



Chairman's Report

On behalf of the Board of Directors, it gives me great pleasure to present to you the interim accounts for Renaissance Services SAOG for the six-month period ending 30 June 2010.

The company has delivered a resilient growth performance in the last 18 months of tough market conditions in a depressed global economy. Our growth has been tempered but never halted. In my annual statement to shareholders at the start of this year, we anticipated continued recessionary pressures through the first half of the year and improved market conditions in the second half of the year. This is proving to be the case. In this context, the half year performance exceeds expectations and provides a very solid base for ever-strengthening performance in the half year ahead.

Financial Performance

	Rial Million		US\$ Million	
	H1 2010	H1 2009	H1 2010	H1 2009
Revenue	117.8	116.6	306.0	302.9
EBITDA	29.7	27.3	77.1	70.9
Operating Profit	18.5	17.4	48.1	45.2
Net Profit	11.7	11.4	30.4	29.6

This company is built on a bedrock of proven success: a credible growth story; strong, differentiated and defensible existing market positions; sound industry fundamentals; an experienced management team; and a flexible, resilient financial business model.

Marine

Topaz Marine has seen continued pressure on rates and utilization in the MENA spot market, but this has been counter-balanced by strong performance in the long-term contracts of the Caspian region. The 61 meter emergency recovery and response vessel (ERRV), *Caspian Protector* has joined the fleet in Azerbaijan. The *Caspian Protector* joins the platform supply vessel (PSV) *Caspian Server*, which began its operations in 2009. Both vessels are part of a 10-year, US\$ 225 million (Rial 86.5 million) contract with oil major BP. The anchor handling tug supply vessel (AHTS) *Caspian Power*, due for delivery later this year, will complete the trio of vessels on this particular contract, ensuring further growth in the second half of the year.

Marine Group	Rial Million		US\$ Million	
	H1 2010	H1 2009	H1 2010	H1 2009
Revenue	40.8	39.9	106.0	103.7
Operating profit	13.6	11.1	35.3	28.9

Engineering

Topaz Engineering has been worst affected by recession led cutbacks in E&P expenditure. We had expected conditions to improve for the Engineering businesses earlier in the year, but that hope proved to be premature. However, a very positive turnaround in the formerly loss-making boatbuilding business and a significant pick-up in tendering activity with increased E&P spending both give a far more optimistic outlook for the second half of the year.

Engineering Group	Rial Million		US\$ Million	
	H1 2010	H1 2009	H1 2010	H1 2009
Revenue	35.7	39.7	92.7	103.1
Operating profit	1.1	2.9	2.9	7.5

Contract Services

The two new Permanent Accommodation for Contractors (PAC) facilities at Marmul and Bahja, in Oman's oilfields, are now built, on time and in cost. Both have been commissioned and have completed the soft openings. Staged occupancy build-up is expected to be completed in the final quarter of the year. At that point, these new units will start to make a significant contribution to earnings to supplement a strong half-year performance by the Renaissance Contract Services Group.

Contract Services Group	Rial Million		US\$ Million	
	H1 2010	H1 2009	H1 2010	H1 2009
Revenue	36.9	32.0	95.8	83.1
Operating profit	5.1	4.3	13.2	11.2

Stakeholder questions of interest

We continue to draw great confidence from the enduring interest and support of all our stakeholders. There are three current issues that stakeholders most frequently ask us to comment upon and I should like to take the opportunity to address these in this interim statement. The questions are: What is the prognosis for the Offshore Support Vessel (OSV) industry in the aftermath of global recession? What are the consequences of the Deepwater Horizon tragedy in the context of the company's relationship with BP? What is the progress on the company's declared plans to invest US\$1.3 billion in new assets over the three year period 2010-2012; and what is the status of any initiative to raise capital for that investment programme?

Future of OSV

There is a universal view shared among various industry experts and analysts* that spot market OSV rates and vessel utilization shall remain under pressure in 2010, easing in the second half of the year. This will be followed by a significant firming of the market in 2011, with 2012 forecasts back to 2008 highs. Independent analysis shows that the number of new-build vessels coming on stream during this period is slightly less than the number of old tonnage vessels that shall have to be retired. Some 40% of the global OSV fleet is over 25 years old. The 2,249 vessels in the current global OSV fleet is expected to emerge from this period at a net fleet of 2,229 (Source: Pareto Securities Research). With an average vessel age of 7.2 years, and falling, the Topaz Marine fleet is the 4th youngest OSV fleet in the world. 66% of the Topaz Marine fleet is deployed on long-term stable contracts. The 33% deployed in spot markets and subject to pressure on rates and utilization is in the MENA region, where activity in the Arabian Gulf offshore fields has remained stable and active. As onshore oil depletes the future exploration and development of new fields is moving increasingly offshore. Based on all these factors, the prognosis for the OSV industry and the Topaz Marine fleet is extremely positive.

