Chairman's Report

النهضة للخدمات ش.م.ع.ع
Renaissance Services SAOG

Q3 2011 Highlights

News
- Renaissance adds new OSV vessel, *Caspian Provider*, in support of BP contract in Azerbaijan with a value in excess of Rial 15.4 million (US$40m)

People
- Contract Services Group subsidiary in Abu Dhabi successfully mobilises and trains over 300 staff in support of new contracts

Safety
- PAC Marmul marks first year of operations with zero lost time incidents

Social Responsibility
- Topaz wins 'Best Corporate Social Responsibility Initiative in the Private Sector' for its support of *The Flying Angel* at the 8th CSR Summit in Dubai

On behalf of the Board of Directors, it is my duty and privilege to present to you the interim accounts for Renaissance Services SAOG for the nine-month period ending 30 September 2011. The highlights are as follows:

- Group Revenue has increased by 10% to Rial 206 million (US$ 536 million)
- Marine business Revenue is up by 25% to Rial 82 million (US$ 214 million)
- Strength of underlying business performance shall enable Renaissance to absorb the impact of non-recurring items in Q4 without affect to the business
- Engineering business performance has stabilised with reduced losses

Q3 performance is subdued by seasonal factors, but the underlying trends show that we are dealing with the exceptional challenges that confronted us early in this year. Significant progress has been made on the refinancing and re-organisation of our Topaz subsidiary. After a period of unprecedented turbulence in that business, we believe the company to be well-positioned to take advantage of future growth opportunities in the Caspian Sea and in GCC markets.

Financial Performance

	Rial Million		US$ Million	
	Q3 2011	Q3 2010	**Q3 2011**	Q3 2010
Revenue	**206.0**	187.3	**535.6**	486.5
EBITDA	**43.7**	49.7	**113.6**	129.2
Operating Profit	**25.8**	32.5	**67.1**	84.5
Net Profit before minority	**5.3**	20.8	**13.8**	54.2

Note a): EBITDA and Net Profit for Q3 2011 includes net provision of Rial 1.8 million related to the contract cancellation in the company's Ship Building Operations.

Note b): The company's subsidiary Topaz shall need to make additional provision prior to year-end for one-off impact items described in the previous Q2 statement and updated in this Q3 statement. The precise impact shall be known in Q4.

Renaissance has a strong track record of 10 consecutive years of delivering growing profits. However, in 2011 we experienced a number of setbacks. Nevertheless, continuing revenue growth underlines the enduring value of the Renaissance franchise. The company's EBITDA and Operating Profit have remained positive despite losses in the Engineering business. The improving performance of key business areas demonstrates that the company has arrested the temporary decline of 2011 and the turnaround towards positive business growth is well underway.

Marine

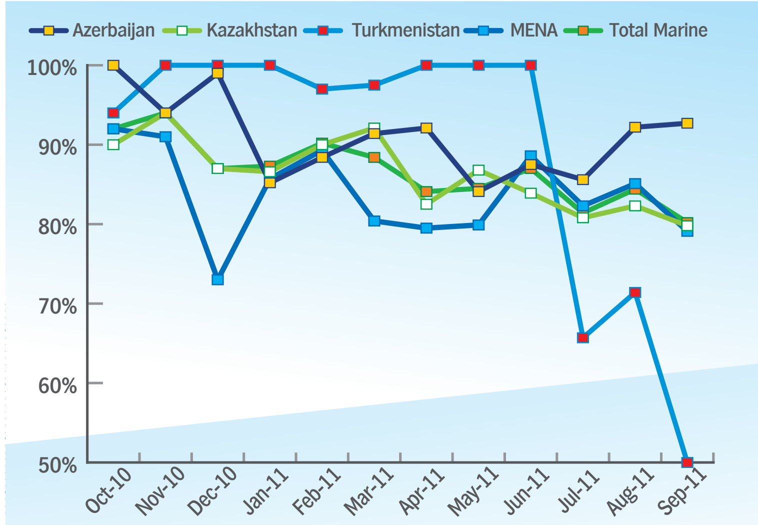
Marine Group	Rial Million		US$ Million	
	Q3 2011	Q3 2010	**Q3 2011**	Q3 2010
Revenue	**82.4**	66.1	**214.0**	171.7
Operating Profit	**26.2**	24.2	**68.1**	62.9

The Marine business continues to perform well, although the Q3 result has been tempered by additional expenses arising in this quarter and scheduled downturn in utilisation for dry-docking and maintenance. Independent market analysis predicts strengthening rates and utilisation in spot markets over the coming year, and the company is witnessing clear signs of the start of a more positive trend.

