



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG, for the six-month period ended 30 June 2020.

A WORD OF SUPPORT

Before we turn to the business matters required of this report, we express our sympathy for those affected by tragedy in the COVID-19 pandemic.

COVID-19

No business is immune to the social and economic disruption of COVID-19. Despite this, Renaissance remains profitable. The temporary negative impact is in line with guidance provided in our Q1 statement.

COSTS

We are protecting our customers and our people. This requires increased spending on Personal Protective Equipment (PPE), thermal temperature detection technology, repetitive deep sanitising, packed meal disposables, awareness publicity, quarantine facilities, and operational adjustments to ensure safe social distancing. These additional costs keep people safe from harm.

REVENUE

We are providing essential services to clients and government to support critical continuity of the healthcare system and key areas of the economy. This requires sustaining full operational capability for less income. Some operations are closed due to temporary lockdown of schools, airports, non-essential facilities, and closing our own retail outlets. In ongoing operations, we are serving reduced headcount as clients minimise on-site activity to focus on vital outcomes; and maximize remote activity that may be provided from home.

IN SERVICE OF THE NATION

We are supporting the government in the fight against COVID-19 through our programme, in service of the nation. From day one, we have provided free-of-cost meals to quarantine, outbreak and support centres in every governorate of the country. We have served hundreds of thousands of these specially prepared, packed and hand delivered meals and continue to do so. We have provided sanitising services to make centres safe and ready for use. We have created a temporary quarantine and outbreak annexe at Duqm, to support the government's own facilities.

IMPACT

Each of these measures has a short-term negative impact on costs or revenue. Yet each of these measures carries an equal positive impact for saving lives and livelihoods in the long-term interest of the nation, the community, the economy and our business. The sooner the virus is in retreat, the sooner we may return to a semblance of normal life, balanced with the continuation of precautionary measures.

For Renaissance, as a provider of essential services solutions, the impact is short-term. The company should return to normal levels of performance as the economy reopens.

OUR PEOPLE

The Renaissance family is made of extraordinary people. On the front line, the supply line, the support line: Renaissance men and women have provided essential services to hospital staff and patients, oil & gas, port, industry and project workforces, soldiers and others, in Oman and UAE. Through their effort, all active client operations have kept going. Our business has kept going. They have served with courage and cheerfulness. On behalf of the board: Thank you.

This effort means that the majority of Renaissance workforce has been fully deployed or redeployed. Some colleagues were stranded abroad on leave at the start of the lockdown. Others have taken local leave. In all cases, our company has given priority to keeping our people protected, well-informed and reassured. Renaissance people are confident in the company's values-driven duty of care that ensures they are safely housed, maintain good communications with home, are promptly paid, and have first-class medical care.

FINANCIAL PERFORMANCE

RS CONSOLIDATED

	Rial Million		USD Million	
	H1 2020	H1 2019	H1 2020	H1 2019
Continuing operations				
Revenue	54.8	51.1	142.3	132.7
EBITDA	11.4	10.0	29.6	26.0
Operating profit	7.7	5.3	20.0	13.8
Net profit after tax from continuing operations	5.4	2.0	14.0	5.2
Net Profit after tax from discontinued operations (Note 1)	-	10.6	-	27.6
Net profit after tax	5.4	12.6	14.0	32.8
Net profit after non-controlling interest	4.0	7.8	10.4	20.3

Note:

1 Net profit after tax from discontinued operations for H1 2019 represents net profit of Topaz Energy and Marine Limited (Topaz). Renaissance had divested Topaz in Q3 2019.

The effect of the COVID-19 crisis is compounded by the simultaneous collapse in oil prices at the start of the year. We manage the business to protect the interests of all stakeholders; so, our focus on financial performance has been to absorb the economic impact and protect our shareholders from losses.

In our Q1 report, we estimated the net negative impact in Q2 would average Rials 1M per month. This has proved correct, driven by higher costs and lower income; mitigated by intense efficiency initiatives to benefit both our customers and our company. Renaissance is a resilient enterprise, well-placed to support government and clients throughout the crisis; and ready to rebound at speed as the economy reopens.

The company's liquidity position remains strong, supported by careful management of receivables in tough market conditions.

AGM, EGM

The company held its first virtual AGM and EGM on 12 May 2020. Muscat Clearing & Depository Company SAOC (MCDCC) facilitated the process, ensuring public companies, like Renaissance, listed on the Muscat Securities Market (MSM), were able to fulfil all governance requirements for the shareholders, while complying with the social-distancing restrictions of the COVID-19 crisis. The Renaissance Board thanks MCDCC for their professionalism and support to ensure a seamless and successful event.

BOARD MEMBERS

At the AGM, Colin Rutherford and Saleh bin Nasser Al Habsi stood down as independent non-executive directors after years of outstanding service. As Chairman, I would like to record my personal thanks for their contribution. They leave the company in a strong and healthy condition, with the thanks and best wishes of all board colleagues.

Shareholders re-elected the five remaining board members and elected two new independent non-executive directors: Hamad bin Mohammad Al Wahaibi and Michael Brown.

Hamad Al Wahaibi has 20 years of experience in strategic investment, assets management, business development and finance. He is currently serving as the Director of Investment (CIO) with the Ministry of Defence Pension Fund and serves on boards of several leading companies.

Michael Brown has extensive industry experience in leadership roles in support services, facilities management, logistics and technology. He has worked in a variety of global businesses, including two FTSE 100 companies, and is currently Chairman of four major companies.

