



Renaissance Services SAOG

Chairman's Report



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 nine-month period ending 30 September 2007. The financial results for these 9 months once again demonstrate growth:

Strong performance

	Q3 (Jan-Sep) 2006		Q3 (Jan-Sep) 2007	
	RO Million	US\$ Million	RO Million	US\$ Million
Revenue	98.5	255.9	133.7	347.2
EBITDA	24.0	62.4	29.3	76.1
Operating Profit	15.3	39.8	19.2	49.8
Net Profit	9.8	25.4	11.2	29.1

This robust P&L performance is supported by other positive trends: For the first time since incorporation of the company, the shareholders fund has crossed **RO 100 m (US\$ 260 m)**. The company's market capitalisation has exceeded **RO 200 m (US\$ 520 m)** and has grown materially since the quarter end. Earnings-per-share (EPS) has improved from **0.046 to 0.052**. While cash from operations of **RO 30.5 m (US\$ 79.3 m)** is higher by **36%** compared to the corresponding period in the previous year.

Strategy implementation

These outcomes indicate that the Renaissance strategy is working: Through a disciplined approach to long-term investment growth in services to the oil & gas sector, we are producing returns that are secure, sustainable and highly competitive. The sustainable visibility of our asset-based initiatives, underpinned by long-term contracts with major international oil & gas producers, is creating a very efficient growth platform for our highly cash-generative pure services initiatives. Across all Renaissance businesses, we are maximising the value of our assets; we are keeping our operations safe; and we are continuously striving to exceed customer expectations.

Investing for sustainable growth

Strong cash flow and strong support from local Omani and international banks continue to spur on our planned investment programme: The *Caspian Pride*, a UT755L Platform Supply Vessel, will join BUE Caspian's offshore support vessel fleet on long-term contract to BP in Azerbaijan, early in the fourth quarter of 2007. BUE Kazakh is building 8 special purpose ice class barges for its contract with Agip Kazakhstan North Caspian Operating Company N.V. (Agip KCO). 4 of the barges under construction in Ukraine have met a delay problem with a change in ownership of the shipyard; but the company has responded swiftly to provide alternative solutions to ensure uninterrupted service to the client. Further fleet expansion will continue in 2008 with the delivery of two additional vessels to BUE Caspian. One vessel is a UT755L PSV currently under construction in Norway, the other a Damen design X-bow fast crew boat under construction in the Netherlands. Both vessels are committed to long term contracts with BP in Azerbaijan and will enter service mid year under the KMNFBUE Alliance. Our Middle East fleet, operated by Nico World, will also take delivery of two additional Conan Wu designed, 60 Tonne bollard pull, Anchor Handling Tug Supply vessels in the first half of 2008. The first, *Topaz Jumeirah* is expected to arrive in Dubai in January 2008 and has already secured a long term Charter with Dubai Petroleum. The second, *Topaz Jebel Ali* will follow in June 2008. Meanwhile, the Renaissance Contract Services Group (CSG) is completing construction of the 25% expansion of all 3 of its Permanent Accommodation for Contractors (PAC) facilities in Oman's interior oilfields. When these extensions open towards the end of 2007, the Renaissance PAC capacity in Oman will increase by over 1,000 beds

along with the introduction of swimming pools, gymnasias and expanded recreation facilities.

Whilst 100% of growth this year has so far been organic, we have also stated our intent to consider at least one more strategic acquisition in the oil & gas services sector. At this time, the company is actively working on a potential acquisition that would expand the geographical footprint of our offshore support vessel fleet and increase the size of the fleet deployed in the Middle East; which is home to 52% of the world's hydrocarbon reserves. It is premature for shareholders or potential investors to assume this acquisition will be secured, and we shall of course instantly announce any specific success. But this does provide a clear picture of our intent.

