

Chairman's Report



النهضة للخدمات ش.م.ع.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 three-month period ending 31 March 2013.

The Board is committed to sustaining a strong balance sheet, positive liquidity, and ever-improving financial, operational and QHSE (Quality, Health, Safety & Environment) performance. We have made positive progress on all these fronts in the first quarter of 2013 (Q1).

Financial performance

	Q1 2013		Q1 2012	
	Rial Million	USD Million	Rial Million	USD Million
Continuing Operations				
Revenue	68.5	177.9	61.2	159.0
EBITDA	19.4	50.4	17.1	44.4
Operating Profit	11.7	30.4	10.3	26.8
Net Profit after tax from continuing operations	4.9	12.7	3.7	9.6
Discontinued Operations				
Loss from discontinued operations	(0.1)	(0.3)	(1.7)	(4.4)
Net Profit	4.8	12.4	2.0	5.2

Note: Discontinued operations are Oil & Gas Engineering Operations of the Company. This is at an advanced stage of divestment.

Topaz Marine

Marine Group	Rial Million		USD Million	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012
Revenue	34.9	24.9	90.6	64.7
Operating Profit	9.0	5.3	23.4	13.8

Note: Q1 2013 operating profit includes gain of Rial 1.1 million from sale of a vessel.



In the Caspian, eight vessels have moved from Kazakhstan to work on the Filanovsky Project in Russia. The company has opened a new office in Astrakhan to support the project. In Azerbaijan, the company is mobilising the newly-built Topaz Triumph for Total in the Absheron gas field. The vessel is expected to deploy by June 2013.

In the Middle East, the six K-Class vessels deployed last year in Saudi Arabia are performing well. The client, Saudi Aramco, has expressed appreciation for the safety, quality and compliance of the Topaz fleet operation.

Saudi Aramco is issuing tenders for additional Offshore Support Vessels (OSV). The company expects to be a serious contender for these opportunities.

The company has placed orders for 4 Platform Supply Vessels (PSVs) due to high demand for this class of vessel in a number of tendering opportunities arising this year in many of our existing and target markets.

In the Global fleet, solutions are in place for financial turnaround of the 2 vessels deployed in Brazil. The company is exploring JV initiatives in Nigeria, Angola and Australia. The Australian initiative will concentrate on the North Western Shelf where Oil and Gas E&P spend is growing.

Two major vessels were off-hire in the North Sea for January and February, but they are now back on hire and occupancy levels across the fleet are at expected high utilisation levels in Q2.



Contract Services

Contract Services Group	Rial Million		USD Million	
	Q1 2013	Q1 2012	Q1 2013	Q1 2012
Revenue	23.9	27.9	62.1	72.5
Operating Profit	3.4	5.4	8.8	14.0

Note: Q1 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.

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. Angola operations have also reduced in volume.

In Oman, the company won the catering operations for Occidental Oman (Oxy Oman) Mukhaizna Project for 3 years, caring for 1,500 people. The contract mobilises on 1 June 2013.



The company's Permanent Accommodation for Contractors (PAC) projects in Oman are performing well. There is still some occupancy shortfall in Marmul PAC, but the company is working with the client to resolve this.

The company has won a land utilisation contract with the Special Economic Zone Authority for Duqm (SEZAD) and is actively developing a full feasibility study and design package to move the project forward.

Other businesses

The company continues to explore some divestment initiatives of certain subsidiaries and will report outcomes as they arise.

The Marine Engineering businesses made an operating loss of Rials 300K for the first quarter – a significant reduction on the previous 3 quarters. The heavy loss-making EPC contract is now complete and handed over to the client.

NTI and UMS remain profitable, growing businesses, with debt-free balance sheets and strong cash-flows.

Mandatory Convertible Bonds (MCB)

On 24 March 2013, Renaissance wholly-owned subsidiary TISCO sold 101,887,000 Mandatory Convertible Bonds (MCB) to International Finance Corporation (IFC) for Rials 11.5 million (USD 30 million). The sale price per bond is 113 baizas. The bond was issued at 102 baizas.

Learning organisation

Leading military organisations around the world adopt a process of learning from direct experience called 'After Action Review'. The process asks three questions: What happened? Why do you think it happened? And what can we learn from it? If you get this process right, you are on your way to becoming a learning organization.



Following the difficulties of 2011 and the consequent impact on 2011 and 2012 performance, we have undertaken a review of this kind. While there is always room for continuous improvement – never satisfied, always innovative – we are satisfied that the organisation is in good shape to prevent repetition of the issues that beset us.

One key output from our review is an initiative to further strengthen the governance of the company. Last year we completed the operational restructure. This year we plan to develop a governance restructure that prepares both Topaz and the Contract Services businesses to have the potential to be independent public companies in their own right, within the course of the next 2 to 4 years.



Renaissance change of Board Director

We have announced that Ms. Ekaterina Sharashidze, has stepped down as Director and as representative of Amani Financial Services SAOC. Mr. Saleh bin Nasser Aboud Al-Habsi from the Ministry of Defence Pension Fund has joined the Board of Renaissance as an Independent Director.

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 bedrock foundation for our company to thrive and prosper as an international enterprise.



Samir J. Fancy
Chairman

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

	2013 Rial '000	2012 Rial '000
Non-current assets		
Property, plant and equipment	452,285	455,684
Intangible assets	33,531	38,865
Other non-current assets	10,948	3,059
	496,764	497,608
Current assets	130,398	141,756
Assets of disposal group classified as held-for-sale	24,228	-
	154,626	141,756
Current liabilities	117,003	157,310
Liabilities of disposal group classified as held-for-sale	15,907	-
	132,910	157,310
Non-current liabilities		
Term loans and leases, excluding current maturities	266,964	271,218
Mandatory convertible bonds	38,858	-
Non-current payables and advances	12,769	15,517
	318,591	286,735
Net assets	199,889	195,319
Equity		
Share capital	28,209	28,209
Treasury shares	(1,704)	(1,704)
Share premium	19,496	19,496
Legal reserve	10,530	10,771
Subordinated loan reserve	11,429	5,714
Retained earnings	102,636	106,528
Other reserves	(492)	(1,550)
	170,104	167,464
Non-controlling interest	29,785	27,855
Total equity	199,889	195,319

UNAUDITED CONSOLIDATED STATEMENT OF INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2013

	2013 Rial '000	2012 Rial '000
Continuing Operations		
Revenue	68,544	61,184
Operating expenses	(49,469)	(44,500)
Administrative expenses	(7,369)	(6,351)
Profit from operations	11,706	10,333
Net finance costs	(5,280)	(4,669)
Amortisation	(5)	(5)
Gain on divestment of treasury MCBs	731	-
Share of loss from an associate	-	(10)
Profit before income tax	7,152	5,649
Income tax	(2,222)	(1,940)
Profit for the period from continuing operations	4,930	3,709
Loss for the period from discontinued operations	(67)	(1,710)
Profit for the period	4,863	1,999
Net profit attributable to:-		
Shareholders of the Parent Company	3,805	782
Non-controlling interest	1,058	1,217
	4,863	1,999

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

RENAISSANCE SERVICES SAOG
P.O. Box 1676, PC 114, Muttrah, Sultanate of Oman.