Chairman's Report

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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 six-month period ending 30 June 2013.

In the first half of 2013 (H1) the company has made positive progress. Second quarter (Q2) growth is up 29% on the first quarter (Q1) of the year. Highlights from this period include: Strong operational performance in the group's flagship Marine subsidiary Topaz Energy & Marine Ltd. (Topaz); the divestment of the non-core Oil & Gas Engineering Division (Topaz Oil & Gas Ltd. – TOGL); and completion of the group's re-financing initiatives.

Financial performance

	Rial Million		USD Million	
	H1 2013	H1 2012	**H1 2013**	H1 2012
Continuing Operations				
Revenue	**140.4**	125.0	**364.7**	324.7
EBITDA	**39.8**	36.2	**103.4**	94.0
Operating Profit	**25.3**	22.8	**65.7**	59.2
Net Profit after tax from continuing operations	**10.7**	8.7	**27.8**	22.6
Discontinued Operations				
Profit/loss from discontinued operations	**0.3**	(1.8)	**0.8**	(4.7)
Net profit	**11.0**	6.9	**28.6**	17.9

Note: Discontinued operations are Oil & Gas Engineering Operations of the Company. This business unit has been divested; and results of divestment shall be recognised in Q3 2013.

Topaz Marine

Marine Group	Rial Million		USD Million	
	H1 2013	H1 2012	**H1 2013**	H1 2012
Revenue	**72.0**	54.9	**187.0**	142.6
Operating profit	**20.3**	15.4	**52.7**	40.0

Note: 2013 operating profit includes gain of Rial 1.1 million from sale of a vessel.

Topaz has achieved an excellent safety record, with zero Lost Time Injury (LTI) in the first six months of the year. This compares favourably with 3 LTIs over the past twelve months.

The company is at an advanced stage of considering different forms of growth funding. This will secure Topaz's financial independence and former reliance on parent company funding. The company has reviewed proposals from various Investment Banks and other financial sources and expects to develop and progress an initiative in the second half of the year.

Newly-built *Topaz Triumph* has joined the fleet in Azerbaijan and commenced operations for Total in the Absheron gas field on 15 June 2013.

The company anticipates new investments of USD 160M during 2013. USD 100M is assigned for up to five Platform Supply Vessels (PSV) – four of which we have already announced as placed orders in the last quarter. Topaz has participated in a tender for this class of PSV for Saudi Aramco and the result is expected during August 2013. There is strong demand for these vessels in other markets, but first priority shall be given to our client in Saudi Arabia in the event our bid is successful.

The company is also close to finalizing two new contracts for BP in Azerbaijan for two PSVs. If successful, we anticipate investments of USD 60M for these vessels.

Slow payments are an unusual occurrence in the Topaz Marine business, where the nature of a blue-chip client base and industry standards ensure payments are timely and in accordance with contracts. We have a rare case of delayed payment from three clients in our West Africa operations, amounting to < USD 10M. Although payments are being received, we are making some conservative provisions while remaining optimistic of resolving this issue.

The outlook for Topaz in the second half of 2013 (H2) is positive. Building on the strong performance and growth seen in H1.

Contract Services

Contract Services Group	Rial Million		USD Million	
	H1 2013	H1 2012	**H1 2013**	H1 2012
Revenue	49.8	52.3	129.4	135.8
Operating profit	6.6	9.1	17.1	23.6

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.

Contract Services Group (CSG) has recorded three Lost Time Injury (LTI) incidents in the first six months of the year. This compares negatively with one LTI over the same period last year. CSG has an outstanding safety performance record, so is mindful of the negative trend and is focused on preventing recurrence of similar incidents. The safety and well-being of the whole Renaissance stakeholder family is precious to us and remains our first priority.

In the previous quarter, we reported that the company has won a land utilization contract with the Special Economic Zone Authority for Duqm (SEZAD). This initiative is progressing well and CSG is close to finalizing the design plans and business case for the development of Permanent Accommodation for Contractors (PAC) facilities for some 16,000 people in Duqm. The investment shall be in the region of Rial 70M (USD 182M) and we are considering offering strategic investors the chance to share in this opportunity. We shall give priority to Omani Pension Funds and Local Community consortia and investors from the Duqm area and Al-Wusta Region. We have engaged Bank Muscat as advisors to develop the investment proposition for potential partners.

Two similar permanent accommodation projects are under consideration and we shall report progress in due course. These are not as large as the Duqm Project, but are nonetheless significant to the positive long-term growth prospects for CSG.

The company has recently lost two long-term contracts in Oman to international competitors. These contracts had been successfully retained through competitive tendering for 25 and 18 years respectively. We are pleased that CSG competes strongly with international competitors at home and abroad. At home we shall continue to press our In-Country Value (ICV) credentials, especially where long-term contracts are lost at tiny margins. Both contracts had been operated at narrow margins, so the commercial impact is slight.

