

Renaissance Acquisition Corp.  
Form 10-Q  
May 14, 2008

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934.

For the quarterly period ended March 31, 2008

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 001-33258

RENAISSANCE ACQUISITION CORP.

(Exact Name of Registrant as Specified in its Charter)

Delaware

20-4720414

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

50 E. Sample Road, Suite 400  
Pompano Beach, FL 33064

(Address of Principal Executive Offices)

(954) 784-3031

(Registrant's Telephone Number, Including Area Code)

Indicate by check whether the registrant: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes

No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [  ]  
Non-accelerated filer [X]

Accelerated filer [  ]  
Smaller reporting company [  ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes [X]

No [  ]

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 21,840,000 shares issued and outstanding as of April 30, 2008.

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RENAISSANCE ACQUISITION CORP.

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PART I.  
FINANCIAL INFORMATION

**Item 1. Financial Statements**

RENAISSANCE ACQUISITION CORP.  
(A Development Stage Company)  
CONDENSED BALANCE SHEETS

|   | December 31, 2007 | March 31,<br>2008<br>(unaudited) |
|---|-------------------|----------------------------------|
| <u>ASSETS</u>   |                   |                                  |
| Current assets:   |                   |                                  |
| Cash  | \$ 1,410,028      | \$ 1,181,857                     |
| Prepaid expenses  | 19,213            | 19,837                           |
| Investment income receivable  | 8,374             | 5,350                            |
| Total current assets  | 1,437,615         | 1,207,044                        |
| Cash equivalents held in trust account  | 105,364,922       | 106,264,262                      |
| Fixed assets, net of accumulated depreciation   | 1,097             | 1,031                            |
|   | \$ 106,803,634    | \$ 107,472,337                   |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>   |                   |                                  |
| Current liabilities:  |                   |                                  |
| Accounts payable  | \$ 42,078         | \$ 31,020                        |
| Accrued expenses  | 80,250            | 23,000                           |
| Income taxes payable  |                   | 333,069                          |
| Total current liabilities   | 122,328           | 387,089                          |
| Long-term obligations:  |                   |                                  |
| Accrued underwriting costs  | 3,051,240         | 3,051,240                        |
| Total liabilities   | 3,173,568         | 3,438,329                        |
| Common stock subject to possible conversion,  |                   |                                  |
| 3,586,206 shares at conversion value  | 20,819,153        | 20,819,153                       |
| Interest income attributable to common stock subject to conversion  | 245,203           | 358,293                          |
| Commitments and contingencies (Note 3 and 7):   |                   |                                  |
| -   |                   |                                  |
| Stockholders' equity:   |                   |                                  |
| Preferred stock - \$.0001 par value, 1,000,000 shares authorized and none outstanding at December 31, 2007 and March 31, 2008   |                   | -                                |
| Common stock - \$.0001 par value, 72,000,000 shares authorized, 21,840,000 issued and outstanding (including 3,586,206 shares subject to possible conversion) as of December 31, 2007 | 2,184             | 2,184                            |

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|  |                |    |             |
|--|----------------|----|-------------|
| and March 31, 2008                                   |                |    |             |
| Additional paid-in capital                           | 80,508,869     |    | 80,508,869  |
| Earnings accumulated during the<br>development stage | 2,054,657      |    | 2,345,509   |
| Total stockholders' equity                           | 82,565,710     |    | 82,856,562  |
|  | \$ 106,803,634 | \$ | 107,472,337 |

See notes to the financial statements.

RENAISSANCE ACQUISITION CORP.  
(A Development Stage Company)  
CONDENSED STATEMENTS OF OPERATIONS  
(UNAUDITED)

|  | Three Months<br>Ended<br>March 31,<br>2007 | Three Months<br>Ended<br>March 31,<br>2008 | April 17, 2006<br>(inception) to<br>March 31, 2008 |
|--|--|--|--|
| General and administrative expenses  | \$ 67,681                                  | \$ 173,648                                 | \$ 1,023,204                                       |
| Operating loss   | (67,681)                                   | (173,648)                                  | (1,023,204)  |
| Other income (expense)   |  |  |  |
| Interest expense   | ( 1,212)                                   | (827)                                      | (6,090)  |
| Interest income  | 2,043                                      | 12,146                                     | 65,734   |
| Interest income trust account  | 553,632                                    | 899,340                                    | 5,013,273  |
| Income (Loss) before provision   |  |  |  |
| for income taxes   | 486,782                                    | 737,011                                    | 4,049,713  |
| Provision for income taxes   | -0-  | (333,069)                                  | (1,345,911)  |
| Net income (loss)  | 486,782                                    | \$ 403,942                                 | \$ 2,703,802                                       |
| Less: Interest attributable to common stock subject to possible conversion   | -0-  | (113,090)                                  | (358,293)  |
| Net income attributable to common stock not subject to possible conversion   | \$ 486,782                                 | \$ 290,852                                 | \$ 2,345,509                                       |
| Total net income (loss) per share:   |  |  |  |
| Basic  | \$ .03                                     | \$ .02                                     |  |
| Diluted  | \$ .03                                     | \$ .02                                     |  |
| Total weighted average shares  |  |  |  |
| outstanding:   |  |  |  |
| Basic  | 15,270,667                                 | 21,840,000                                 |  |
| Diluted  | 17,186,603                                 | 25,741,390                                 |  |
| Net income per share attributable to common stock not subject to conversion: |  |  |  |
| Basic  |  | \$ .02                                     |  |
| Diluted  |  | \$ .01                                     |  |
| Weighted average shares outstanding:   |  |  |  |
| Basic  |  | 18,253,794                                 |  |
| Diluted  |  | 21,375,296                                 |  |
| Shares subject to possible conversion:                                       |  |  |  |

