



## Chairman's Statement

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG for the six-month period ending 30 June 2012.

We are encouraged by progress in the first half of 2012 (H1). We have completed initiatives to strengthen the balance sheet and lay a capital foundation for sustained growth. The legacy of challenges from 2010/11 are either solved or under control and finite. The organization is restructured and streamlined. There is positive momentum in all our businesses. We are achieving business growth and continuous improvement in operational performance. Our chosen markets are vibrant and growing.

## Refinancing and capital raise initiatives

In the first quarter of the year (Q1) we completed refinancing of USD 203 million for the subsidiary Topaz Marine businesses. In the second quarter (Q2) we completed further refinancing of USD 122 million. We have achieved the total USD 325 million through a mix of local, regional and international banks. This releases significant trapped equity of USD 90 million, improves the loan amortization profile and confirms the confidence of the banks in our business model.

The company held an Extraordinary General Meeting (EGM) in which shareholders approved a programme to raise new capital for growth up to Rial 100 million (USD 260 million). Since then, we have completed the first capital raise initiative through a Rial 43.16 million (USD 112.22 million) Mandatory Convertible Bond by Rights Issue. A portion of the bonds are held in treasury by the company for future release in line with timing of investment requirements. We thank our shareholders for their support and confidence.

The effect of these initiatives is a strengthened balance sheet; we have the required liquidity to meet all our obligations; and, with the new equity, we have sustained and enhanced our capacity for investment in profitable growth.

Already during this period, the company has invested Rial 29 million (USD 75 million) in new assets.

## Financial Performance

	Rial Million		USD Million	
	H1 2012	H1 2011	H1 2012	H1 2011
Revenue	150.5	132.8	390.1	344.9
EBITDA	36.0	30.1	93.5	78.2
Operating Profit	21.4	17.2	55.6	44.7
Net Profit before minority	6.9	3.4	17.9	8.8

Growth indicators are all positive. Increase in revenue is +13.3%; EBITDA +19.6%; and Operating Profit +24.4%. Net profit is more than double the previous year.



## Marine Group

Marine Group	Rial Million		USD Million	
	H1 2012	H1 2011	H1 2012	H1 2011
Revenue	54.9	54.5	142.6	141.6
Operating profit	16.3	19.0	42.3	49.4

Note:- H1 2011 profit includes net mobilization and demobilization income of Rial 3.1 million (H1 2012 : Rial 42K).

To understand progress in the Topaz Marine business it is important to consider that in Q2 the company achieved operating profit of Rial 10.5 million (USD 27.3 million), compared with Rial 5.8 million (USD 15.08 million) in Q1.

There were three out of the ordinary impacts that coincided to deliver temporary muted performance in Q1: The three highest earning vessels in the fleet were all dry-docked, so came off hire on a planned basis in that period; the completion of a contract supporting offshore construction in Kazakhstan placed a number of barges and smaller vessels off hire in transition prior to sale; and the 6 K-Class vessels were kept off-hire for a USD 5 million upgrade to meet new enhanced-performance specifications for the Saudi Arabia market. Whilst this had a negative impact on performance in Q1, the initiative is a long term value investment in the potential of our fleet in the growing Saudi market.

All six vessels are now operating for Saudi Aramco on the USD 88 million 3-year contract announced earlier in the year. We are also formalizing arrangements with the Gentas Group , our JV partners in Topaz Marine Saudi Arabia, to cement the long-term sustainability and potential of our partnership. This is consistent with our global policy for all Renaissance companies to bring world class internationally competitive standards to our clients, but to simultaneously deliver in-country value to the communities and markets in which we serve.

Besides the USD 5 million upgrade to the vessels deployed in Saudi Arabia, there has been further investment in the fleet during this period: USD 3 million upgrade to DP1 for *Topaz Jebel Ali* and *Topaz Jumeirah*, on contract to Dubai Petroleum; a USD 8 million upgrade for *TEAM Oman*; and the acquisition of three new vessels – USD 21 million for *Caspian Reliance*; USD 17 million for *Topaz Rayyan* (including a USD 2 million upgrade); and USD 10.5 million for *Topaz Shaheen*.

*Topaz Rayyan* will be deployed in Qatar on a seven-year, USD 50 million charter, for an international oil company (“IOC”). *Caspian Reliance* will be deployed in the Caspian Sea with a firm contract value of USD 13.9 million. We are also deploying two 190-T AHTS vessels on a USD 108 million four-year project for BP in Azerbaijan. For this, we have added *Caspian Challenger* and *Caspian Endeavour* to our fleet on a charter basis with an option to buy during the contract period.

In our other new territories, we are seeing increased longevity of contracts and higher rates in West Africa. A third vessel, the *Topaz Breeze*, has been released to join operations in Nigeria. The Brazil market has not generated profit yet, but we have improved operating costs on the 2 vessels deployed there, which are set to be re-contracted profitably in March 2013.

