

Renaissance Corporation
Year End 2004
Full Year Report Announcement

Financial Performance

The Directors of Renaissance Corporation are very pleased to announce a 72% increase in after-tax profits for their 2004 result. The audited profit after-tax of \$2.3 million for the 12 months ended 31 December 2004 compares with a profit of \$1.3 million for the 2003 year.

The key features of the year's trading were:

- Significant growth in core businesses
- Strong cash generation from operations
- Continued emphasis on shareholder return

Earnings before tax were \$3.5 million and dividends paid in the year totalled \$2.3 million.

Cash Flows and Financial Position

High demand for the brands represented by the Group coupled with strong cash management resulted in the efficient usage of working capital.

Cash flow generated from operations during the year was \$11.5 million. This enabled the repayment of all term debt and an increase in dividends paid while still leaving the Group with \$6.4 million cash in its year end balance sheet.

At year end total Group assets were \$34.5 million, up from \$26.3 million in 2003. Shareholders' equity was \$9.8 million (\$9.5 million in 2003). Intangible assets and future tax benefits continued to reduce and the Group expects to return to a tax paying position in 2006.

Operational Review

Renaissance saw significant growth in most of its key markets including retail, networking and security, communications and education. This was especially noticeable in the second half of the year when the Group was successful in securing several large contracts. The majority of this growth was achieved with brands the Group has represented for several years. This resulted in a 31% year-on-year increase in revenue from continuing activities. During the same period operating costs rose by 13%.

Renaissance Brands had an excellent year. Its range of handheld products and communications devices are at the forefront of the convergence of the computer and telecommunications sectors and enjoyed strong sales. Exclusive relationships with our suppliers are working to our mutual advantage and have led to the Division establishing a specialist marketing arm focused on creating end-user demand for selected vendors.

The worldwide success of the iPod was reflected in the performance of our Apple Computer Division, although sales growth was not limited to this product. A new model iMac started shipping in October and this ensured a strong final quarter. Apple's traditional product line-up posted record sales for the year.

Itas, which provides software and hardware solutions to the primary and secondary education market, had some notable successes but was not a contributor to profits in its own right for the year. The front-end costs of securing and implementing major contracts outweighed initial revenue. Nonetheless most non-financial performance targets were met and our involvement in school software systems had considerable flow-on benefits for other Group divisions.

Conduit, a service provider which supplies and hosts online transactional websites and facilitates electronic data transfer between organisations, was profitable and cash positive. During the year we were pleased to be able to purchase the minority interest in Conduit held by the private equity division of DBS Bank of Singapore, which up-streamed its investment into shares in Renaissance Corporation.

Insite, our PC manufacturing business, increased its output by 7% in a year when the local assembly industry struggled. This business unit is a solid contributor to Group profits and also enables other divisions, especially those focused on the education sector, to tailor specific hardware configurations to meet customers' needs. We expect to see more benefits from this divisional collaboration in 2005.

Innovative products from current brands will allow us to achieve our targets in 2005. Notwithstanding this we are constantly looking for new products and opportunities to complement our existing portfolio. We expect to introduce some of these new products to the market in the first half of the year.

The Directors believe that, given relatively stable market conditions in 2005, the Group is well positioned to show further growth, increased profitability and positive shareholder returns.

Dividend

In 2003 we committed to more regular dividend payments. While these dividends have to date been fully imputed we signalled at the half year that we would shortly run out of imputation credits. Our expressed aim was to increase profitability (and thus dividends) to offset the loss of imputation credits and hasten the day when the Group was once more in a tax paying situation. Our performance in 2004 would indicate we are well on track.

Your Directors are pleased to announce a final dividend for 2005 of 5.5 cents per share, partially imputed to 1 cent. This will be paid on 1 April 2005, with the shares going ex dividend on 24 March 2005.

For and on behalf of the Board of Directors

RG Ebbett
Chairman