



# Renaissance Corporation Limited

## 2003 Interim Report

Renaissance Brands



Authorised  
Distributor



### FINANCIAL SUMMARY

for the six months ended 30 June 2003

Renaissance Corporation Limited

audited year ended 31/12/02 \$000		unaudited six months ended	
		30/6/03 \$000	30/6/02 \$000
110,606	Operating Revenue	50,637	60,239
(1,274)	Net Surplus (Deficit)	701	67
31,240	Total Assets	31,196	30,638
30%	Shareholders' Equity Ratio	32%	38%
3.0c	Dividend Per Share (Fully Imputed)	—	—
25.1c	Net Asset Backing Per Share	27.0c	31.6c
(11.15c)	Earnings Per Share	1.9c	0.2c

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

for the six months ended 30 June 2003

Renaissance Corporation Limited

audited year ended 31/12/02 \$000		unaudited six months ended	
		30/6/03 \$000	30/6/02 \$000
110,606	<b>Operating Revenue</b>	<b>50,637</b>	60,239
1,782	<b>Operating Surplus before following Expenses:</b>	<b>2,211</b>	1,966
907	Depreciation	<b>456</b>	486
130	Directors' fees	<b>70</b>	70
702	Interest	<b>245</b>	299
346	Amortisation of goodwill and intangibles	<b>162</b>	145
825	Rental and operating lease costs	<b>215</b>	304
(1,128)	<b>Operating Surplus (Deficit) before Taxation</b>	<b>1,063</b>	662
(1,170)	<b>Non-recurring items</b>	—	(528)
(2,298)	<b>Surplus before Taxation</b>	<b>1,063</b>	134
741	Taxation	<b>(384)</b>	(31)
(1,557)	<b>Surplus after Taxation</b>	<b>679</b>	103
283	Minority interest in (Surplus) Deficit of subsidiary	<b>22</b>	(36)
(1,274)	<b>Net Surplus (Deficit)</b>	<b>701</b>	67

**CONSOLIDATED STATEMENT OF MOVEMENTS IN EQUITY**

for the six months ended 30 June 2003

Renaissance Corporation Limited

audited year ended 31/12/02 \$000		unaudited six months ended	
		30/6/03 \$000	30/6/02 \$000
12,295	<b>Equity at Beginning of Period</b>	<b>9,657</b>	12,295
(1,274)	Net surplus (deficit) for the period	<b>701</b>	67
(1,274)	<b>Total Recognised Revenues and Expenses</b>	<b>701</b>	67
(1,114)	Dividends paid	—	—
33	Exchange differences arising on translation of independent foreign operations	—	—
(283)	Movement in minority interest	<b>(22)</b>	36
9,657	<b>Equity at End of Period</b>	<b>10,336</b>	12,398

**NOTE TO THE FINANCIAL STATEMENTS**

for the six months ended 30 June 2003

Renaissance Corporation Limited

**STATEMENT OF ACCOUNTING POLICIES****Reporting Entity**

Renaissance Corporation Limited is a public company registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange.

**Changes in Accounting Policies**

The accounting policies applied are consistent with those used in the previously published interim financial statements and annual financial reports.

The interim financial statements of Renaissance Corporation Limited have been prepared in accordance with FRS-24: Interim Financial Statements, and should be read in conjunction with the annual report for the year ended 31 December 2002.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at 30 June 2003

Renaissance Corporation Limited

audited year ended 31/12/02 \$000		unaudited six months ended	
		30/6/03 \$000	30/6/02 \$000
	<b>Shareholders' Equity</b>		
23,482	Share capital	<b>23,482</b>	23,482
(14,168)	Accumulated losses	<b>(13,467)</b>	(11,746)
9,314	Shareholders' Equity	<b>10,015</b>	11,736
343	Minority interests	<b>321</b>	662
9,657		<b>10,336</b>	12,398
	<b>Non Current Liabilities</b>		
2,427	Term loans	<b>2,162</b>	2,764
	<b>Current Liabilities</b>		
2,500	Committed cash advance facility	—	4,000
16,126	Payables and accruals	<b>18,168</b>	10,976
530	Current portion of term liabilities	<b>530</b>	500
19,156		<b>18,698</b>	15,476
31,240	<b>Total Liabilities and Equity</b>	<b>31,196</b>	30,638
	<b>Non Current Assets</b>		
2,806	Fixed assets	<b>2,429</b>	2,659
3,003	Future tax benefit	<b>2,664</b>	2,425
1,130	Goodwill	<b>1,052</b>	1,208
550	Intangibles	<b>466</b>	562
7,489		<b>6,611</b>	6,854
537	Deferred Taxation	<b>463</b>	340
	<b>Current Assets</b>		
923	Bank	<b>1,639</b>	158
12,270	Receivables and prepayments	<b>12,522</b>	14,286
—	Current tax	—	—
10,021	Inventories	<b>9,961</b>	9,000
23,214		<b>24,122</b>	23,444
31,240	<b>Total Assets</b>	<b>31,196</b>	30,638

