

Renaissance More Than Doubles Annual Profit

The Directors of Renaissance Corporation are very pleased to announce the highest profit in the Company's history. Renaissance posted an audited after tax profit for the 12 months ended 31 December 2005 of \$5.1 million, an increase of 121% over the 2004 result of \$2.3 million for the year. This represented a return of 45% on year end equity.

Renaissance saw annual revenue growth of 29%. A small increase in trading margins coupled with tight controls of operating costs enabled the Group to report earnings before interest and tax at \$6.9m, which is 89% ahead of 2004.

The main features of the year's trading were:

- Significant growth in our core distribution business
- Strong growth in our e-commerce subsidiary Conduit
- Continued strong cash generation from operations

Cash Flows and Financial Position:

Cash flow generated from operations during the year was \$11.1 million and the Group had \$12.7 million cash in its year end balance sheet. At year end, total Group assets were \$46.1 million, (\$34.5 million in 2004) and shareholders' equity was \$11.3 million (\$9.8 million in 2004). Intangible assets continued to reduce and, as predicted, the Future Tax Asset was fully utilised with the Group returning to a tax-paying position in 2005.

Operational Review:

The extraordinary worldwide growth of Apple Computer has tended to dominate most of the local media coverage on Renaissance, and this is understandable. Our Apple Computer Division has achieved similar growth rates to those experienced by Apple internationally and this certainly is a major contributor to the Renaissance Group result. However it should also be noted that during the same period, the growth from our Brands Division and our e-commerce business Conduit has also been considerable.

Renaissance Brands Division:

Over the last two years this Division, especially in the areas of Network security, Mobile Computing and Telecommunications, has achieved the highest profit growth in the Renaissance Group. Several large individual deals as well as steady growth in our targeted markets have contributed to the excellent year for this Division. We recognise the need to continue sourcing new brands and this will remain a focus for this Division in the year ahead.

Apple Computer Division:

The worldwide success of Apple products, in particular the iPod, has been reflected in the continued growth experienced by the brand here in New Zealand. Renaissance's investment in our retail strategy has allowed us to achieve high revenue growth and the "Halo effect" where iPod purchasers go on to buy an Apple computer system, is certainly evident in New Zealand. As a result we have seen a major increase in unit volumes and profitability.

Renaissance Education Division:

For over 20 years, Renaissance has been providing computers, software and training to schools. In the last 2-3 years more and more investment has been needed to meet increasing government requirements, particularly in the area of software systems. After a comprehensive review of operations, we decided to combine our separate education teams into a single entity. In January 2006 we launched the Renaissance Education Division (RED). We believe this new Division will be more efficient, cost effective and able to provide the very best IT solutions, including professional development and services, to New Zealand schools.

Insite:

Our Christchurch based PC assembly business continues to be a solid contributor to Group profits. In 2005 Insite released several new models including desktop PC's and portables which have been well received. Although overall the local assembly market continued to struggle in 2005, Insite once again achieved sales and unit growth for the year.

Conduit:

There is a growing confidence and maturity in New Zealand and Australian companies when it comes to implementing transactional web-based systems. Conduit has developed a superb reputation in this market and has been selected by a number of leading organisations to provide web-based solutions. In 2005 Conduit delivered excellent sales and profit growth through the development of a number of new projects including the new Ferrit web site for Telecom.

Dividend:

Your Directors are pleased to announce a fully imputed dividend of 6 cents per share. This will be paid on 7 April 2006, with the shares going ex dividend on 31 March 2006. The Company will also pay a supplementary dividend to non-resident shareholders of 1.058823 cents per share on the same date.

Outlook:

Although current brands should allow us to achieve our growth targets in 2006, a major focus for this year will be to add to our portfolio with quality products that complement our existing offerings. We continue to look for potential acquisitions that would enhance our current business model and although we have held discussions with several prospects in the last 12 months, none have met our requirements.

The Directors believe that, provided market conditions remain relatively stable, the Company is well positioned to show further growth and increased profitability in the coming year.

For and on behalf of the Board of Directors

RG Ebbett
Chairman