Divestment programme

In line with our declared strategy we are also pressing ahead with our programme to divest assets that do not fit directly in the Renaissance oil & gas services growth strategy. While Renaissance has always moved swiftly to remove non-performing assets, we have, for the first time, started initiatives to consider divestment of our high-performance, high-potential Technology, Media and Training businesses. These are market-leading companies with a great track record and even brighter futures. We will consider divestment of these assets if the price offers realisation of value for stakeholders and if the investment strategy or industry focus of the buyer, offers a platform for these companies to meet their ongoing growth potential to the maximum advantage of employees and customers of these businesses. Like all Renaissance businesses, these companies are driven by exceptional people with enormous talent, energy and commitment. They embrace the enterprise philosophy of the Renaissance empowerment culture. We have engaged our people openly in the divestment programme and I would like to thank and applaud them for the manner in which they have embraced the assignment. Their drive to succeed will not only ensure an optimum divestment implementation in the best interests of all stakeholders, especially our customers; but will also ensure the realisation of the career and growth ambitions of our people and the businesses themselves under new ownership. These businesses contribute < 10% of Renaissance current operations and we hope to complete at least one divestment in 2007 and continue the programme into 2008.

Outlook

With all these initiatives being aggressively implemented, the outlook for your company is extremely positive. And there is more to come. We continue to work closely with the internationally renowned oil & gas consultants Simmons & Company to validate and advise us on our strategies for growth and value enhancement. We are building strong local content alliances and JVs in our chosen international markets. Our people are best-in-class, working safely and efficiently for the benefit of our treasured customers and the communities in which we serve. We continue to strengthen the good governance of your company as we strive to protect and enhance shareholder value in a sustainable way, in both the short and long term. In a company of our size and international operations profile, we will always meet problems and challenges along the way. It is the nature of business. But our scale, diversity and flexibility allow us to manage turbulence without deflecting us from our vision and our purpose. So we look to the final quarter of the year, and the future beyond, with great belief and determination.

We thank His Majesty Sultan Qaboos bin Said whose wise leadership has brought stability, progress, prosperity and opportunity to our home market of Oman. This has provided the platform upon which an Omani company like Renaissance has been able to establish world-class credentials at home in order to seek opportunity abroad and challenge the very best in international competition.



Samir J. Fancy
Chairman

Unaudited Financial Results

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	2007 RO '000	2006 RO '000
Non-current assets		
Property, plant and equipment	146,492	114,099
Intangible assets	34,267	33,528
Long-term investments	3,264	2,898
Deferred tax	1,211	-
	185,234	150,525
Current assets	80,847	63,438
Current liabilities	74,356	62,103
Non-current liabilities		
Term loans and leases, excluding current maturities	78,784	57,978
Non-current payables and advances	12,874	6,751
	91,658	64,729
Net assets	100,067	87,131
Capital and reserves		
Share capital	22,300	20,273
Treasury shares	(1,687)	(1,687)
Share premium	28,052	33,761
Reserves	7,105	3,344
Retained earnings	43,023	30,694
Exchange gain (loss) on investments in foreign subsidiaries	121	(76)
	98,914	86,309
Minority interests	1,153	822
Total Capital and reserves	100,067	87,131

CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007

	2007 RO '000	2006 RO '000
Revenue	133,661	98,523
Operating expenses	(96,578)	(70,667)
Administrative expenses	(17,914)	(12,548)
Profit from operations	19,169	15,308
Net finance costs	(4,269)	(3,456)
Amortisation	(63)	(62)
Net investment gains	1	3
Share of profit of associate companies	78	459
Profit before income tax	14,916	12,252
Income tax	(3,727)	(2,469)
Net profit	11,189	9,783
Net profit attributable to: Shareholders of the Parent Company Minority interests	10,977 212	9,732 51
	11,189	9,783

Notes:

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

RENAISSANCE SERVICES SAOG

P.O. Box 1676, PC 114, Muttrah, Sultanate of Oman.

In the Caspian Sea



At the North Pole



In Oman's Oilfields



Renaissance is a diverse group listed on the Muscat Securities Market in the Sultanate of Oman, with a primary focus on oil & gas services. Renaissance owns one of the top ten offshore fleets in the world; has engineering businesses in oil & gas fabrication and afloat ship repair; is a leading turnkey contract services provider; and has successful technology, media and training businesses.