

CHAIRMAN'S REPORT



Renaissance Services SAOG



On behalf of the Board of Directors, it gives me great pleasure to present to you the unaudited accounts for Renaissance Services SAOG for the six-month period ending 30 June 2009 (H1).

Renaissance continues to demonstrate attributes of stability, resilience and growth against a backdrop of ongoing global financial and economic turbulence. There is considerable uncertainty in talk of 'green shoots' signalling a potential bottoming out of the crisis; so at Renaissance we choose to anticipate and proactively strategize for difficult times for the foreseeable future. Our policy is to continue with a prudent 'safety-first' approach to managing our business: Conserving cash from strong and reliable cash flows; securing long-term financing; managing counter-party risk; maintaining key liquidity ratios that underline the strength of our balance sheet; exceeding customer expectations safely and profitably; while sustaining and nurturing the underlying growth momentum of the company. The effects are clear to see in the financial results for the half-year.

	H1 (Jan-Jun) 2009		H1 (Jan-Jun) 2008	
	RO. Million	US\$ Million	RO. Million	US\$ Million
Revenue	116.6	302.9	108.4	281.5
EBITDA	27.3	70.9	30.3*	78.8
Operating Profit	17.4	45.2	15.8	41.1
Net Profit	11.4	29.6	15.3*	39.6

*The 2008 Net profit of RO 15.3 million includes a net capital gain of RO 4.8 million (US\$ 12.5 million) arising from the divestment of the group's technology businesses in the first quarter of last year (Ex capital gain RO 10.5 million). 2008 EBITDA of RO 30.3 million also includes RO 6 million capital gain from the divestment (Ex capital gain RO 24.3 million).

In comparison with the same period last year revenue has increased by 7.6%; profit from operations has increased by 10.1%; EBITDA without capital gain has increased by 12.3%; and net profit without capital gain has increased by 8.6%. The operating margins have improved from 14.6% in the previous period to 14.9% in the current period.

In the global financial crisis credit remains scarce and cost of credit has risen. Yet even under these circumstances, Renaissance has continued to finance its growth initiatives with the full cooperation and partnership of the local and international banks that support us. The increase in finance cost of RO 0.9 million is attributable to these growth initiatives. Despite the rise in banking margins the average cost of borrowing largely remains unchanged due to the low Libor. Hedging strategies are in place to secure this cost over the long term. Renaissance has consistently followed a policy of matching loan maturities to asset profile; using only long term sources of funds to acquire capital assets. This prudent strategy has been a significant source of comfort even in the most turbulent times. Renaissance and its subsidiaries continue to be a preferred customer for banks who prefer to lend to asset backed industries with sustainable cash flows such as ours. The strength of our business model, our track record of performance, our transparency and our balance sheet are among the reasons why financial institutions continue to choose to support us on new projects at a time when they are rigorously selective in making choices for new lending.

No economy, no market and no industry can be immune to the impact of the global economic slowdown. However, the primary markets in which we serve and the Renaissance business model continue to prove resilient in mitigating the impact. Some businesses and some markets are more greatly affected than others. So far, in the first six months of the year, our Engineering business has seen a slowdown while the Marine and Contract Services businesses have continued to grow:

Marine Group	R.O. Million		US\$ Million	
	2009	2008	2009	2008
Half-year Jan - Jun	2009	2008	2009	2008
Revenue	39.9	35.8	103.7	93.0
Operating profit	11.1	9.8	28.9	25.5

In the first quarter of the year (Q1) the entire Offshore Support Vessel (OSV) fleet remained fully deployed and day-rates generally held firm for short-term contracts and spot hire of



Engineering Group completes US\$17m LNG module



Fujairah yard delivers 30.2 metre aluminium crew boat



Marine Group wins US\$100m contract in Kazakhstan



Contract Services Group invests US\$88m in accommodation facilities for Oman's oilfields

CONTRACTS

- Topaz Marine Kazakhstan wins US\$ 100 million contract from Agip KCO
- Topaz Engineering Abu Dhabi yard completes US\$ 17 million LNG module for Qatar
- Contract Services wins US\$ 12 million contract in Angola

PEOPLE

- Renaissance subsidiaries Tisco and NTI win Omanization awards
- Topaz CEO Mr. Fazel Fazalbhoj honored Maritime Personality of the Year
- Topaz Marine COO Mr. Roy Donaldson elected Chairman of International Marine Contractors Association
- Renaissance has established an independent trust to administer its ongoing company Senior Management Incentive Plan (SMIP)

vessels. In the second quarter (Q2) day-rates have come under some pressure but overall performance remains positive due to the significant benefit of the company's portfolio of long-term contracts with blue-chip oil & gas producers, in growing markets, in fully operational oilfields and unaffected oilfield development projects. The investment made over the last two years in new vessels on such long-term contracts is ensuring growth in otherwise stringent market conditions.

