



Auckland, New Zealand, 7 September 2011 (NZX: RNS) has issued a letter to shareholders outlining its progress with its initiatives executed to respond to its earthquake affected businesses in Christchurch and its shifting relationship with Apple. The earthquake in Christchurch, has severely restrained our activities in that town.

We expect our loss of earnings to reach \$2.7 million by the end of our financial year in September and material damage to be \$1.3 million.

The new Apple model introduced globally has deeply affected our distribution and sales activities.

In October 2010 Apple introduced a second distributor in the New Zealand market. Distribution and Direct Sales are expected to be down 14% in our 2011 fiscal year versus the same period in 2010. Apple sales in these businesses are down only 8% on last year, which is a credible result. We have suffered a slightly greater drop in sales of other product and so, combined with margin reductions, gross margin in this business has declined \$1.5 million year on year.

Over our whole business, with no adjustment for loss of business in Christchurch gross margins have declined \$4.0 million or 27%.

Since November we have reduced the overheads of the business through relentless cost cutting and headcount reductions. Given that the number of employees in our retail and education businesses has been relatively stable the really pronounced movements have happened in our Distribution and Sales businesses.

Table: Headcount by division since November 2010

Month	Retail	Education	NZ Sales	Distribution	Other	Total
November 2010	101	91	60	69	46	367
September 2011	92	86	11	42	37	268
TOTAL REDUCTION	-9	-5	-49	-27	-9	-99

The significant changes we have made in employee numbers and operating expenditure will begin to flow in 2012. While it is early for us to complete a budget management's best estimate is that we will record a profit of about \$1.5 million in 2012 after an EBITDA of about \$4.0 million.



Table: Estimated comparative results 2010 to 2012 (\$m)

	9/2010	9/2011		9/2012
		Raw	Adj ChCh	
Revenue	207.1	185.3	193.3	196.8
Gross Margin	33.7	29.2		31.3
Salaries	22.0	21.0		17.5
OPEX	12.4	10.0		9.8
Loss of profit in Christchurch			2.7	
EBITDA	-0.7	-1.8	0.9	4.0
EBIT	-2.3	-3.6	-0.9	2.0
Interest	0.3	0.5	0.5	0.5
NPBT	-2.6	-4.1	-1.5	1.5

Management has a number of other initiatives in place, which the board will be monitoring month by month, which could enhance the bottom line, but these have not been forecasted in the above analysis.

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About Renaissance (RNS: NZX)

The Renaissance Group enables creativity in nearly all facets of the digital economy in New Zealand. Renaissance's activities extend into technology distribution and retail, serving the ICT needs of educational institutions; technical service and support; training; network infrastructure design and application development; assembling PCs and servers; and vocational education.