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 three-month period ending 31 March 2009.

In the first quarter of the year (Q1), the company has presented the Annual Report for 2008 at the Annual General Meeting of shareholders, and has declared a cash dividend of 10% and stock dividend of 15%. The progress and performance of the company in this period has proved and strengthened our belief in the resilience of the Renaissance business model in the most difficult global economic climate; but at the same time, has not diminished our concern and vigilance for the challenges that lie ahead as the global recession endures.

In 2008 the net profit for Q1 of RO 8.6 million (US$ 22.4 million) included a capital gain of RO 4.8 million (US$ 12.4 million) on the sale of the technology businesses. The net profit from operations in this period was therefore RO 3.8 million (US$ 9.9 million). In 2009 the net profit of RO 4.8 million (US$ 12.4 million) is purely from ongoing operations, which shows an improvement of 26% over the equivalent net profit without capital gain achieved last year. Revenues are up 16.2%. After discounting the impact of the exceptional capital gain in 2008, 2009 EBITDA has increased by 36% and Operating Profit by 39%. These improvements reflect the growth arising from the investments made in the businesses and new contracts mobilised in 2008 and the effect of prudent cost control and effective risk management throughout the group's businesses in response to the global recession.

	Q1 (Jan-Mar) 2009		Q1 (Jan-Mar) 2008	
	RO. Million	US$ Million	RO. Million	US$ Million
Revenue	**58.0**	**150.8**	49.9	129.7
EBITDA	**13.8**	**35.9**	16.1*	41.8
Operating Profit	**8.9**	**23.0**	6.4	16.6
Net Profit	**4.8**	**12.4**	8.6*	22.4

*includes capital gain on divestment

The Balance Sheet continues to reflect the company's strength to prevail and prosper at a time of general tight liquidity in most markets. The company has sufficient cash and bank balance and the strong cash flows from operations are more than sufficient to meet all commitments. The increasing shareholders' funds include retained earnings and reserves of more than RO 80 million (US$ 208 million), which provides a comfortable equity base for the planned investment programme. During Q1 the company has invested more than RO 28 million (US$ 73 million) in the building programmes for the Offshore Support Vessel (OSV) fleet and the establishment of additional permanent accommodation (PAC) and lifestyle facilities in Oman's oilfields. Total assets on the Balance Sheet are over RO 400 million (US$ 1 billion) and this figure shall continue to grow under the planned investment programme. The higher finance costs in this quarter are almost solely attributable to the material increase in the acquisition of assets which occurred post Q1 of 2008.

Resilience to impact of Financial Crisis

Renaissance is still able to assure its stakeholders that the direct impact of the global financial crisis on our business is manageable and insufficient to halt our growth path. In a capital intensive business, the availability of credit is less and the cost of credit is more, yet we have managed to secure all our financing needs at acceptable costs since the credit crunch started. Financial institutions have shown confidence and willingness to lend to businesses such as ours. The only downturn in business activity we have witnessed is in the Engineering businesses, where we continue to see a shortening in visibility of the order book. Overall, despite the financial crisis, the fundamentals of our business have not changed and we are still well set on a sustainable growth path. Management has carried out stress tests on all predictable impacts that might affect the business and their findings demonstrate no cause for concern in any worst case scenario. The company continues to place high emphasis on managing counter-party risk.

Resilience to fluctuation in oil price

We are also able to confirm and maintain our assertion that volatility in oil price and decline in exploration activity has not affected our progress. The vast majority of the Marine business and Contract Services business is in the development or operational phases of the oil Capex cycle. We do little in the exploration phase. Added to that our major markets are in the Middle East and the Caspian and we have seen no downturn in expenditure or cancellation of projects in the oil & gas sectors of those markets. We see caution, prudence and good housekeeping, but we don't see reduction in scale of activity. Our marine logistics offshore and our facilities management and optimum care of workforces onshore actually provide cost-effective solutions in the effort to achieve efficient unit cost of production for our clients.

Expanding OSV fleet

We continue to expand our Offshore Support Vessel (OSV) fleet, but on a prudent safety-first basis. We are currently building vessels for certain long-term contracts already in hand; and we are building vessels for selected markets where there is a significant shortfall of vessels for pent up increasing demand, such as Saudi Arabia; where our new JV has progressed with the formation of Topaz Marine Saudi Arabia. We have started the pre-qualification process with all the major clients. We have placed an order for 4 new vessels. These are dual bow thruster AHTS (Anchor handling) vessels that meet Saudi Aramco specifications, and they will be ready in 2010. This involves an investment of US$ 62 million.

Good balance in long-term and short-term contracts

Long-term contracts form the majority of our sustainable income. The short-term marine contracts are predominantly in the Middle East, where day rates are holding up; especially for the type, quality and younger age-profile of our vessels. And since our expansion into Qatar last year, the geographical spread of our operations is ensuring our fleet is optimally deployed at sustainable rates.

Sustainable growth path

The growth path is already set for 2009: One new vessel, the Caspian Server, is already built for BP Azerbaijan and is in transit through the Volga/Don canal system. The balance of the 8 barges will be fully deployed this year for AGIP KCO in Kazakhstan. We will have a full operational year for Doha Marine Services (DMS) in Qatar and a full year for all the new vessels that arrived last year both in the Caspian and the Gulf. Likewise for 2010: We have 2 new vessels being built for the Caspian and 4 new vessels for Saudi Arabia; and 2 new Permanent Accommodation for Contractors (PAC) projects for PDO in our home market of Oman. We are already tendering and competing strongly for long-term contracts that will come on stream in 2011 and beyond. The global energy supply/demand ratio is not weakening and the principal markets where we lead hold more than 50% of the world's hydrocarbon reserves and have the greatest capacity for expansion of offshore fields. We remain confident that our business will continue to grow.

