



Renaissance Corporation Limited
Interim Report
to 30 June 2008



Renaissance Corporation Limited
Powering the Digital Economy

www.renaissance.co.nz Phone: +64 9 968 3600

CONTENTS

Directory	1	FINANCIAL RESULTS
FEATURES		
Financial Summary	2	Income Statement
Directors' Report	3	Statement of Changes in Equity.....
		Balance Sheet
		Cash Flow Statement
		Notes to the Financial Statements.....
		5
		6
		7
		8
		9

Copies of the Annual and Interim Reports are available from our website, www.renaissance.co.nz

DIRECTORY

DIRECTORS

C G Giffney (Chairman)
P Johnston (Managing Director)
R G Ebbett
W J Ellis
C M Lewis
M R Thompson

REGISTERED OFFICE

92 Beachcroft Avenue
Onehunga
Auckland

Private Bag 24905
Royal Oak
Auckland 1345

AUDITORS

Deloitte
Auckland

BANKERS

Bank of New Zealand
Auckland

SHARE REGISTRAR

Computershare Investor Services Ltd
Private Bag 92119
Auckland 1142

FINANCIAL SUMMARY

for the six months ended 30 June 2008

	Unaudited Six months ended 30 June 08 \$000	Unaudited Six months ended 30 June 07 \$000
Operating Revenue	95,085	88,092
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	3,403	2,470
Net Surplus After Taxation	1,464	1,217
Total Assets	40,939	33,793
Net Tangible Assests	6,354	10,125
Number of Shares	44,273,267	39,213,905
Shareholders' Equity Ratio	42%	36%
Net Tangible Assets Per Share (cps)	14.3c	25.8c
Dividend Paid (cps)	3.0c	6.0c
Imputation Credits Attached (cps)	1.5c	3.0c
Basic Earnings Per Share (cps)	3.4c	3.1c

* Basic earnings per share for the period is computed by dividing the Net Surplus after Taxation attributable to members of the company by the weighted average number of ordinary shares on issue during the period.

DIRECTORS' REPORT

FINANCIAL STATEMENT

The Directors of Renaissance Corporation Limited have announced an unaudited surplus after tax and minority interest of \$1.464m (2007: \$1.217m), an increase of 20%, for the six month period to 30 June 2008. Earnings before interest, tax and depreciation for the six month period to 30 June 2008 were \$3.4m (2007: \$2.6m), up 31%. Group revenues were \$95.1m, up 9% on the previous corresponding period.

THE SIX MONTHS UNDER REVIEW

General market conditions have been challenging. The slowdown in virtually all market segments has been widely reported in the media over the last few months. Given the climate we have been operating in, we believe the result is very positive and shows our strategy of diversifying the Group's business continues to have the desired impact.

The first six months of this financial year has seen solid progress in the implementation of the Group's strategy to expand in Retail, Education and Digital Services.

Education

Following the acquisition of Natcoll, our Education businesses have contributed an EBITDA of \$1.5m. Pleasingly the overall contribution by our Education division to the Group's EBITDA before overheads rose from 12% to 34% in the half year.

Digital Services

The contribution from Digital Services for the first half of the year was \$18,000 EBITDA. Our Ttxtunes business has not achieved the goals we had planned and as a result we will not be proceeding with further investment in this business. The result for the half year includes nearly \$600,000 of expenses for the Ttxtunes business. Expenses related to Ttxtunes will be substantially reduced in the second six months.

Retail

The Group acquired MagnumMac in July last year. Whilst the overall retail market has experienced difficulties we are continuing with our expansion of this business and look forward to future growth and greater nationwide coverage.

Brand Representation

The traditional core of the Group, Brand Representation experienced good growth. However in line with our strategy, by year end the contribution to EBITDA from this segment should be around 50%, a satisfying achievement given our historic dependence on this activity.

OUTLOOK

We gave guidance at the beginning of the year that our annual Net Profit Before Tax would be slightly ahead of our result in 2007 (\$5.2million). Although market conditions are likely to remain difficult for at least the remainder of the year, we maintain our forecast of a small increase in profit for the full 2008 year.

STRATEGY

We are continuing to look for suitable acquisitions and investments, focussed on the digital economy, which fit within our strategy of providing a better balance in the Group's portfolio of businesses and enhance our ability to achieve increased profits in the future.

DIVIDEND

For this period, we are pleased to announce a fully imputed interim dividend of 3.00 cents per share.