The board joins me in welcoming both new members. We are confident each will bring great value and experience to our company.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG)

Those who have followed our company's Annual Reports and Sustainability Reports over the past decade and more, will be aware of our commitment to the ESG agenda. It has long been a core ethos of ours that People, Planet and Profits are not mutually exclusive; they are mutually beneficial, complementary and inter-dependent.

During and after this era of the COVID-19 pandemic, the companies that will survive and remain relevant are those that are aligned with this view. Reducing your carbon footprint is not just responsible, it's efficient. Buying local goods and services and helping SMEs compete on safety, price, speed and quality is good for your business and good for the economy. If attracting and developing a local workforce and creating worthwhile employment was a national imperative before this crisis, it is vital today. Caring deeply about employee welfare and dignity is natural and normal; and should not require a second thought. Sustainability is sound, long-term business sense, for the country, for enterprises and for people. This is not 'either/or', it is 'and': We need business profitability and sustainability to be synonymous.

In 2020, the Renaissance ESG-focused Strategy is more forward-looking and innovative than ever. We strive for continuous improvement in sustainable green initiatives, and in digital and automation technologies. This drives down costs and drives up standards through the intelligent operating and maintaining of buildings and infrastructure; guarantees standards and efficiency of the length of the value chain; and assures governance, effective control and accountability. This provides our clients and customers with modern, quality, green solutions; without losing the human touch of great service.

OUTLOOK

We expect the global and local headwinds of COVID-19 and lower oil prices to continue in Q3. We anticipate improving performance toward the end of the quarter, which should strengthen in Q4 as the economy reopens.

We are pressing ahead with the first phase of our expansion at Renaissance Village Duqm; and we anticipate improved occupancy across all Renaissance Villages as full activity resumes in projects in Duqm, and in the oil and gas fields.

The COVID-19 Pandemic has shone a light on unsafe practice in worker welfare and accommodation standards. Significant outbreaks of the virus occurred in labour camps and residential areas, where workers are packed into over-crowded rooms with poor standards.

The Renaissance Village brand shows that international standards for workforce accommodation can be delivered at competitive cost; with proven intangible benefits including better safety performance, lower downtime for sickness, lower attrition rates, improved mental health and greater productivity.

Leading companies and institutions recognise safety, quality sleep, nutritious food, good connections with home, fire safety, on-site medical services and recreation as key principles and basic needs for worker welfare.

International investors and financiers require International Labour Organisation (ILO) worker welfare standards to be in place before financing major projects or investing in foreign stocks.

Demand is increasing for ILO standards in workforce accommodation outside residential areas. Renaissance has the knowledge, skill and long-term proven track record, to compete for opportunities and to invest in world-class facilities.

The company's potential is not limited to investment in accommodation solutions. We are actively considering other opportunities that may arise in the government's evolving programme for increased privatization, outsourcing of non-core services, and projects suitable for Public Private Partnership (PPP).

Once again, Renaissance is proved resilient in the downturn and poised to play a major part in solutions for the upturn.

TRIBUTE

His Majesty Sultan Haitham has taken the helm at a time of unprecedented global and regional challenges. The whole country draws confidence from the speed and effectiveness of the response to COVID-19, and the parallel initiatives to tackle government spending and drive economic diversification. We assure him of our steadfast support.



Samir J. Fancy
Chairman

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2020

	2020	2019
	Rial '000	Rial '000
Non-current assets		
Property, plant and equipment	129,876	136,246
Intangible assets	2,023	3,014
Investments	3,710	-
	135,609	139,260
Current assets	71,739	56,210
Assets of disposal group classified as held-for-sale	-	612,616
	71,739	668,826
Current liabilities	47,794	60,596
Liabilities of disposal group classified as held-for-sale	-	437,070
Net current assets	23,945	171,160
Non-current liabilities		
Term loans excluding current maturities	73,515	103,230
Non current payables and advance	9,946	12,104
	83,461	115,334
Net assets	76,093	195,086
Equity		
Share capital	23,641	36,727
Treasury shares	(6,853)	(6,853)
Share premium	26,936	26,936
Legal reserve	8,343	12,446
Subordinated loan reserve	3,000	3,482
Other reserves	166	(96)
Retained earnings	2,895	(14,948)
	58,128	57,694
Perpetual notes	-	46,799
Non controlling interest	17,965	90,593
Total equity	76,093	195,086

Note: Assets/Liabilities of disposal group classified as held-for-sale represents assets and liabilities of the Company's erstwhile subsidiary Topaz Energy and Marine Limited (Topaz). Renaissance had divested Topaz in Q3 2019. A part of the divestment proceeds utilised to repurchase/redeem Perpetual notes in Q4 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30TH JUNE 2020

	2020	2019
	Rial '000	Rial '000
Revenue	54,827	51,058
Operating expenses	(47,078)	(45,752)
Profit from operations	7,749	5,306
Net finance costs	(2,372)	(2,672)
Profit before tax	5,377	2,634
Tax	(7)	(650)
Profit for the period from continuing operations	5,370	1,984
Profit for the period from discontinued operations (Note 1)	-	10,611
Profit for the period	5,370	12,595
Net profit attributable to :-		
Shareholders of the Parent Company	4,039	7,831
Non controlling interest	1,331	4,764
	5,370	12,595

Notes:

- Net profit after tax from discontinued operations for the period ended 30th June 2019 represents net profit of Topaz Energy and Marine Limited (Topaz). Renaissance had divested Topaz in Q3 2019.
- The complete accounts will be sent by mail to shareholders within 7 days of receipt of request.
- The complete set of financial results can be accessed at www.renaissanceservices.com