Engineering Group	R.O. Million		US\$ Million	
	2009	2008	2009	2008
Half-year Jan - Jun	2009	2008	2009	2008
Revenue	41.4	44.2	107.6	114.9
Operating profit	2.9	3.6	7.5	9.3

We have been reporting a reduction in order book visibility for the engineering businesses since the start of the economic crisis. This is reflected in a downturn in both revenue and profitability. That said, operating profits are holding up well, especially considering that costs include expenses of more than RO 1 million related to the development phase of the aluminium boat building business in Fujairah.

Contract Services Group	R.O. Million		US\$ Million	
	2009	2008	2009	2008
Half-year Jan - Jun	2009	2008	2009	2008
Revenue	32.2	29.8	83.7	77.5
Operating profit	4.3	3.9	11.2	10.1

The Contract Services business is performing well, particularly in our home market of Oman. The company's US\$ 88 million investment project in new contractor workforce accommodation for Oman's oilfields is progressing safely, on-time and in-cost; well on schedule for opening in early 2010.

Similarly, a further RO 63.5 million (US\$ 165 million) investment in new vessels under construction for the OSV fleet will ensure growth impacts in both 2010 and 2011. In spite of world economy pressures on all our businesses we remain focused on opportunities for growth; and our people in all our businesses have shown great ingenuity in driving efficiency and prudent control for the benefit of our customers and our own company performance.

The continued positive progress of our company in such difficult times for the world economy is a source of great reassurance for all our stakeholders in the short-term and a reason for enduring confidence and optimism for the long-term future. At the half-way point of the year, it gives me pleasure to repeat the assertion I made in my annual statement to our shareholders: At Renaissance, we have the right businesses, with the right customers, in the right markets. We have the right assets and, above all, we have the right people to deliver superior performance in all economic cycles.

We thank His Majesty Sultan Qaboos bin Said whose wise leadership has brought stability, progress, prosperity and opportunity to our home market of Oman. At a time of economic challenge and uncertainty across the globe, the wisdom and prudence of good governance in Oman's institutions are reflected in the good governance of an Omani public company like Renaissance.

Samir J. Fancy
Chairman

NEWS

- London's Financial Times envisages positive outlook for Renaissance Services
- Renaissance 6th in Oman's OER Top 20 largest listed corporations
- Topaz Engineering Fujairah yard delivers 30.2 metre aluminium crew boat

SOCIAL RESPONSIBILITY

- Renaissance helps sponsor SQU Nursing Internship programme
- Named a sponsor of the 'Renaissance', Oman Sail's second racing catamaran
- Renaissance backs Early Intervention Teacher Training programme for children with special needs

NEW ASSETS FOR GROWTH

In the first six months of 2009 Renaissance has:

Taken delivery of US\$ 100 million worth of new vessels:

Topaz Jafiliya for Topaz Marine MENA
Caspian Server for BP in Azerbaijan
Five new ice class barges for Agip KCO in Kazakhstan

While construction continues on US\$ 165 million of new vessel builds:

150t AHTS (Anchor Handler) and ERRV (Emergency Response Recovery Vessel) both for BP in Azerbaijan, arriving in 2010
Six AHTS for Saudi Arabia and other MENA markets (4 for 2010, 2 for 2011)

While progressing construction on US\$ 88 million for Permanent Accommodation for Contractors (PAC) for PDO in Oman:

512 room facility in Marmul and 304 room facility in Bahja, both opening 2010

Renaissance Services SAOG
Annual revenues in excess of US\$ 0.6 billion in 2008
More than 10,000 people
Operating in over 16 Countries

Unaudited Financial Results

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009			CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009		
	2009 RO '000	2008 RO '000		2009 RO '000	2008 RO '000
Non-current assets			Revenue	116,623	108,392
Property, plant and equipment	258,943	202,127	Operating expenses	(84,707)	(79,056)
Intangible assets	34,031	33,132	Administrative expenses	(14,490)	(13,515)
Long-term investments	2,423	11,231	Profit from operations	17,426	15,821
Deferred tax asset	1,247	1,666	Net finance costs	(4,238)	(3,343)
	296,644	248,156	Amortisation	(27)	(40)
Current assets	102,469	106,826	Profits on sale of a subsidiary	-	6,029
Current liabilities	89,995	104,540	Share of profit of associate companies	-	540
Non-current liabilities			Profit before income tax	13,161	19,007
Term loans and leases, excluding current maturities	135,958	118,631	Income tax	(1,752)	(3,748)
Non-current payables and advances	22,319	8,104	Net profit	11,409	15,259
	158,277	126,735	Net profit attributable to :-		
Net assets	150,841	123,707	Shareholders of the Parent Company	9,936	14,337
Capital and reserves			Minority interests	1,473	922
Share capital	28,209	24,530	Total equity	11,409	15,259
Treasury shares	(1,704)	(1,704)			
Share premium	20,723	25,146			
Reserves	9,087	7,974			
Retained earnings	76,536	59,736			
Exchange gains on investments in foreign subsidiaries	286	321			
	133,137	116,003			
Minority interests	17,704	7,704			
Total equity	150,841	123,707			

Notes:

1. The complete accounts will be sent by mail to shareholders within 7 days of receipt of the request.
2. The complete set of financial results can be accessed on www.renaissance-oman.com

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