**COMMITMENTS AND CONTINGENCIES****(a) Operating Lease Commitments**

Lease commitments under non-cancellable operating leases:

349	Not later than one year	<b>436</b>	543
219	Later than 1 year and not later than 2 years	<b>283</b>	216
241	Later than 2 years and not later than 5 years	<b>7</b>	347
809		<b>726</b>	1,106

**(b) Contingent Liabilities****Parent Company Guarantees**

Renaissance Corporation Limited has provided a guarantee to Apple Computer Australia Pty. Ltd with regard to the purchase obligations of Renaissance Limited. At balance date the amount subject to guarantee was \$11,015,078 (30 June 2002, \$4,970,494).

Renaissance Corporation Limited has also provided a guarantee of \$7,000,000 inclusive of interest and costs in terms of the Bank's standard guarantee form.

There is a guarantee in respect of lease obligations of Renaissance Limited for 92 Beachcroft Ave, Onehunga. At balance date this amounted to \$249,830 plus GST per annum for two years from 1 April 2003.

## CONSOLIDATED STATEMENT OF CASHFLOWS

for the six months ended 30 June 2003

Renaissance Corporation Limited

audited year ended 31/12/02 \$000		unaudited six months ended 30/6/03 \$000	30/6/02 \$000
	<b>Cash Flows from Operating Activities</b>		
	<i>Cash was provided from (disbursed to):</i>		
118,920	Receipts from customers	50,066	65,772
77	Interest received	8	96
—	Taxation received	29	119
	Payments to external suppliers and		
(116,768)	employees	(46,288)	(64,123)
118	Taxation paid	—	—
(702)	Interest paid	(245)	(395)
1,645	<b>Net Cash Inflow from Operating Activities</b>	<b>3,570</b>	<b>1,469</b>
	<b>Cash Flows from Investing Activities</b>		
	<i>Cash was provided from (disbursed to):</i>		
328	Proceeds from sale of business assets	305	235
(1,556)	Purchase of fixed assets	(394)	(472)
(1,228)	<b>Net Cash (Outflow)/Inflow from Investing Activities</b>	<b>(89)</b>	<b>(237)</b>
	<b>Cash Flows from Financing Activities</b>		
	<i>Cash was provided from (disbursed to):</i>		
—	Proceeds of term debt	—	100
—	Proceeds from committed cash advance facility	—	1,500
(1,114)	Payment of dividends	—	—
(418)	Settlement of term debt	(265)	(4,712)
—	Settlement of committed cash advance facility	(2,500)	—
(1,532)	<b>Net Cash (Outflow)/Inflow from Financing Activities</b>	<b>(2,765)</b>	<b>(3,112)</b>
(1,115)	Net increase/(decrease) in cash held	716	(1,880)
2,038	Add opening cash brought forward	923	2,038
923	<b>Closing Cash Carried Forward</b>	<b>1,639</b>	<b>158</b>

### RECONCILIATION OF SURPLUS AFTER TAXATION WITH CASH FLOWS FROM OPERATING ACTIVITIES

(1,557)	<b>Surplus after taxation and minority interest</b>	<b>679</b>	<b>67</b>
	Add (less) non cash items:		
907	Depreciation	456	486
346	Amortisation of goodwill and intangible assets	162	145
106	Decrease (increase) in deferred tax	74	303
(873)	Decrease (increase) in future income tax benefit	339	(264)
33	Other	—	(44)
519		<b>1,031</b>	<b>626</b>
	Less items classified as investing activity:		
263	Loss on sale of business assets	10	—
263		<b>10</b>	<b>—</b>
	Movement in working capital:		
(8,359)	Increase (decrease) in trade creditors	2,042	(9,008)
8,291	(Increase) decrease in receivables	(252)	6,275
2,488	Decrease (increase) in inventory	60	3,509
2,420		<b>1,850</b>	<b>776</b>
1,645	<b>Net Cash Inflow from Operating Activities</b>	<b>3,570</b>	<b>1,469</b>

