



**The Directors of Renaissance provide this announcement in recognition of continuous disclosure**

### **Change in Apple Contract**

As indicated last year, Apple Inc. has sought further changes to its supply chain in New Zealand. The main change will be the ability for some of the retailers we currently supply to “multi source” Apple products, as is the case in other countries. This means that certain large customers of Renaissance, such as the mass merchants, will be able to source from Renaissance or directly from Apple, or a combination of both. This process will start immediately.

There are also further changes being introduced to our distribution margin structure and these will be phased in between now and 1 October 2008.

Renaissance has today signed a new contract with Apple reflecting this new structure.

These changes will bring the New Zealand distribution structure for Apple product broadly in line with those prevailing in Australia and other countries.

While the timing and quantum of these changes are not easy to predict, we expect the sales volume and profit achieved by Renaissance from our Apple distribution business will fall. We expect the full impact on the Apple distribution business will be spread over 2008 and 2009.

### **Renaissance Trading in 2007**

The year to December 2007 should finish with a net profit before tax within the \$5m to \$5.5m range previously indicated. As we previously reported, trading in most market segments remained difficult throughout the year, and this was compounded by several months of supply restrictions of computer products, mainly iMac and Apple portable products. Demand for Apple products is at an all time high and, as the supply constraints eased in the final quarter of the year, we saw record sales for Apple products.

When we report on the year to December 2007 we intend to adopt a segmental analysis of our results, which we believe will give a clearer picture of the Group and the direction it is heading.

### **Looking Forward to 2008**

In 2007 we made two acquisitions – MagnumMac and Natcoll. These companies have traded well and we are looking to expand both businesses in 2008.

We opened our first new MagnumMac store in Albany in November 2007 and will continue to open new stores as suitable locations are secured.

We also see prospects for domestic and international growth in our education activities, and regard Natcoll as being key to our aspirations in the sector.

The Renaissance earnings mix changed considerably as a result of these acquisitions and the continued advance of the existing portfolio of businesses. The non-Apple-distribution activities will grow from an EBITDA contribution to overhead of less than 10% in 2006 to one that is projected to be greater than 60% in 2008. Directors are pleased with this

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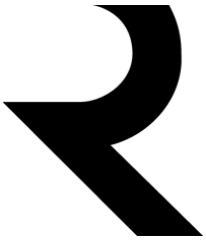
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progress. It has been our strategic aim to shift the earnings of the Group to brands that Renaissance owns and controls. With organic growth and acquisitions in 2008 we expect to continue this earnings shift.

The Board adopted budgets for 2008 at its meeting on 17 December. We currently expect our profit to show a modest increase over that achieved in 2007, albeit with a radically different mix of earnings.

### **Dividend**

The share market has been discounting the historic Renaissance dividend for some time. The Board have taken this opportunity to realign the dividend with what we believe is consistent with a company wishing to grow and expand and develop a sustainable level of earnings. As a result, the Board is intending to hold future dividend payments to a rate of around 70% of our annual NPAT.

### **Conclusion**

Apple Inc has experienced incredible sales growth worldwide, particularly over the last 2-3 years. As a result of this growth, we have seen many changes in its distribution strategy here in New Zealand. Renaissance has been dealing with these changes and worked hard to adapt our own business model to suit. This has resulted in a turbulent couple of years for us and unfortunately we have had to endure some significant financial impacts to the company during that time. Although these changes have undoubtedly been painful for us we fully expect the Apple brand to continue to show strong growth in New Zealand, and for Renaissance to play a vital part in that growth, for many years to come.

We have emerged from the last two years with a portfolio of businesses where we have a greater degree of control over our own destiny. We have not completed the process by any means but we have made good progress. Shareholders should ultimately enjoy greater value from the future earnings stream.

For and on behalf of the Board of Directors

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