



Caspian Qala & Caspian Breeze naming ceremony



Jacket with Helideck, built by Adyard Abu Dhabi



CSG operations - Hospital Patients Trayline

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 nine-month period ending 30 September 2008.

This statement is issued at a time of crisis and uncertainty in world financial markets. Yet against that backdrop, the fundamentals of the Renaissance business model remain sure and sound. We are alert to the challenges of an unstable global economy ahead, likely to feature higher interest rates, lower oil price, and a stronger US\$. We are calmly confident that we have the liquidity and appropriate business mix to remain resilient and growth-oriented in a more difficult and less predictable business environment.

Our focus on delivering consistent and sustainable growth through existing operations has resulted in a strong performance for the nine-months under review:

	1 Jan to 30 Sept 2008		1 Jan to 30 Sept 2007	
	R.O. Million	US\$ Million	R.O. Million	US\$ Million
Revenue	170.4	442.6	133.7	347.2
EBITDA	46.5	120.8	29.3	76.1
Operating Profit	26.6	69.2	19.1	49.8
Net Profit	22.4	58.2	11.2	29.1
	R.O.	US\$	R.O.	US\$
EPS	0.090	0.234	0.047	0.123

The Net profit of RO 22.4 million (US\$ 58.2 million) includes a net capital gain of RO 4.8 million (US\$ 12.48 million) arising from the divestment of the group's technology businesses, as announced in the first quarter (Q1). EBITDA of RO 46.5 million (US\$ 120.8 million) also includes RO 6 million (US\$ 15.6 million) from this divestment. In comparison with the same period last year, net profit without capital gain has increased by 57%. Operating margins at 15.6% are up on last year's margins of 14.3% in spite of severe inflationary pressure on costs, in particular affecting employment and living costs across all businesses and food consumable costs in the contract services businesses. The better margins, growth in operations and capital gains resulted in higher earnings per share (EPS), which is up by 91.5% compared to the same period last year.

In the context of the ongoing turmoil in world financial markets, beyond the positive news of strong current financial performance, we want to depart from our normal quarterly review, as it is more important that we brief you on the status of our liquidity and the strength of our Balance Sheet; and discuss our assessment of the potential impact upon our business of impending global economic slowdown and its effect on our Profit & Loss.

Renaissance is able to demonstrate we have an efficient capital structure appropriate for current credit conditions.

For the avoidance of any doubt, Renaissance has absolutely no exposure to subprime or any form of toxic debt instruments and there are no extraordinary write downs or a requirement thereof, in any part of its business.

We have strong and dependable cash flows to support all our obligations. The company has carefully spread its current debt structure across a wide-range of diversified funding sources over the long term, comprising a mix of more than seven local Omani banks and more than twelve international banks. We have a similar spread of working capital facilities sufficient to meet our business requirements. Renaissance remains strictly and comfortably within the leverage ratios and covenants given to all financial institutions for all borrowings. The company has invested RO 102 million (US\$266 million) in capital projects so far this year and has secured appropriate long term funding sources to support this. Indeed, all our long term projects are financed by secure long term debt at attractive rates.

In 2009, we shall be seeking additional funds of RO 67 million (US\$175 million) to support recently-announced new long-term contracts with oil & gas producers - building, owning and operating permanent accommodation for contractors for Petroleum Development Oman (PDO) in Oman and three new vessels for BP in Azerbaijan. We

recognise the cost of debt will be higher, but we have the equity in place and flexibility to start the projects at this moment of turbulence, while taking time to discuss financing arrangements with a variety of potential lenders, who are showing keen interest to back us and these projects.

The combination of blue-chip clients, modern asset integrity, and long-term contracts, is at the heart of the stability and security of the Renaissance business model. We deploy a stringent credit policy. Beyond that, the counter party risk on the customer side in terms of contract integrity and timely payments is also very limited, with the group's top customers constituting more than 70% of the Company's turnover. The international repute and strong financial standing of our blue chip customer base is clear to see: in the private sector, Agip KCO, Bechtel, BHP Billington, BP, KBR, Maersk Contractors, Oman LNG, PDO, Port of Salalah, SBM, Serco, Saipem and Shell; and, in the public sector, the Government of the Sultanate of Oman.

Renaissance has current shareholders' funds in excess of RO 135.1 million (US\$351 million). While we don't provide earnings forecasts that may prove misleading, the company has clear visibility of more than 65% of its forecast earnings for 2009 already secured; and the forecast EBITDA for 2009 is more than double our financial repayment commitments.