There is a concern over a payment default by a contractor who had been staying at the oilfield PACs in Oman. When this customer had started to default on payment we had taken steps to eject them from the PACs before the debt grew too large. Our client requested us to persevere with the customer as, without accommodation, their absence from the oilfields would, at that time, cause serious potential damage to the oilfield operations and, by extension, the national economy. Since then the customer has left the contract owing CSG Rial 1.9M (USD 4.9M). With the support of our client, we are taking all necessary steps to recover our dues from this customer. We remain confident that our case shall prevail. However, we are making prudent provisions against this debt, which is muting performance in this year.

The contract services performance is below last year, but this should not obscure the fact that continuing operations are growing profitably. This year's results are without the divested UAE operations and follow a reduction in scale of short-term operations in Afghanistan, which are due to come to an end in September. Angola operations have also reduced in volume. Oman and Norway operations continue to grow. CSG is dealing with some transitional issues, including the exceptional debt issue and the need to absorb increased employment costs coming into effect in the Oman market from July. The impact of these matters is expected only in 2013 as CSGs underlying growth engine remains as strong as ever.

Other businesses

The marine engineering businesses made an operating loss of Rial 0.9M (USD 2.34M) for the half year, compared with losses of Rial 1.4M (USD 3.64M) in the same period last year. We continue to pursue a potential merger that would bring scale and profitability to this business.

National Training Institute LLC (NTI) and United Media Services LLC (UMS) remain profitable, growing businesses, with debt-free balance sheets and strong cash-flows. NTI is on course to deliver a profit > Rial 1M (USD 2.6M) this year.

Divestment programme

Renaissance has divested its Oil & Gas Engineering, Fabrication and Maintenance Division (TOGL) for USD 46M (Rial 17.7M). The transaction shall be recognized in the third quarter (Q3) financial results. This divestment is consistent with our stated strategy to focus on two primary core businesses in Marine OSV fleet (Topaz) and Contract Services (CSG), while continuing to nurture and develop all group businesses. The Oil & Gas Engineering business (TOGL) has been acquired by Interserve Plc, a FTSE 250 Company listed on the London Stock Exchange. We believe this new ownership is good for TOGL, its employees and its customers. We also believe a blue-chip buyer for this business underlines the value created in this business under our stewardship and we are grateful to the work done by the management and employees of that enterprise and we wish them and the new owners every success for the future.

Refinancing

Renaissance has recently completed the second and final phase of a refinancing programme for Rial 200.5M (USD 521.3M). The majority of these funds are on a tenure > 10 years. This refinancing improves the group's loan amortization profile, enhances liquidity and reduces interest cost.

'Home Market' In-Country Value

The H1 performance is positive. Topaz is performing well and its prospects are bright. Contract Services is feeling the effects of some transitional issues, but growth is strong in its continuing operations; and its new initiatives, such as Duqm, offer stronger growth ahead. Our other businesses are making positive progress: strong performance in Training and Media; and turnaround initiatives in Marine Engineering.

Topaz has created what we call significant 'home markets' in Azerbaijan, Saudi Arabia, Qatar and UAE. In each of those markets – and others under development – we are applying our unique In-Country Value ethos: delivering international standards with meaningful local content. Contract Services is achieving the same in markets such as Norway and our parent company home base of Oman.

This Report goes out shortly after we have celebrated the 43rd Anniversary of Oman's Renaissance. 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 JUNE 2013

	2013	2012
	Rial '000	Rial '000
Non-current assets		
Property, plant and equipment	**449,442**	464,031
Intangible assets	**33,522**	34,165
Other non-current assets	**7,521**	3,059
	490,485	501,255
Current assets	**145,099**	157,214
Assets of disposal group classified as held-for-sale	**25,738**	-
	170,837	157,214
Current liabilities	**111,442**	139,993
Liabilities of disposal group classified as held-for-sale	**13,453**	-
	124,895	139,993
Non-current liabilities		
Term loans and leases, excluding current maturities	**279,097**	303,304
Mandatory convertible bonds	**38,874**	-
Non current payables and advances	**12,238**	15,052
	330,209	318,356
Net assets	**206,218**	200,120
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	**107,522**	110,643
Other reserves	**(372)**	(1,638)
	175,110	171,244
Non-controlling interest	**31,108**	28,876
Total equity	**206,218**	200,120

UNAUDITED CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2013

	2013	2012
	Rial '000	Rial '000
Continuing Operations		
Revenue	**140,376**	125,033
Operating expenses	**(100,152)**	(89,982)
Administrative expenses	**(14,915)**	(12,276)
Profit from operations	**25,309**	22,775
Net finance costs	**(10,702)**	(9,903)
Amortisation	**(14)**	(10)
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	**15,324**	12,874
Income tax	**(4,585)**	(4,101)
Profit for the period from continuing operations	**10,739**	8,773
Profit/loss for the period from discontinued operations	**320**	(1,830)
Profit for the period	**11,059**	6,943
Net profit attributable to:-		
Shareholders of the Parent Company	**8,691**	4,650
Non-controlling interest	**2,368**	2,293
	11,059	6,943

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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