

Renaissance announces Record Profit result for year to 31 December 2006

The Directors of Renaissance Corporation are pleased to announce a record profit result for the year to 31 December 2006

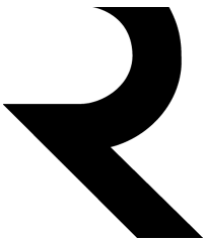
| | Dec-06 | Dec-05 | %Change |
|-----------------------------------|------------------|------------------|------------|
| | \$000s | \$000s | |
| Sales | 162,912 | 155,330 | 5% |
| EBITDA | 9,883 | 8,212 | 20% |
| Depreciation | 1,049 | 954 | |
| Amortisation of Intangible Assets | 153 | 172 | |
| Amortisation of Goodwill | 162 | 156 | |
| | 1,364 | 1,282 | |
| EBIT | 8,519 | 6,930 | 23% |
| Net Interest | 135 | 252 | |
| Net surplus before tax | 8,654 | 7,182 | 20% |
| Tax | 2,441 | 2,127 | |
| Net Surplus after tax | 6,213 | 5,055 | 23% |
| Earnings Per Share | 16.0cents | 13.2cents | 21% |
| Dividend Per Share | 10.5cents | 10.0cents | 5% |

KEY POINTS

The key points of the result were

- Sales were up 5% on 2005 and could have been higher if we had been able to get key product at critical times. The overall result also reflected the discontinuation of some brands in 2005.
- The earnings before interest, tax, depreciation and amortisation (EBITDA) increased 20%. Operating costs were well contained and we managed a volatile exchange rate well.
- The net profit after tax increased 23%.

We will pay a full imputed final dividend of 6.0 cents making a total of 10.5 cents for the year. This is up from 10.0 cents in 2005.



REVIEW OF 2006

Renaissance achieved an excellent result in 2006 despite the many challenges we were faced with, including continued pressure on margins from many of our vendors. Our trading mix continues to evolve and in 2006 we saw some rapid changes in both product groups and market segments. Our fastest growing market over the last 2 years has been in retail. However, in line with the experience of the IT sector generally, second half sales in the retail sector were below our expectations.

Working capital requirements increased in December; however this was not typical for the rest of the year. Throughout the year our debtor and stock management controls have been maintained at industry high standards. We continue to manage our exposure to individual resellers closely and maintain full credit insurance.

Renaissance Brands Division

In 2006 we secured several new brands, such as Allot Communications, Tomato, Canon and Novatel. Although we did not achieve any substantial one-off deals, which was a highlight for this Division in 2005. The contribution from the new brands in 2006 was ahead of our expectation and we expect further improvements in 2007.

Apple Division

The Apple Division performed well in 2006. iPod sales showed strong year on year growth, however sales from our traditional Apple Channel were lower than expected. Whilst we believe the December 2006 introduction of the Apple on-line store and iTunes store will have a positive effect on brand awareness and sales volume, the new pricing structure introduced at that time has reduced the overall margin available to Renaissance.

Renaissance Education Division (RED)

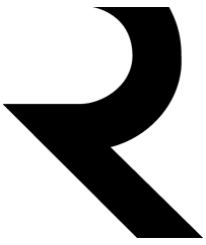
RED, the newly formed Renaissance Education Division, incorporates all our dealings with the education sector. The Division has been rationalising its offerings and approach to the market and, as a result, made a loss for the year. However a return to profitability is expected in 2007.

Insite

During the year Insite acquired Ultra Computers, a well established business based in Auckland. While Insite unit sales increased 40% in 2006 over the previous period, contribution to the group was lower than in 2005. This reflected tighter margins and increased costs arising from the acquisition. The Ultra business is expected to contribute fully in 2007.

Conduit

The Conduit business continued to increase its customer base in 2006. During the year Conduit also invested in several projects that have ongoing revenue opportunities including the RED online store, an online music and texting community called Ttxtunes, and a new staff purchasing business called StaffBuy.



Service Division

Historically several areas of the business have provided their own service offerings. Over the last few months we have combined the various groups into the newly formed Renaissance Technical Service Division. We have already seen significant improvements in the quality of our service and an increase in profitability. The new Service Division will be a growing part of Renaissance's portfolio of activities.

STRATEGY

Strategically we continue to search for acquisitions that will give a better balance to the Group's portfolio of businesses and enhance our ability to achieve increased profits in the future. Our major strength is in brand and channel management and ideally we will add businesses which own the brands they distribute. Other than our acquisition of Ultra Computers, we have investigated a number of businesses but for a variety of reasons have not yet concluded a substantial transaction. It may be that we have to wait for the current bubble of acquisition activity to subside before we can conclude a transaction at a realistic price.

OUTLOOK

In line with many others in the IT sector, we experienced soft retail sales in the last 6 months of 2006 and this has continued into the first quarter of 2007. Although we expect growth in sales for the full year, the reduction in available margin from several of our key suppliers will most likely result in a reduced profit for the coming year.

DIVIDEND

Your Directors are pleased to announce a fully imputed final dividend of 6 cents per share. This will be paid on 5 April 2007, with the shares going ex-dividend on 30 March 2007. The company will also pay a supplementary dividend to non-resident shareholders of 1.058822 cents per share on the same date.

For and on behalf of the Board of Directors

C G Giffney
Chairman