On behalf of the Board of Directors



C.G. Giffney
Chairman
12 August 2008



P. Johnston
Managing Director
12 August 2008

Consolidated

INCOME STATEMENT

for the six months ended 30 June 2008

Audited Year ended 31 December 07 \$000		Unaudited Six months ended 30 June 08 \$000	Unaudited Six months ended 30 June 07 \$000
187,209	Revenue	95,085	88,092
(161,741)	Purchases	(77,852)	(79,994)
(141)	Audit fees	(91)	(49)
335	Change in Inventories	574	4,603
(1,102)	Depreciation	(783)	(390)
(356)	Amortisation of intangible assets	(368)	(139)
(240)	Directors' fees	(100)	(147)
(9)	Donations	(3)	(2)
(339)	Finance expense	(415)	(79)
342	Finance income	269	125
390	Gain / (loss) on revaluation of foreign currency transactions	(8)	104
493	Gain / (loss) in fair value of derivatives	142	257
	Bad debts written off and movement in doubtful debt		
43	Provision	(32)	(23)
(20)	Loss on disposal of plant, property and equipment	(12)	(15)
(1,472)	Rental and operating lease costs	(1,224)	(313)
	<i>Employee benefits:</i>		
(14,771)	Wages and salaries	(9,728)	(5,931)
(34)	Change in provision for long service and sick leave	(24)	(17)
(3,456)	Other expenses	(3,324)	(4,095)
5,131	Profit before income tax	2,106	1,987
(1,805)	Income tax expense	(642)	(770)
3,326	Profit for the year	1,464	1,217
	Earnings per share for profit attributable to the shareholders of the company		
8.23c	Basic earnings per share (cents)	3.40c	3.12c
8.06c	Diluted earnings per share (cents)	3.35c	3.04c

The accompanying notes form part of the financial statements

Consolidated

STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2008

	Unaudited					
	Share capital \$000	Foreign currency translation reserve \$000	Retained earnings \$000	Total \$000	Minority interest \$000	Total equity \$000
Balance as at 1 January 2008	27,997	5	(12,094)	15,908	-	15,908
Translation differences on foreign operations	-	(4)	-	(4)	-	(4)
Income and expense recognised directly in equity	-	(4)	-	(4)	-	(4)
Profit for the year	-	-	1,464	1,464	-	1,464
Total recognised income and expense		(4)	1,464	1,460	-	1,460
Shares issued	965	-	-	965	-	965
Exercise of share options	-	-	-	-	-	-
Dividends to equity holders	-	-	(1,313)	(1,313)	-	(1,313)
Balance as at 30 June 2008	28,962	1	(11,943)	17,020	-	17,020
Balance as at 1 January 2007	24,538	2	(11,475)	13,065	-	13,065
Translation differences on foreign operations	-	2	-	2	-	2
Income and expense recognised directly in equity	-	2	-	2	-	2
Profit for the year	-	-	1,217	1,217	-	1,217
Total recognised income and expense		2	1,217	1,219	-	1,219
Minority equity interests in subsidiaries	-	-	-	-	60	60
Exercise of share options	151	-	-	151	-	151
Dividends to equity holders	-	-	(2,359)	(2,359)	-	(2,359)
Balance as at 30 June 2007	24,689	4	(12,617)	12,076	60	12,136

The accompanying notes form part of the financial statements

Consolidated
BALANCE SHEET

as at 30 June 2008

Audited Year ended 31 December 07 \$000		Unaudited Six months ended 30 June 08 \$000	Unaudited Six months ended 30 June 07 \$000
	NON CURRENT ASSETS		
3,371	Property, plant and equipment	3,618	2,734
8,621	Goodwill	8,668	790
1,920	Intangibles assets	1,998	1,221
605	Deferred tax assets	691	1,076
–	Directors' loans receivable	738	–
14,517	Total non current assets	15,713	5,821
	CURRENT ASSETS		
10,924	Cash and cash equivalents	(484)	6,171
21,036	Trade and other receivables	15,879	15,989
413	Prepayments	290	312
1	Other financial assets	–	–
9,712	Inventories	9,138	5,444
274	Current tax receivables	403	56
42,360	Total current assets	25,226	27,972
56,877	Total assets	40,939	33,793
	EQUITY		
27,997	Share capital	28,962	24,689
(12,094)	Retained earnings	(11,943)	(12,557)
5	Reserves	1	4
15,908	Total equity	17,020	12,136
	CURRENT LIABILITIES		
31,887	Trade payables	15,499	16,375
4,929	Other payables and accruals	4,568	4,733
115	Other financial liabilities	–	383
76	Provisions	217	166
3,160	Short term loans	2,500	–
–	Current tax payable	494	–
40,167	Total current liabilities	23,278	21,657
	NON-CURRENT LIABILITIES		
802	Provisions	641	–
802	Total non current liabilities	641	–
40,969	Total liabilities	23,919	21,657
56,877	Total liabilities and equity	40,939	33,793