Caspian Provider, an advanced Platform Supply Vessel, joined the company's fleet in September on a four-year contract with BP in Azerbaijan with a value in excess of Rial 15.4 million (US$ 40 million). The young age of our fleet, which remains significantly lower than the industry average, particularly in our chosen markets, gives the company a considerable advantage when competing for new business.

The company's successful contract foray in Turkmenistan with Petronas has come to the end of its term. The vessels are redeploying to assignments in Kazakhstan, but the company remains well placed to compete for further opportunities in Turkmenistan whenever high-end safe marine logistics and services are required. Total fleet vessel utilisation remains above industry average.

OSV Fleet – Vessel Utilisation



Engineering

Engineering Group	Rial Million		US$ Million	
	Q3 2011	Q3 2010	**Q3 2011**	Q3 2010
Revenue	**56.7**	57.1	**147.3**	148.3
Operating Profit	**(5.1)**	3.0	**(13.2)**	7.8

The new management team of the Engineering business is making good progress in addressing its temporary losses. The declining trend is slowing and reversing. Losses, which peaked at Rial 3 million (US$ 7.8 million) in Q2, have been contained at Rial 1.1 million (US$ 2.9 million) in Q3. The company has succeeded in getting key projects back on schedule, with positive success. They have restored the 100% customer-focus ethos at which this company excels. The business has been restructured and streamlined with significant savings in overheads, and increased investment in process control and professional project management. These actions have already contributed to a reduction in losses compared to the prior quarter.

Through these changes the break-even threshold for the Oil & Gas Engineering business has been reduced to Rial 46.5 million (US$ 121 million); although the break-even for 2012 will be Rial 59.2 million (US$ 154 million) due to the low gross margins on some contracts which have been carried over to early next year. The break-even for the Marine Engineering business has been reduced to Rial 18.1 million (US$ 47 million).

The 2012 backlog of business already in hand for Oil & Gas Engineering is Rial 26.9 million (US$ 70 million) and for Marine Engineering is Rial 6.5 million (US$ 17 million). With several contract opportunities under positive review, the backlog is likely to increase before year-end 2011, and we expect to achieve a break-even position for the Engineering business for 2012.

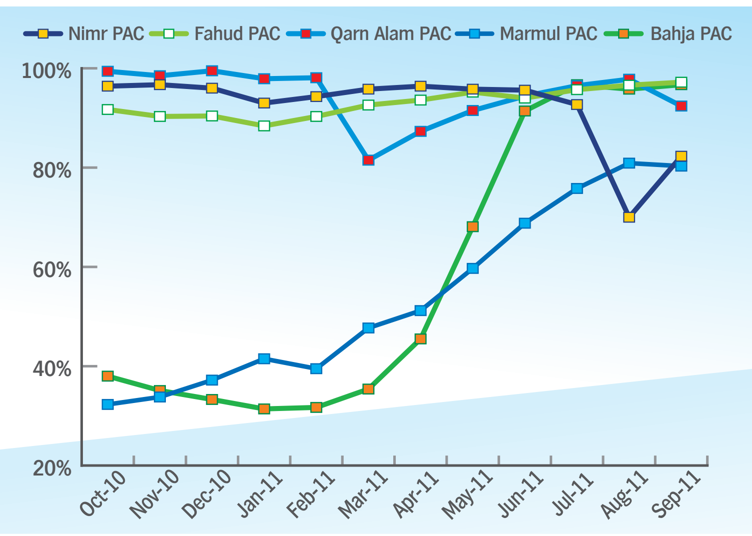
Contract Services

Contract Services Group	Rial Million		US$ Million	
	Q3 2011	Q3 2010	**Q3 2011**	Q3 2010
Revenue	**70.5**	58.4	**183.1**	151.7
Operating Profit	**7.7**	7.8	**20.0**	20.3

The Contract Services business has performed well in spite of significant increase in employment costs in its key home market of Oman. The company is a market leader for its industry in the employment and development of local workforce in Oman. Earlier in the year His Majesty Sultan Qaboos bin Said called upon the private sector to increase efforts in providing employment opportunities for Omanis. The company already had plans in place to recruit 500 Omanis in 2011, but has responded to His Majesty's call by doubling that figure and opening over 1,000 new jobs for Omani citizens this year. The new Omani employees are performing extremely well alongside existing Omani and expatriate employees who have embraced and enabled the success of this initiative. The Contract Services management team has shown exceptional leadership on this matter of national importance. Although there is a cost impact in this year, the growing strength of local workforce in the group is an important investment in the company's future. Some of the impact of increased terms and conditions for Omani employees has been mitigated by major oil & gas clients, including PDO and Oman LNG, who have agreed to absorb up to 80% of the additional costs. Cost increases in other contracts shall be mitigated gradually through cyclical re-tendering over time.

