

Chairman's Report



النهضة للخدمات ش.م.ع.
Renaissance Services SAOG

www.renaissance-oman.com

On behalf of the Board of Directors, I present the unaudited accounts for Renaissance Services SAOG for the nine-month period ended 30 September 2013.

The company has achieved important progress in the third quarter (Q3) of 2013. The highlight event is the successful conclusion of a USD 350 million (Rial 134.6 million) bond by Topaz. In the meantime the Topaz Offshore Support Vessel (OSV) fleet continues to deliver strong operational performance. We are reporting a capital gain of Rial 3.9 million from the divestment of the Topaz Oil & Gas Division (TOGD) engineering business.

Financial performance

	Rial Million		USD Million	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Continuing Operations				
Revenue	208.7	189.2	542.1	491.4
EBITDA	56.4	53.2	146.5	138.2
Operating Profit	35.1	33.0	91.2	85.7
Net Profit after tax from continuing operations	12.5	12.4	32.5	32.2
Discontinued operations				
Profit/loss from discontinued operations	4.7	(4.3)	12.2	(11.2)
Net profit	17.2	8.1	44.7	21.0

Notes:
1. Discontinued operations are Oil & Gas Engineering Operations of the company. This business unit has been divested; Q3 2013 profit from discontinued operation includes gain of Rial 3.9 million on divestment.
2. Q3 2013 EBITDA and Operating profit from continuing operations are after one-off receivables provision of Rial 4.3 million.

Topaz USD 350 million Bond

Topaz Marine has successfully priced its inaugural bond offering of USD 350 million Senior Notes due in 2018. The funds raised will be used to refinance certain existing bank debt, fund capital expenditure and increase cash on the balance sheet. In this process Topaz was successfully rated by S&P and Moodys. This endorses the financial disciplines demanded by international best practice.

We have been encouraged by international markets appreciation of the Topaz business model, its management team, and key credit strengths such as stable and healthy operating margins, a USD 1 billion contract backlog and an excellent operational and safety track-record with blue chip international oil & gas clients.

We are delighted with the level of investor interest in the United States, United Kingdom and the Middle East.

Topaz Marine

Marine Group	Rial Million		USD Million	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Revenue	110.0	86.0	285.7	223.4
Operating profit	30.8	24.7	80.0	64.2

Note: 2013 Operating profit includes net gain of Rial 570K from sale of vessels, and receivables provision of Rial 1.2 million.



Caspian Supplier, a new DP2 Platform Supply Vessel (PSV) joining the Topaz fleet, in Azerbaijan in the Caspian Sea

Topaz continued to show strong performance, driven by cost control and overall better vessel utilization in all regions. In addition to positive operating performance the company is winning important new contracts to drive growth in the years ahead.

Topaz has recently announced the win of two contracts, worth approximately USD 100 million, with BP in Azerbaijan's largest oil and gas fields. Topaz has acquired two European built Platform Supply Vessels (PSVs) to serve the contracts which stretch over five years, including options. The boats will be deployed in Q4 2013 and Q2 2014 in support of BP's operations in the ACG and Shah Deniz II fields offshore Azerbaijan performing platform supply duties.

Topaz has placed orders for new vessel investments of USD 165 million during 2013. (5 KCM vessels for USD 100 million, and 2 PSV's for USD 65 million).

Contract Services

Contract Services Group	Rial Million		USD Million	
	Q3 2013	Q3 2012	Q3 2013	Q3 2012
Revenue	72.0	77.0	187.0	200.0
Operating profit	7.2	12.2	18.7	31.7

Note: 2012 includes an amount of Rial 1.8 million representing the fair value of certain assets received from a customer of Al Wasita Emirates in 2011 in settlement of amounts due from that customer. Q3 2013 Operating profit is after receivables provision of Rial 3.1 million.



Design for 16,000 bed Permanent Accommodation for Contractors (PAC) at Duqm

The Contract Services performance is below last year, but as I explained in my last statement, this should not obscure the fact that continuing operations are growing profitably.

The two main impacts on CSG performance are one-off exceptional provisioning for receivables and temporary absorption of higher employment costs in Oman.

The need to make substantial provisions against long-outstanding receivables arises from a client at the PAC operations in Oman's oilfields, and two clients from West Africa operations. Every effort is being made to recover these dues.

The company has absorbed additional costs arising from the national objectives initiatives. There is a net impact of Rial 0.5 million over the final 6 months of 2013. Similar shall apply in 2014 with an anticipated impact of Rial 0.4 million from the revised PASI contributions. These impacts will be absorbed in the re-tendering cycle.