Highlights from a busy first quarter

The three largest businesses within the group are Marine, Engineering and Contract Services. In our Annual Statement we announced the proposed restructure of the Marine and Engineering Group businesses into Topaz Marine and Topaz Engineering. This has been formally rolled out in Q1 with exciting new branding across the entire Topaz franchise. The new structure provides clarity, synergy, uniformity and strong business platforms for growth.

Within Topaz Marine, DMS signed a US$ 42 million 2 year contract with extension options with TOTAL E&P for two of its vessels - Topaz Jumeirah and DMS 2000 - to support the drilling programmes of TOTAL in the Al Khalij field offshore in Qatar. In Topaz Engineering Nico Craft signed off on the delivery of two crew boats – the 17.2 metre DNV Express 18 and 23.1 metre DNV Express 19 for Miclyn Express Offshore in Singapore. Amongst a variety of successful financing and refinancing initiatives, Topaz has successfully raised or drawn down on new vessel loans amounting to US$ 51 million from local and international banks including DVB Bank of Germany, Standard Chartered Bank and Noor Islamic Bank, Dubai. This includes the financing of the US$ 39 million Caspian Server Platform Supply Vessel (PSV) being deployed on a 10 year contract with BP Azerbaijan.

Restructuring and rebranding at Topaz Energy and Marine

In the Contract Services Group, while business activity included significant progress on the construction projects for the new PAC facilities for PDO; the Oman based subsidiary, Tawoos Industrial Services Company LLC (TISCO), took time out to celebrate and reward its longest serving employees for 20 years of dedicated service and contribution to growth that began with 80 employees and has presently reached over 5,000 people in Contract Services and over 10,000 people group-wide. This milestone is a particularly pleasing reflection of the loyalty and sustainability of the wonderful people who work throughout the Renaissance group. Of the original 80 TISCO employees who started with the company 20 years ago, 53 still remain in employment to receive their long-service rewards.

In the Corporate Social Responsibility programme, Renaissance donated Young Achievers scholarship awards to three Omanis, and the Omani Business Leader award as part of the Oman BizPro awards organized by Training subsidiary National Training Institute LLC.

Overall Outlook

These are just examples of a busy first quarter in a business that continues to thrive in a turbulent global economic environment. It is clear that growth is being driven within existing operations as the fruit of business, investment and competitive decisions taken in 2008 and preceding years. This does not, of course, preclude consideration of further growth arising from merger and acquisition (M&A) activity. There is nothing specific to report on M&A activity at present. Our priority interest going forward is still focused in expanding the geographic footprint of the OSV fleet when opportunity allows, but that doesn't rule out expansion for the other businesses either. We are keeping alert to potential motivated sales of businesses or assets during these tough times. Again, any specific initiative will be subject to a safety-first prudent approach – we will not do anything that puts pressure on our key liquidity ratios that

DNV Express 19 signs off on delivery to Miclyn Express Offshore

Progress at Bahja PAC

Oman's interior Marmul PAC for PDO

Caspian Server in test runs in Norway

underline the strength of our balance sheet. However, I repeat my assertion from our annual statement, that we shall not waste this crisis.

A positive Q1 serves to underline our cautious but confident belief in Renaissance's resilience to severe global economic downturn. We are able to reassure all stakeholders that our positive outlook remains unchanged and reaffirm our promise to immediately inform you of any major positive confirmed developments or negative setback to that view. We continue to grow based on sustainable momentum that is already in place and we remain as busy as ever in seeking further opportunity to grow both the business and enduring shareholder value.

Unaudited Financial Results

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2009

	2009 RO '000	2008 RO '000
Non-current assets		
Property, plant and equipment	**253,952**	156,194
Intangible assets	**34,036**	31,082
Long-term investments	**2,423**	2,828
Deferred tax asset	**1,247**	1,666
	291,658	191,770
Current assets	**108,677**	97,744
Current liabilities	**102,893**	90,271
Non-current liabilities		
Term loans and leases, excluding current maturities	**135,955**	76,020
Non-current payables and advances	**17,293**	6,207
	153,248	82,227
Net assets	**144,194**	117,016
Capital and reserves		
Share capital	**28,209**	24,530
Treasury shares	**(1,704)**	(1,704)
Share premium	**20,723**	25,146
Reserves	**9,087**	7,974
Retained earnings	**70,492**	53,486
Exchange gains on investments in foreign subsidiaries	**229**	337
	127,036	109,769
Minority interests	**17,158**	7,247
Total equity	**144,194**	117,016

CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2009

	2009 RO '000	2008 RO '000
Revenue	**58,071**	49,922
Operating expenses	**(42,254)**	(38,862)
Administrative expenses	**(6,939)**	(4,675)
Profit from operations	**8,878**	6,385
Net finance costs	**(2,709)**	(1,395)
Amortisation	**(22)**	(20)
Profits on sale of a subsidiary	**-**	6,029
Share of profit of associate companies	**-**	77
Profit before income tax	**6,147**	11,076
Income tax	**(1,360)**	(2,438)
Net profit	**4,787**	8,638
Net profit attributable to :-		
Shareholders of the Parent Company	**4,018**	8,255
Minority interests	**769**	383
	4,787	8,638

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**

RENAISSANCE SERVICES SAOG P.O. Box 1676, PC 114, Muttrah, Sultanate of Oman. Website: **www.renaissance-oman.com**

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