The Permanent Accommodation for Contractors (PAC) projects for PDO contractors in Oman's interior oilfields continues to be a cornerstone investment for the group. Over the year, improving occupancy in the newest PAC facilities constructed at Marmul and Bahja promise improved performance for the company in Q4 and throughout 2012.

PAC – Room Occupancy



Refinancing initiative

In the half-year statement I reported the intention for our Topaz subsidiary to refinance some existing borrowings and consolidate financing facilities with a syndicate of banks. The company has subsequently announced a US$ 380 million financing initiative, led by Standard Chartered Bank and DVB Bank, to be finalised in Q4. The initiative involves both regional and international lenders in a refinancing deal supporting Topaz's Offshore Support Vessel (OSV) fleet. The deal will significantly improve Topaz's liquidity, unlock trapped equity, and increase the availability of new funds to capitalise on future growth opportunities. The level of interest and support from our relationship banks, as well as new banks in the syndicate, is very encouraging and reaffirms the market's appreciation of the company's business model and governance. Out of US$ 380 million, approximately US$ 125 million is for vessels under construction and for investment in new vessels. Recognising the positive institutional response to this initiative, the company is also considering a convertible bond issue to further enhance the balance sheet and for the provision of growth capital.

Re-organisation

The Renaissance CEO continues to take direct responsibility for Topaz as its Interim CEO. During this tenure, Topaz is being re-organised into two distinct and separate Renaissance subsidiaries, namely Topaz Energy & Marine, and Topaz Engineering. The reorganisation provides a more efficient, flatter organisational structure, with senior management and corporate roles assigned directly in the businesses, and direct oversight of the businesses by the parent Renaissance corporate executive. Topaz Energy & Marine LLC corporate executives and staff are being assigned to the corporate offices of the respective separated businesses.

The separation of the businesses also brings clarity in terms of the industry sectors in which the companies operate: Topaz Energy & Marine shall be a pure Offshore Support Vessel (OSV) enterprise. Topaz Engineering shall be structured in two divisions: Topaz Marine Engineering, serving the marine repair and ship building sectors; and Topaz Oil & Gas Engineering, serving the Oil Field Services (OFS) sector. These distinctions shall bring clarity in terms of business sector and value recognition. This in turn provides flexibility in our options for any future capital raise initiative, including any prospective separate IPO listings of these enterprises. The changes also deliver overhead cost reductions with an annualised net reduction of > US$ 2.5 million in the corporate overhead and > US$ 3.8 million reduction in the engineering business overhead.

The process of selecting a new CEO for Topaz Energy & Marine has started and the Board expects to confirm an appointment during Q4.

Potential one-off impacts affecting 2011 performance

In the Q2 statement we advised that the company is dealing with a number of issues in the Topaz businesses that shall result in one-off negative financial impact. We advised that impact may be < or > US$ 30 million. Good progress has been made in confronting these issues but we continue to maintain this figure as the anticipated impact. We intend to formally close-out these issues during Q4 and shall make conservative provisions c. US$ 30 million based on the actual outcomes and status of each issue at the end of the year.

In addition, as previously advised, we may need to provide some US$ 8 million costs arising from the delayed Topaz IPO. This decision shall be made in Q4 subject to planning of likely timing of IPO for the Marine business, which we may choose to delay further until after the next phase of growth initiatives.

Governance and disclosure issues

The release of the company's Q2 statement, describing a range of problems arising in the Topaz subsidiary, provoked a number of concerned reactions amongst stakeholders. We moved to address those concerns at an open meeting with investors, market analysts, brokers and other stakeholders held at the Muscat Securities Market (MSM) auditorium; followed by an open conference call with international stakeholders.

At both those events we provided reassurance that the sole reason for delaying the proposed London IPO of Topaz was based on a late downturn in market sentiment arising from the coincidence of extraordinary global circumstances, including regional instability in various parts of the Arab world, the tragic natural disasters in Japan, and the financial crises in the Eurozone countries. This had led to a specific change in advice from the Investment Bankers that it was no longer an appropriate time to proceed with the IPO. We assured stakeholders that there was no connection whatsoever with the decision to postpone the IPO and the subsequent emergence of negative impact surprises in Topaz.