**FINANCIAL PERFORMANCE**

The Directors of Renaissance Corporation Limited are pleased to report an unaudited surplus before tax for the six month period to 30 June 2003 of \$1,063,000. The surplus after tax and minority interest was \$701,000 (2002: \$67,000).

Group revenue for the period was \$50.6 million, compared with \$60.1 million in the previous corresponding period. This was in line with the annual revenues from continuing activities of approximately \$100 million achieved in each of the last two financial years.

Operating expenses and funding costs both came in under budget and were in excess of \$1 million below the corresponding figure in 2002.

Sales, operational and financial targets for the period have been achieved.

**CASH FLOW AND FINANCIAL POSITION**

Cash flow for the period was strong with \$1.7m being generated by the underlying profitability of the company. Many significant accounting expenses continue to be non cash items, including amortisation of intangible assets, depreciation and income tax.

At 30 June, total assets employed were \$31.2 million (compared with \$30.6 million at 30 June 2002) and shareholders' funds were \$10.3 million (2002: \$12.4 million). Inventories held at 30 June were high, and included over \$3m of goods in transit. Levels will return to normal in the September quarter.

**OPERATIONAL REVIEW****Brand Representation**

These businesses traded in line with budget, despite a fairly flat IT market.

The Apple Computer Division was very active with the introduction of many exciting products during the period.

Renaissance Brands continued to refine its product range and vendor relationships in line with its emphasis on exclusive representation arrangements.

**Itas**

Itas provides software and hardware solutions to the education sector. Several ICT initiatives undertaken on a centralised basis by the Ministry of Education came on stream, resulting in a profit for the division.

**Conduit**

As reported at the last AGM this eCommerce subsidiary has been restructured and its cash costs are now covered by on-going revenues. The unit continues to actively promote its range of web-enabling products to new and existing customers.

**Insite Technology**

Our PC assembly business experienced a significant increase in unit volume and remains a solid contributor to group profits. Insite continued to increase its customer base, particularly in the education market.

**OUTLOOK**

The markets in which we operate appear to be stable, if somewhat subdued. The current level of the New Zealand dollar and highly competitive pricing in the global IT market continue to place pressure on margins but the company's emphasis on exclusive, value-added brand representation is producing more predictable results.

## DIRECTORS' REPORT (CONTINUED)

for the six months ended 30 June 2003

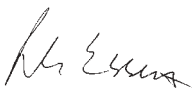
Renaissance Corporation Limited

### DIVIDEND

At the annual meeting in May the Directors indicated they would be taking a conservative view on dividends during unsettled economic times. While trading remains very tight, the cash generation achieved over this first half – and prospects over the next six months – leave the company well placed to make an interim dividend payment. We are conscious of the need to move to a more regular dividend stream and provided results continue to meet expectations, Directors anticipate paying a further dividend following the announcement of the full year result.

Accordingly, a fully imputed dividend of 4 cents per share will be paid on 26 September 2003, with the shares going ex-dividend on 19 September 2003.

### On behalf of the Directors



R. G. Ebbett  
Chairman  
1 August 2003

## DIRECTORY

### DIRECTORS

R G Ebbett (Chairman)  
P Johnston (Managing Director)  
D J Graham, CBE  
S B King  
C M Lewis  
M R Thompson

### REGISTERED OFFICE

92 Beachcroft Avenue  
Onehunga  
Auckland

Private Bag 24905  
Royal Oak  
Auckland 1030

### AUDITOR

Deloitte Touche Tohmatsu  
Auckland

### BANKERS

Bank of New Zealand  
Auckland

### SHARE REGISTRAR

Computershare Investor Services Ltd  
Private Bag 92119  
Auckland 1020

### SOLICITORS

Russell McVeagh  
Auckland