



RENAISSANCE - TOPAZ to merge

Renaissance Services SAOG (RENAISSANCE) and Topaz Energy & Marine SAOG (TEAM) have proposed a consolidation of their operations. The process is being conducted in an amicable and consultative manner between the companies. The respective boards at separate meetings held on 5th March 2005 took this decision. This merger of the 2 companies will create a substantial entity in Oman's services sector with an enhanced global footprint and operations across 8 business lines. RENAISSANCE is in Contract Services, Technology & Healthcare, Education & Training and Media Communications: TEAM is in Ship Owning, Ship Repair, Oil & Gas fabrication and Stainless Steel products.

Both Boards believe that looking ahead, this merger will deliver positive results for the shareholders of the 2 companies.

TEAM and RENAISSANCE are considered to be large and successful companies in the context of Oman market. However, they are dwarfed in size, scale and resources when competing in a larger geographical footprint. It is the view of both Boards that growth and better value propositions will only be captured in deal flow and transactions of a size and scale that are not available to the companies based on their individual resources. The combining of the balance sheets will allow the companies to look at growth opportunities of far greater magnitude than their stand-alone resources have hitherto permitted. The key drivers for this merger can be identified as:

- Size and scale of the company will increase in financial terms
- Due to increased Net Worth and projected Net Profits, the risk taking capacity will be higher
- This will marry the services businesses of RS with the investment driven business of TEAM providing a better balance
- Open up new markets for the various businesses under the merged company and leverage of each other's current relationships
- Increase the shareholder base, improve liquidity of the shares and be able to attract deeper pools of equity and debt capital

The proposed merger will be effected through an exchange of shares held by the shareholders of TEAM for new shares to be allotted by RENAISSANCE. Under the present regulations, this would be the most efficient way of concluding the transaction. Based on internal evaluations by the companies, it is proposed that the swap ratio be in the range of 3.6 to 4.1 shares of TEAM for every one share in RENAISSANCE. This would give the TEAM shareholders a stake of nearly 40% in the merged company. The final exchange ratio will however be determined by the 2 companies based on advice of an independent professional firm. The merger is subject to final approval of the respective Boards, the share holders of each of the companies and the regulatory bodies.

In the event the merger is concluded on the above lines, post the current dividend and bonus distribution of respective companies RENAISSANCE also intends to issue additional shares by way

of stock dividend to all the shareholders (including the new shareholders) to make the capital base of the merged company in the region of RO 20M (US\$ 52M). This capital base will reflect the size of the new entity, which will have Net Worth of approximately RO 50M (US\$ 130M), Net Fixed Asset of around RO 40M (US\$ 104M) and Net estimated earnings of RO 9 - 11M (US\$ 24 - 29M) in 2005.

For the year ended 31st December 2004, RENAISSANCE has reported a Turnover of RO 62.6M (US\$ 163M), Net earnings of RO 13.5M (US\$ 35M) and dividend of 45% (35% cash, 10% stock). TEAM has reported Turnover of RO 24.7M (US\$ 65M), Net earnings of RO 2.5M (US\$ 6.5M) and cash dividend of 10%.