We have divested two of the oldest vessels in the fleet, the *Topaz Liwa* and *Topaz Rashidiya* and we are in the process of divesting some older barges and smaller multi-craft vessels from the completed construction project in Kazakhstan. This is consistent with our policy to deploy a modern, technologically advanced, OSV fleet that matches the demands of our blue chip IOC and NOC clients. We now have 11 vessels upgraded to DP ready. The relevance and capability of our modern OSV fleet and the strength of



our market leadership position in key markets have ensured that our marine business has achieved sustained utilization rates > 80% over several years, against an industry average of 66% utilization. The company's EBITDA has never fallen below 45%, well above industry average.

We have also announced the appointment of René Kofod-Olsen as CEO of Topaz Energy and Marine. He is taking up his appointment in the first week of August 2012. He has proved his leadership credentials in a distinguished career with the A.P. Møller-Maersk Group, most recently as CEO of SVITZER for Asia and MENA. This appointment shows the ability of Topaz to attract world-class leadership to its team of marine professionals. The appointment underlines our ambitions for the Topaz OSV fleet.

### Engineering Group

Engineering Group	Rial Million		USD Million	
	H1 2012	H1 2011	H1 2012	H1 2011
Revenue	41.1	35.7	106.8	92.7
Operating profit	(2.8)	(4.0)	(7.3)	(10.4)

There is reason for growing satisfaction with the progress and the turnaround of the Topaz Engineering businesses.

New contracts in Topaz Oil & Gas Engineering Division (TOGD) are meeting or exceeding expectation on key measures of HSE performance, client satisfaction, on-time in-cost project delivery and profitability. This positive progress in performance is off-set by ongoing financial losses in one remaining large legacy contract. Even in that contract, the focus is on project delivery to the client before the end of this year. In TOGD the new safety management system has delivered a 75% improvement in performance in less than a year. The company has won a new EPC contract valued at USD 25.8 million in Abu Dhabi, and an important rig repair project for the EnSCO 54. There is a commitment to continuous improvement on all these fronts, but the TOGD business is set on the right path.

The Topaz Marine Engineering (TME) business is also enjoying success: Topaz Marine Repair (TMR) is returned to profit. Topaz Ship Building (TSB) has delivered and shipped two ASP Wind Farm Service vessels to ASP Work Boats in the UK in May. *Topaz Dignity*, built for the Topaz Marine business, was launched in May and is undergoing sea trials prior to delivery to the Caspian. In June, the company signed a contract with the Government of Sharjah for a 40-Passenger Ferry. There are several new order opportunities in the pipeline.

Early in Q3, but prior to publication of this H1 report, the offshore diving repair section of the marine repair business suffered a tragic fatality with the loss of a diver in an accident at work. The incident is under thorough investigation to prevent recurrence. Our thoughts are with our lost colleague and his family. We are committed to radical improvement in safety performance in this unit that has fallen short of the high standard achieved in the rest of the group. The group employs over 14,000 people. We are committed to causing no harm to people.



## Contract Services Group

Contract Services Group	Rial Million		USD Million	
	H1 2012	H1 2011	H1 2012	H1 2011
Revenue	52.3	43.9	135.8	114.0
Operating profit	9.1	3.8	23.6	9.9

*Note:- H1 2012 includes Rial 1.8 million relating to fair value of assets received from a customer in Al Wasita.*

The Contract Services Group (CSG) has achieved positive growth in spite of unexpected lower occupancy in some of its Permanent Accommodation for Contractors (PAC) operations in Oman's oilfields. The company's client is providing full support and the setback of low occupancy in H1 is expected to be corrected shortly in Q3.

In Q1 we had announced a delay in the process of divesting one of our UAE subsidiaries, Al Wasita Services. The divestment is now completed, effective April 2012. We wish the company every success under new ownership, while we concentrate our UAE operations through our subsidiary Renaissance Facilities Management Services LLC.

In our home market of Oman, the company took part in a major Integrated Facilities Management (IFM) tender for Petroleum Development Oman (PDO). Our bid was not successful on this occasion, but we reached the final shortlist, and feedback from the client suggests that our proposals were competent, compliant and competitive in an international field; with major competition from UK, USA, France and others. The company has gained great value from participation in this tender and has demonstrated an ability to compete in ever larger and more complex facilities management projects.

CSG has completed construction of new central procurement and warehousing facilities at Mabelah, which are now commissioned and fully operational. This new facility shall serve to drive efficiencies in the buying power of the business, improve margins and competitiveness, and pass on efficiencies and cost-effectiveness to clients. New staff residential facilities are under construction at Wadi Kabir intended to deliver improved welfare and better occupational health standards for staff boarding.

## Outlook

Despite global economic challenges, there is a sense of optimism and confidence across the oil and gas industry. International demand for oil and natural gas means that commodity values remain high, despite political tensions in a number of regions, more demanding exploration and production environments and the resultant impact of rising costs on operators. Regardless of these factors, the industry is vibrant. The Caspian, MENA, West Africa and Brazil are regions that show great promise and longevity. Renaissance businesses are positioned well.

As an Omani public company we are proud to pay tribute and thanks to His Majesty Sultan Qaboos bin Said. The stability and growth of Oman's economy and the pace of its social and economic development, provide a bedrock foundation for our company to thrive and prosper as an international enterprise.