



## **Renaissance Corporation makes progress**

### **Guidance**

The new CEO, Richard Webb, has completed a detailed review of the current business. The Board of Renaissance Limited can now issue guidance for the 2010 calendar year.

The business is forecasted to deliver a top line revenue of \$205 million and an EBITDA of \$3.5 million.

The board considers that guidance to the old balance date of December 31 is the most instructive guidance that it can provide at this stage. As previously announced Renaissance intends to adopt a September 30 balance date starting in 2010. Consequently Renaissance will this year report for the 6 months to June 30, for the 9 months to September 30 and for what would have been the full year result to December 2010.

### **Recent developments**

To summarise progress to date:

- The new management team has completed a significant restructure of the business into customer facing teams and away from the previous product focused teams. Decentralised accounting functions have been brought into head office. The number of supported brands is being consolidated and marketing is now centralised.
- Despite the 2009 results the company remains on strategy to commercialise new innovation and diversify earnings away from the tyranny of 'disintermediation' or the increasing desire of vendors to go direct to the market.
- The Natcoll business continues to do very well. The company sees promise in its ability to leverage the education assets through new scalable online distribution channels.
- Progress with MagnumMac has begun as it reduces its trading losses through top line revenue growth and lower overheads.
- Trading in the first two months of the year has been quite positive, ahead of last year, and ahead of budget. It is, however, early days and these are not the months where much of the year's profits are generated and so are not necessarily a guide to year-end performance.

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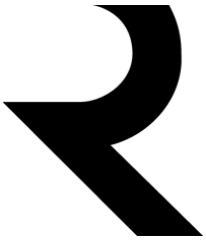
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### **Banking covenants**

In the preliminary announcement the Board announced that the business had breached its interest cover covenant, primarily because the company had not excluded one-off items allowed by the bank in the initial conservative analysis. Subsequently the bank confirmed that the company is and was in full compliance of all covenants.



## **Executive remuneration**

Renaissance has traditionally remunerated senior executives with a base salary, a short term cash incentive and a long term incentive. When the previous management of Renaissance resigned, shares that they held as their long term incentive package were cancelled. These shares accounted to 1.5% of the capital of Renaissance.

Richard Webb, as the new CEO, and Shaun Rendell, as the new CFO, have both chosen to forgo the short term incentive and take their entire “at risk” remuneration in the form of shares in Renaissance Corporation.

The arrangement negotiated requires Renaissance to issue shares representing 3.4% of the capital at a price of 0.25 cents. The net dilutionary impact is 1.9%.

NZX granted Renaissance a waiver to allow this transaction to occur.

The terms of the arrangements are three years.

The executives receive no shares if the share price is less than 50 cents in three years. They receive maximum benefit if the share price is \$2.00 per share. At share prices between these levels the number of shares that can be earned is pro-rated. The maximum number of shares that Richard Webb can earn is 1,116,000. The number of shares that Shaun Rendell can earn is 372,000.

Directors believe that the arrangements best align the interests of the two senior executives in the company with the interests of shareholders.

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