*Sources: Jefferies & Company Energy Report; Credit Suisse OSV 2010 Energy Outlook; Pareto Securities; ODS-Petrodata; DVB Bank Research

Aligned with the best in Oil & Gas: Safe; Efficient; Green; Local
Safe: No harm to people
Efficient: Cost-effective quality services
Green: No harm to the environment
Local: Serious about local content



Topaz Engineering completes berth construction



Topaz Marine OSV fleet is 4th youngest in the world



Contract Services Group opens PACs at Marmul and Bahja

H1 2010 Highlights

News

- Renaissance discloses 10% plus growth in net profit of Q1
- Oil & Gas Middle East* lists Topaz among Top 25 EPC firms working in the Middle East's upstream energy business
- Topaz Engineering wins US\$ 45M EPC contract with Gulf Petrochem
- Topaz Engineering completes berth construction for client Vopak Horizon Fujairah Ltd.

People

- Contract Services Group rewards longest serving employees for 20 years of dedication and service excellence
- 70 staff volunteers including management and supervisors participate in collecting 560kg of litter to mark World Environment Day

Social Responsibility

- Renaissance presents Rial 85K (US\$ 221K) to the Association of Early Intervention for Children with Disabilities, fulfilling its pledge of Rial 250K (US\$ 650K) over three years
- Oman Sail's *Renaissance* crew excels at prestigious Tour de France a la Voile
- Topaz Marine Turkmenistan donates wheelchairs to children with special needs
- Renaissance supports local charity event to raise awareness on autism

The Deepwater Horizon tragedy has demonstrated that the era of easy oil is past. Oil companies will have to continue pushing the limits of technology to extract oil from increasingly difficult fields – many of which are below the ocean floor. All those involved in the process will have to re-double efforts on safety. The industry itself wants to apply best safety practice and beyond that, authorities and shareholders will demand it.

The need for safe and efficient marine logistics from an experienced operator with a modern fleet has never been so important.

BP

Our first thoughts on the Deepwater Horizon tragedy are with the victims and their families. As a premier oil & gas services company, we are fellow travelers in a high-risk but vital industry; so we feel the sense of loss keenly. We also feel great empathy for all those affected by the consequent environmental disaster. We share the universal sense of relief at the capping of the well and we wish every success and continued progress to BP and all those involved in the recovery and clean-up process.

Renaissance companies boast a broad range of blue chip clients that reads like a 'Who's-Who' of the global oil & gas industry. BP is one of those respected and valued clients. Renaissance's business portfolio is spread over many clients and geographies, so the company does not have over-reliance on any single customer. BP is the principal oil and gas producer in Azerbaijan and is therefore the major client of our Topaz Marine Azeri subsidiary, BUE Caspian.

Our relationship with BP is excellent. In our Azerbaijan operations, BP's focus on safety is exemplary. The strength of our relationship is founded primarily on safe and efficient marine operations, where our safety ethos is aligned with BP and world-class best practice.

With assets worth more than US\$ 260 billion, steady progress on relief wells, the establishment of the US\$ 20 billion settlement fund, and the proposed sale of non-core assets, BP is dealing with the economic consequences of the disaster. BP's business in Azerbaijan is as robust as ever. On 6 July the State Oil Company of Azerbaijan (SOCAR) and BP signed a new agreement for the development of the Shafag and Asiman prospective structures. As BP's major provider of offshore marine logistics in that market, our company is well-placed to compete and grow further alongside the assured growth of our client. Our trust in BP and the Azerbaijan market remains strong and confident.

Investment programme and capital raise initiatives

Total capital expenditure in this year up to June 2010 is US\$ 150 million (Rial 57.7 million). Planned capital expenditure for the current year is US\$ 338 million (Rial 130 million). Planned capital expenditure over 2010-12 is US\$ 1.36 billion (Rial 522 million). Our plans are unfolding at the scale we envisaged, with even greater opportunity opening up before us.