We advised stakeholders that during Q3, in the annual CMA audit process, we would provide all the documentary evidence that clearly show the decision-making factors and sequence of events exactly as explained at the stakeholder meetings. This we have done. We confirmed that, in our opinion, the company had complied in full with the disclosure requirements and guidelines of the regulator and the restrictions of the London FTSE IPO process, rules and regulations. We assured stakeholders there is no matter concerning the IPO that we could or should have disclosed any earlier without breaching regulations and compromising the best interests of our shareholders.

With regard to disclosure of senior management changes in subsidiaries, we explained that our decision was compliant with market guidelines for disclosure, which only require announcement in change of Renaissance CEO. However, we followed our own policy and practice of disclosing other senior management changes in subsequent quarterly statements. Stakeholders have expressed a view that they would prefer to see prompt announcement of such senior management changes in major subsidiaries on grounds of materiality. We have listened to this view, and although the original disclosure was technically compliant with guidelines, we have amended our Disclosure Policy accordingly for future changes in material subsidiaries.

In the open meeting at the MSM auditorium, stakeholders expressed a view that they regard Renaissance as not just a local company, but rather as an Omani multinational company; and, as such, have come to expect the company to abide by the highest international standards of governance and disclosure. We have committed to live up to this requirement. We have done so in our disclosure of certain breaches of the company's Code of Business Conduct described in the Q2 statement. We have reported the outcome of the investigation into the actions of those who defrauded the company, and we have reported violations arising from that exercise to the concerned authorities including the CMA. We cannot comment further on these matters until the authorities respond to us; but we believe there is growing appreciation for our transparency and compliance with international disclosure standards on these issues.

Outlook

2011 is a setback and significant time and resource has been focused on correcting the issues that have confronted us. Global economic uncertainty is a concern for all businesses; but as we emerge from 2011 we see positive trends in our chosen sectors and in the geographies where we lead the market. 2011 is a temporary downturn in our record of sustained growth. Those familiar with seasonal fluctuations in the Renaissance business operations will know that Q4 is the strongest financial performance quarter in our fiscal year. We believe the Q4 2011 operating results, net of the exceptional one-off items we have described, shall clearly show the company back on the path of success that stakeholders have come to expect.

On November 18th we are celebrating the 41st National Day since the accession of His Majesty Sultan Qaboos bin Said. It is a time to take stock of the 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 an Omani international services company. We extend to His Majesty and the people of Oman our congratulations and best wishes at this special time.

Samir J. Fancy
Chairman

All references to Q2, Q3 and Q4 in the Chairman's Statement correlate to the financial quarters of 2011 unless specified elsewhere.

Unaudited Consolidated Statement of Financial Position as at 30 September 2011

	2011 Rial '000	2010 Rial '000
Non-current assets		
Property, plant and equipment	**432,519**	360,053
Intangible assets	**38,744**	34,089
Other non-current assets	**2,374**	2,595
	473,637	396,737
Current assets	**163,103**	127,624
Current liabilities	**162,563**	119,869
Non-current liabilities		
Term loans and leases, excluding current maturities	**260,597**	203,496
Non-current payables and advances	**17,501**	16,019
	278,098	219,515
Net assets	**196,079**	184,977
Equity		
Share capital	**28,209**	28,209
Treasury shares	**(1,704)**	(1,704)
Share premium	**19,496**	19,496
Legal reserve	**10,577**	10,440
Retained earnings	**116,055**	105,865
Other reserves	**(1,913)**	(171)
	170,720	162,135
Non-controlling interest	**25,359**	22,842
Total equity	**196,079**	184,977

Unaudited Consolidated Statement of Income for the nine months ended 30 September 2011

	2011 Rial '000	2010 Rial '000
Revenue	**205,969**	187,319
Operating expenses	**(157,096)**	(132,642)
Administrative expenses	**(23,053)**	(22,148)
Profit from operations	**25,820**	32,529
Provision for contract cancellation*	**(1,846)**	-
Net finance costs	**(13,142)**	(7,485)
Amortisation	**(14)**	(10)
Profit before income tax	**10,818**	25,034
Income tax	**(5,565)**	(4,186)
Net profit	**5,253**	20,848
Net profit attributable to:-		
Shareholders of the Parent Company	**3,402**	17,514
Non-controlling interest	**1,851**	3,334
	5,253	20,848

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

* The provision is made for the net loss related to a contract cancellation by a client in the company's Ship Building Operations.

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