The accompanying notes form part of the financial statements

Consolidated
CASH FLOW STATEMENT

for the six months ended 30 June 2008

	Unaudited Six months ended 30 June 08 \$000	Unaudited Six months ended 30 June 07 \$000
CASH FLOW FROM OPERATING ACTIVITIES		
<i>Cash was provided from (disbursed to):</i>		
Receipts from customers	100,365	98,638
Interest received	269	125
Payments to external suppliers and employees	(107,999)	(92,781)
Income tax paid	(362)	(454)
Interest paid	(415)	(79)
Net cash inflow (outflow) from operating activities	(8,142)	5,449
CASH FLOW FROM INVESTING ACTIVITIES		
<i>Cash was provided from (disbursed to):</i>		
Proceeds from sale of property plant and equipment	(12)	29
Payment for intangible assests	(493)	–
Purchase of property, plant and equipment	(1,015)	(684)
Net cash inflow / (outflow) from investing activities	(1,520)	(655)
CASH FLOW FROM FINANCING ACTIVITIES		
<i>Cash was provided from (disbursed to):</i>		
Proceeds from issue of equity securities	227	151
Repayment of borrowings	(660)	–
Dividends paid	(1,313)	(2,359)
Net cash inflow / (outflow) from financing activities	(1,746)	(2,208)
Net increase/(decrease) in cash or cash equivalents	(11,408)	2,586
Cash and cash equivalents at the beginning of the financial year	10,924	3,585
Cash and cash equivalents at the end of June 2008	(484)	6,171

The accompanying notes form part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

1 STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Renaissance Corporation Limited ('The Company') is a public company incorporated and domiciled in New Zealand, registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ('NZX'). The Company is an issuer in terms of the Financial Reporting Act 1993 and its financial statements comply with that Act. The Renaissance Group of companies ('the Group') consists of Renaissance Corporation Limited and its subsidiaries Renaissance Limited, Conduit International Limited, Insite Technology Limited, MagnumMac Limited, Natcoll Limited and Ttxtunes Limited, a subsidiary of Conduit International Limited.

STATEMENT OF COMPLIANCE

The interim consolidated financial statements have been prepared in accordance with New Zealand International Accounting Standard NZ IAS 34 Interim Financial Reporting. The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2007.

ACCOUNTING POLICIES

The accounting policies applied by the Group in these condensed consolidated financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2007.

The financial statements for the six months ended June 2008 are unaudited.

2 CONTINGENT LIABILITIES

PARENT COMPANY GUARANTEES

Renaissance Corporation Limited has provided a guarantee to Apple Australia Pty Ltd with regard to the purchase obligations of Renaissance Limited. At balance date the amount subject to guarantee was \$12,683,884 (2007: \$12,265,759). Renaissance Corporation Limited has also provided a guarantee of \$12,000,000 to its Bankers inclusive of interest and costs in terms of the Bank's standard guarantee form (2007: \$12,000,000). The Bank has provided on behalf of Renaissance Corporation Limited standby Letters of Credit for \$118,885 (2007: \$118,885).

There is a guarantee in respect of lease obligations of Renaissance Limited for 92 Beachcroft Ave, Onehunga. At balance date this amounted to \$298,191 plus GST for the period 1 July 2008 to 31 March 2009 (2007: \$695,569 plus GST).

There is no indication that there is any possibility of amounts becoming payable under any of these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

3 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2007.

4 SEGMENT INFORMATION

The Group primarily imports and distributes computer hardware and software and its principal operations are within New Zealand. Financials based on geographic segments have not been disclosed as operations by Conduit Solutions Australia Pty Limited make up an insignificant percentage of the overall Group results.

(A) DESCRIPTION OF SEGMENTS

The Group is organised into the following business segments by product and service type.

Brand Representation — Renaissance distributes computers, associated peripheral hardware and computer software primarily through a nationwide network of resellers. Major brands handled include 3Com, Allot, Apple, Canon, Filemaker, Foundry, NEC, SonicWALL and US Robotics.

Digital Services — Renaissance develops and markets digital services to its customers through businesses that have been created by the Renaissance Group. These services include the provision of internet-based e-commerce business solutions (Conduit International Limited), assembly of built-to-order personal computers, notebook computers and computer servers (Insite Technology Limited), service and warranty support for computer products sold to our customers (Renaissance Technical Services Group) and the sale of independent artists' digital music, a service paid for using a mobile telephone (Ttxtunes Limited).