The price of oil has proved notoriously difficult to predict and the current fall is c. \$70. Most analysts point to a likely level of \$50, and others don't rule out a rise or further fall. The question that arises is - given Renaissance's focus of more than 70% of its business providing services to the oil & gas industry - how low may the oil price fall without impacting the company negatively? The fact is the Renaissance business model is resilient to both high and low oil price. Renaissance's principal businesses in offshore support vessel marine logistics, facilities management and life support services are focused primarily on operations and production rather than exploration; and these service businesses have proved remarkably resilient to the traditional cycle of boom and bust in oil price. Even the engineering businesses have sustained capacity well during low oil price periods with an emphasis moving from fabrication to maintenance. The contracts we operate, and the assets we have deployed for those contracts, are based on decisions taken by the oil & gas producers for their long term requirements, and are not affected by short term fluctuations in oil price. The oilfields where we operate were planned and feasible when the oil price was at \$30 or even less. In addition, the long-term pressure on oil price of demand/supply ratio will not go away.

Meanwhile the strengthening US\$ is helpful to us. The US\$ is the currency of the oil and gas industry; and our home market of Oman and other key Middle Eastern markets in which we serve have currencies pegged to the US\$. The strengthening US\$ will help reduce the inflationary pressures on imports that have caused us considerable cost burden over the past year. Coupled with the general economic downturn, we are already witnessing some relaxation in material and asset costs in both the construction industry and shipyards around the world.

Our commitment to support the communities in which we serve continues in all our operational markets. For example, in this quarter we have announced plans to provide support of RO 250,000 (US\$ 650,000) over three years for the Association of Early Intervention for Children with Special Needs, here in Oman. This financial support is specifically targeted towards a diploma programme in special education for 45 Omani teachers for these wonderful children, and will comprise of grants of RO 80,000 (US\$ 208,000) now, RO 85,000 (US\$ 221,000) in

2009 and RO 85,000 (US\$ 221,000) in 2010. We announce this donation in compliance with disclosure requirements, but also to highlight awareness of the outstanding work of the association, to encourage others to support them in whatever way they can for the teacher training programme, and other important initiatives.

Unaudited Financial Results

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008			CONSOLIDATED INCOME STATEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008		
	2008 RO '000	2007 RO '000		2008 RO '000	2007 RO '000
Non-current assets			Revenue	170,387	133,661
Property, plant and equipment	225,612	146,492	Operating expenses	(123,217)	(96,578)
Intangible assets	33,150	34,267	Administrative expenses	(20,533)	(17,914)
Long-term investments	10,480	3,264	Profit from operations	26,637	19,169
Deferred tax asset	1,666	1,211	Net finance costs	(5,963)	(4,269)
	270,908	185,234	Amortisation	(61)	(63)
Current assets	97,066	80,847	Profit on sale of a subsidiary & associate companies	6,294	-
Current liabilities	96,452	74,356	Share of profits of associate companies	590	78
Non-current liabilities			Net investment gains	-	1
Term loans and leases, excluding current maturities	127,287	78,784	Profit before income tax	27,497	14,916
Non-current payables and advances	9,103	12,874	Income tax	(5,105)	(3,727)
	136,390	91,658	Net profit	22,392	11,189
Net assets	135,132	100,067	Net profit attributable to:		
Capital and reserves			Shareholders of the		
Share capital	24,530	22,300	Parent Company	20,956	10,977
Treasury shares	(1,704)	(1,687)	Minority interests	1,436	212
Share premium	25,146	28,052		22,392	11,189
Reserves	7,974	7,105			
Retained earnings	66,355	43,023			
Exchange gain on investments in foreign subsidiaries	315	121			
	122,616	98,914			
Minority interests	12,516	1,153			
Total equity	135,132	100,067			

Notes:

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

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Team Muscat with new 25T sub-sea crane



CSG operations - Chemical Waste Management Plant

The breadth and diversity of our business, our geographical spread, the strength of our assets, the health of our liquidity, and the quality of our people at every level of the organisation, give confidence that Renaissance is well placed to confront and absorb the challenges ahead, while remaining alert to the opportunities that will arise.

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 global economic turbulence, as an Omani company that is an international enterprise, we may best appreciate the value of good governance and prudent regulation arising from the policies and directives of the Central Bank of Oman (CBO), the Capital Market Authority (CMA) and the Muscat Securities Market (MSM).

Samir J. Fancy
Chairman