



Preliminary full year result to 31 December 2009

In the interests of keeping the market informed Renaissance Corporation today announces a preliminary unaudited loss before tax of \$2.721m for the 2009 year.

	2009 \$000	2008 \$000	% change
Sales	194,790	189,633	+2.7%
EBITDA	1,300	4,648	-72%
Depreciation and amortisation	(2,081)	(2,073)	
Impairment of assets	(881)		
Net finance cost	(304)	(284)	
Profit/(Loss) from continuing operations	(1,966)	2,291	
Loss from discontinued operations	(755)	(1,087)	
Profit/(Loss) for year before tax	(2,721)	1,204	

Trading in the last quarter of the year was mixed with some parts of the business doing better than expected and some not as well. Natcoll performed well above expectations; the opposite was the case for MagnumMac and Renaissance Education Division (RED) which were both impacted by the recession. In addition, some historic issues have been addressed and these effected the results of the last three months and the 2009 year.

A total of \$3.425m one-off expenses and write offs were made during the year.

\$1.789m of these were dealt with “above the line” before EBITDA was calculated. In summary these charges were:

- \$1.025m – stock obsolescence and stocktake variances.
- \$0.592m – costs associated with changes in the senior executive team.
- \$0.172m – other recognitions.

The board has also reviewed assets for impairment and opted to write off \$1.636m of goodwill and intangible assets as follows:

- \$0.881m – goodwill. Of this \$0.791m is all the goodwill associated with Insite Technology. \$0.090m is associated with Educational Computers which has been absorbed into Student IT and, as a result, has lost its identity.
- \$0.755m – final charges relating to the cessation of the Ttxtunes, Widget and Renaissance Indemnity initiatives. These are shown as discontinued operations above.

Most of these charges had no cash consequences. As a result the Renaissance balance sheet shows net debt of just \$1.055m at 31 December 2009 and shareholder funds are \$12.6m.

Nonetheless the company is in breach of one of its bank covenants (relating to interest cover). Details of the 2009 result and the breach have been discussed with the bank. If the one-off costs were removed EBIT in 2009 would have been \$1.008m. Given that position and expectations for 2010 the board does not anticipate having to make any changes to be able to maintain positive interest cover going forward.

**Renaissance
Corporation
Limited**

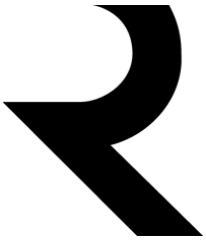
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While MagnumMac was a disappointment in 2009 losing \$1.597m trading and another \$0.740m from stock adjustments and other one-off costs, directors are confident of the future of these stores under the new leadership team assembled during the last six months.

New CEO Richard Webb has commenced a full review of the business and during his preliminary analysis has recommended that the organisation structure be realigned to better serve its customers to lift revenue growth. As part of this realignment the balance date of the company will move to 30 September to improve the company's ability to forecast earnings in an environment where the December quarter is seasonally high and volatile. Mr Webb will detail his plans when the annual report is released in March.

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