Education — Renaissance markets and sells products and services through our Renaissance Education Division (RED) which is dedicated to serving the digital technology needs in all areas of New Zealand pre-school, primary, secondary and tertiary education sectors. Renaissance also provides a range of training courses designed to give its tertiary-level students the technical skills required for a career in the creative digital industries (Natcoll Limited).

Retail — Renaissance markets and sells Apple products, associated peripheral hardware and computer software to its digital technology consumers through its own branded national chain of retail outlets (MagnumMac Limited).

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

4 SEGMENT INFORMATION (CONTINUED)

(B) PRIMARY REPORTING FORMAT — BUSINESS SEGMENTS

June 08	Unaudited					Inter Segment Elimination \$000	Group \$000
	Brand Representation \$000	Digital Services \$000	Education \$000	Retail \$000			
Sales to external customers	44,730	8,078	27,707	14,570			95,085
Intersegment sales	10,564	556	2,433	854	(14,407)		–
Total sales revenue	55,294	8,634	30,140	15,424	(14,407)		95,085
Other revenue/income	60	43	94	72			269
Total revenue and other income	55,354	8,677	30,234	15,496	(14,407)		95,354
Segment result excluding Ttxtunes	2,539	84	1,143	211			3,977
Loss recognised in Ttxtunes	–	(575)	–	–	–		(575)
Segment result	2,539	(491)	1,143	211			3,402
Unallocated revenue less unallocated expenses							(1,296)
Profit before income tax							2,106
Income tax expense							(642)
Net profit for the year							1,464
Segment assets	17,355	7,713	7,407	8,464	–		40,939
Segment liabilities	13,837	2,856	4,264	2,962	–		23,919
Depreciation & amortisation expense	216	485	390	60	–		1,151
Earnings before interest, tax, depreciation, amortisation (EBITDA)	2,697	18	1,521	198	(1,031)		3,403

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

4 SEGMENT INFORMATION (CONTINUED)

(B) PRIMARY REPORTING FORMAT — BUSINESS SEGMENTS (CONTINUED)

June 07	Unaudited					Inter Segment Elimination \$000	Group \$000
	Brand Representation \$000	Digital Services \$000	Education \$000	Retail \$000			
Sales to external customers	58,343	8,537	21,212	–			88,092
Intersegment sales	6,880	577	1,385	–	(8,842)		–
Total sales revenue	65,223	9,114	22,597	–	(8,842)		88,092
Other revenue/income	80	45	–	–			125
Total revenue and other income	65,303	9,159	22,597	–	(8,842)		88,217
Segment result	2,080	384	455	–	–		2,919
Unallocated revenue less unallocated expenses							(932)
Profit before income tax							1,987
Income tax expense							(770)
Net profit for the year							1,217
Segment assets	24,764	7,649	1,380	–	–		33,793
Segment liabilities	19,294	1,706	657	–	–		21,657
Depreciation & amortisation expense	209	191	129	–	–		529
Earnings before interest, tax, depreciation, amortisation (EBITDA)	2,221	566	525	–	(842)		2,470

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

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

	Unaudited Six months ended 30 June 08 \$000	Unaudited Six months ended 30 June 07 \$000
Profit for the year	1,464	1,217
Add (less) non-cash items:		
Depreciation	783	390
Amortisation of intangible assets	368	139
Increase (decrease) in deferred tax	(86)	79
Decrease in future income tax benefit	114	-
Increase in employee entitlements	24	17
Increase in share capital	738	-
(Increase) in directors' loans	(738)	-
Other	(134)	-
	1,069	625
Less items classified as investing activity:		
Loss on sale of property, plant and equipment	12	15
	12	15
Add (less) non-cash items:		
Decrease (increase) in trade creditors	(16,388)	(10,679)
Decrease in receivables	5,280	10,585
Decrease in other financial assets	1	-
Decrease in inventory	574	4,603
Increase in GST	38	-
(Decrease) in sundry creditors, accruals and provisions	(444)	(680)
Decrease (increase) in current tax provision	252	(237)
	(10,687)	3,592
Net cash inflow (outflow) from operating activities:	(8,142)	5449

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 30 June 2008

6 RESTATEMENT OF PRIOR YEAR COMPARATIVE

\$1,293,000 has been reclassified from Other expenses to Employee benefits wages and salaries expense for the six months ended June 2007. This reclassification is to ensure comparability with the six months ended June 2008.