This year's results are without the divested UAE operations and follow a reduction in scale of short-term operations in Afghanistan, which have just drawn to a close. The success of our overseas operations in difficult conflict zones have made an important contribution; and we are especially pleased that we have completed these assignments over ten years, with a paramount priority to the safety of our people, without any loss of life.

The CSG 2013 performance, seen in context of the company's ability to absorb the convergence of all these impacts, serve to illustrate the resilience of the CSG business model; and the strong underlying performance of continuing operations.

We continue to pursue the Duqm PAC project with tenders floated for construction, piling and earthworks. We shall be offering the opportunity to potential co-investors from amongst Omani Pension Funds and Local Community investors from the Duqm area and Al Wusta region. In the meantime the SEZAD board has confirmed the terms of exclusivity and occupancy support against the performance of our contract.

Other businesses

In the last quarter we announced the divestment of the Oil & Gas Engineering, Fabrication and Maintenance Division (TOGD), which was acquired by Interserve plc of UK for a consideration of

USD 46 million (Rial 17.7 million). In Q3 we have recognized the divestment gain of Rial 3.9 million, but as earlier disclosed, we have increased one-off receivables provisions by Rial 2.6 million in continuing businesses to a total of Rial 4.3 million compared with a nominal amount in Q3 2012.

Topaz Marine Engineering Division (TMED) has posted a net loss of Rial 2.1 million during the year. These losses are expected to reduce as a large boat-building contract progresses and the Marine Repair business improves. The company has appointed a new Managing Director for TMED: Mr. Geoff Taylor, formerly CEO of Dubai Drydocks World LLC. This appointment underlines our confidence in the recovery plan and potential of the Marine Engineering businesses.

Positive momentum

The strong performance of Topaz and the positive underlying performance of CSG continuing operations are driving us forward with positive momentum. That momentum is further enhanced by the outstanding achievement of the Topaz bond, which has seen our flagship business tested in sophisticated markets. The response and outcome is a ringing endorsement of the value and potential of our business, and the quality of our people and our assets. We have some challenges in completing the turnaround of the Marine Engineering business and recovery of the outstanding receivables issues in both Topaz and CSG. We said 2013 would be a year of consolidation and we are delivering on that commitment.



Topaz Amani, one of the 5 new Platform Supply Vessels (PSV) joining the Topaz fleet in late 2013 and early 2014

This Report goes out shortly before the celebration of Oman's National Day on 18 November. 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 foundation for our company to thrive and prosper as an international enterprise.

Samir J. Fancy
Chairman

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2013

	2013 Rial '000	2012 Rial '000
Non-current assets		
Property, plant and equipment	455,258	474,814
Intangible assets	33,513	34,247
Other non-current assets	6,971	3,059
	495,742	512,120
Current assets		
Assets of disposal group classified as held-for-sale	1,588	-
	147,527	161,260
Current liabilities		
	107,250	140,575
	107,250	140,575
Non-current liabilities		
Term loans and leases, excluding current maturities	271,772	288,608
Mandatory convertible bonds	38,874	28,427
Non-current payables and advances	12,854	14,491
	323,500	331,526
Net assets		
	212,519	201,279
Equity		
Share capital	28,209	28,209
Treasury shares	(1,704)	(1,704)
Share premium	19,496	19,496
Legal reserve	10,530	10,524
Subordinated loan reserve	11,429	5,714
Retained earnings	110,914	110,621
Other reserves	(243)	(1,707)
	178,631	171,153
Non-controlling interest		
	33,888	30,126
Total equity	212,519	201,279

UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

	2013 Rial '000	2012 Rial '000
Continuing Operations		
Revenue	208,723	189,209
Operating expenses	(148,413)	(136,952)
Administrative expenses*	(25,219)	(19,283)
Profit from operations	35,091	32,974
Net finance costs	(16,362)	(14,947)
Amortisation	(23)	(14)
Gain on divestment of treasury MCBs	731	-
Gain on divestment of a subsidiary	-	22
Share of loss from an associate	-	(10)
Profit before income tax	19,437	18,025
Income tax	(6,896)	(5,591)
Profit for the period from continuing operations	12,541	12,434
Profit/(loss) for the period from discontinued operations**	4,688	(4,328)
Profit for the period	17,229	8,106
Net profit attributable to:		
Shareholders of the Parent Company	12,383	4,628
Non-controlling interest	4,846	3,478
	17,229	8,106

* 2013 Administrative expenses include one-off receivables provision of Rial 4.3 million.

** Profit from discontinued operations for the period ended 30 September 2013 include the gain of Rial 3.9 million from the divestment of Topaz Oil and Gas division (part of the Engineering segment).

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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