As we have forecast in earlier statements, we are able to meet our capital expenditure requirements for 2010 within the company's strong cashflows and within headroom for leverage on our balance sheet. We maintain prudent gearing ratios within banking covenants and well within industry norms for the sectors that we serve. We have plans to raise funding from leading Omani banks of US\$ 100 million (Rial 38.46 million) during the third quarter of this year. This lays the platform to support the 2011 investment programme. In the first week of July we signed for the first tranche of US\$ 50 million in a syndicated loan arranged by Bank Dhofar,

in which both Bank Dhofar and National Bank of Oman participated. The second tranche of US\$ 50 million shall be announced shortly. We thank all the Omani and international banks that support us. They continue to be true partners in our current success and our future growth.

To address the increasing volume of opportunity and capacity of our company, we continue to take professional advice on other options for raising capital, if and when required. Such options shall be formally considered in the best interest of our shareholders and the company's growth potential and ambition.

Looking ahead

After 18 challenging months – of which the last 12 have been particularly tough – we are optimistic that market conditions shall improve across our businesses over the second half of the year; and, based on current visibility, we believe 2011 shall be even better. That said, we continue to ask stakeholders not to judge this enterprise on fluctuating performance in any given quarter. Seasonal and operational circumstances may give an unbalanced positive or negative view over short periods. We shall always transparently report any major impact, positive or negative, that may alter the inexorable rise of our sustained growth path. We do ask you to judge us on our year-on-year fiscal performance over each calendar year; and we do ask you to judge us on the underlying fundamentals of our business.

The Renaissance business model is backed by strong oil & gas industry fundamentals: There is a supportive long term oil price environment. Upstream capital spend is resilient. There is a continued shift to offshore production; and the global offshore asset base is expanding.

In the Marine business the ageing global industry fleet drives a premium for best-in-class younger vessels such as the Topaz Marine OSV fleet. In the Engineering business, ageing and rusting infrastructure and the advent of new technologies offer significant opportunity for Topaz Engineering. In the Contract Services business there is a flight to quality outsourcing of services, especially for companies like ours that offer real solutions to deliver higher standards at lower costs through economies of scale.

Each of these businesses has a focused and differentiated geographic footprint with clear expansion goals. Each has a blue chip customer base with a track record of repeat business. Each has an experienced management team with a proven delivery record. There is a compelling strategy underpinned by strong financials.

This year we are celebrating the 40th anniversary of the accession of His Majesty Sultan Qaboos bin Said. It is a time to take stock of the amazing achievements and developments of the Omani nation during this era. Renaissance Services SAOG is itself a child of Oman's modern Renaissance. In this period of unprecedented progress and success for Oman, Renaissance has grown and flourished into a truly Omani multinational services company. We send His Majesty and the people of Oman our congratulations and best wishes at this special time.



Samir J. Fancy
Chairman

Unaudited Consolidated Statement of Financial Position as at 30 June 2010

	2010 Rial '000	2009 Rial '000
Non-current assets		
Property, plant and equipment	324,525	258,943
Intangible assets	34,019	34,031
Other non-current assets	2,595	3,670
	361,139	296,644
Current assets	112,654	102,469
Current liabilities	105,467	89,995
Non-current liabilities		
Term loans and leases, excluding current maturities	175,060	135,958
Non-current payables and advances	17,345	22,319
	192,405	158,277
	175,921	150,841
Net assets		
Equity		
Share capital	28,209	28,209
Treasury shares	(1,704)	(1,704)
Share premium	19,496	20,723
Legal reserve	10,440	9,087
Retained earnings	98,139	76,536
Other reserves	(80)	286
	154,500	133,137
Non-controlling interest	21,421	17,704
Total equity	175,921	150,841

Notes:

- The complete accounts will be sent by mail to shareholders within 7 days of receipt of the request.
- The complete set of financial results can be accessed on www.renaissance-oman.com

Unaudited Consolidated Statement of Income for the six months ended 30 June 2010

	2010 Rial '000	2009 Rial '000
Revenue	117,763	116,623
Operating expenses	(85,075)	(84,707)
Administrative expenses	(14,182)	(14,490)
Profit from operations	18,506	17,426
Net finance costs	(4,427)	(4,238)
Amortisation	(4)	(27)
Profit before income tax	14,075	13,161
Income tax	(2,371)	(1,752)
Net profit	11,704	11,409
Net profit attributable to :-		
Shareholders of the Parent Company	9,788	9,936
Non controlling interest	1,916	1,473
	11,704	11,409