u> | <u>8</u> |

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 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|------------|--|---|
| Tawoos LLC | <u>-</u> | <u>-</u> |
| | <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:

| | 6 months ended 30th June 2019 Amount Rial '000 | 6 months ended 30th June 2018 Amount Rial '000 |
|------------|--|---|
| Tawoos LLC | <u>7</u> | <u>11</u> |
| | <u>7</u> | <u>11</u> |

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

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 | 1,005 | - | - | 1,005 |
| Transfer relating to assets of disposal group classified as held for sale held for sale | (2,565) | - | - | (2,565) |
| (Written off) during the period | (73) | - | - | (73) |
| Provision balance as of 30th June 2019 | 2,172 | - | - | 2,172 |

| Book value of Assets: | Receivable & Prepayments | Value of Investments | Inventories | Total Amount Rial '000 |
|---|---|---------------------------------|--------------------|-----------------------------------|
| Value of assets before provision | 45,464 | 245 | 4,216 | 49,925 |
| Provision balance as of 30th June 2019 | (2,172) | - | - | (2,172) |
| Book value of assets as of 30th June 2019 | 43,292 | 245 | 4,216 | 47,753 |

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 2019 No of shares | 6 months ended 30th June 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 |