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|                                      |              |
|--------------------------------------|--------------|
| Weighted average<br>number of shares | \$ 3,586,206 |
| Income per share amount:             | \$ .05       |

See notes to the financial statements.

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RENAISSANCE ACQUISITION CORP.  
(A Development Stage Company)  
CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY

|   | Common Stock<br>Shares | Common Stock<br>Amount | Additional<br>Paid-In<br>Capital | (Deficit)/<br>Earnings<br>Accumulated<br>During the<br>Development<br>Stage | Total<br>Stockholders'<br>Equity |
|---|------------------------|------------------------|----------------------------------|---|----------------------------------|
| Balance at April<br>17, 2006<br>(inception)                                       | -                      | \$ -                   | -                                | \$ -  | -                                |
| Sale of common<br>stock to<br>Founding<br>stockholders<br>at \$.0064 per<br>share | 3,900,000              | 390                    | 24,610                           | -   | 25,000                           |
| Net loss for the<br>period  | -                      | -                      | -                                | (1,518)   | (1,518)                          |
| Balance as of<br>December<br>31, 2006   | 3,900,000              | 390                    | 24,610                           | (1,518)   | 23,482                           |
| Sale of private<br>placement<br>warrants at<br>\$0.45 per<br>warrant              | -                      | -                      | 2,100,000                        | -   | 2,100,000                        |
| Sale of 17,940,000<br>units<br>net of offering<br>expenses at<br>\$6.00 per unit  | 17,940,000             | 1,794                  | 99,203,312                       | -   | 99,205,106                       |
| Proceeds subject<br>to<br>possible<br>conversion of<br>3,586,206<br>shares        | -                      | -                      | (20,819,153)                     | -   | (20,819,153)                     |
| Sale of unit<br>purchase<br>option  | -                      | -                      | 100                              | -   | 100                              |



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|  |            |          |               |              |               |
|--|------------|----------|---------------|--------------|---------------|
| Accretion of trust account relating to common stock subject to possible conversion |            |          |               | (245,203)    | (245,203)     |
| Net income for the year  | -          | -        | -             | 2,301,378    | 2,301,378     |
| Balance as of December 31, 2007  | 21,840,000 | 2,184    | 80,508,869    | 2,054,657    | 82,565,710    |
| Accretion of trust account relating to common stock subject to possible conversion |            |          |               | (113,090)    | (113,090)     |
| Net income for the three months ending March 31, 2008                              |            |          |               | 403,942      | 403,942       |
| Balance as of March 31, 2007 (unaudited)   | 21,840,000 | \$ 2,184 | \$ 80,508,869 | \$ 2,345,509 | \$ 82,856,562 |

See notes to the financial statements.

RENAISSANCE ACQUISITION CORP.  
(A Development Stage Company)  
CONDENSED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

|  | April 17, 2006                          |  |                                     |
|--|---|--|-------------------------------------|
|  | Three months<br>ended March<br>31, 2007 | Three months<br>ended March<br>31,<br>2008 | (inception) to<br>March 31,<br>2008 |
| Cash flows from operating activities:  |   |  |                                     |
| Net income   | \$ 486,782                              | \$ 403,942                                 | \$ 2,703,802                        |
| Adjustments to reconcile net income to<br>net cash provided by operating activities: |   |  |                                     |
| Depreciation and amortization  |   | 66   | 285                                 |
| Changes in operating assets and liabilities:   |   |  |                                     |
| Prepaid expenses   | (12,321)                                | (624)                                      | (19,837)                            |
| Interest income receivable   | (261)                                   | 3,024                                      | (5,350)                             |
| Accounts payable and accrued liabilities   | 7,053                                   | 264,761                                    | 387,089                             |
| Net cash provided by operating activities  | 481,253                                 | 671,169                                    | 3,065,989                           |
| Cash flows from investing activities:  |   |  |                                     |
| Proceeds invested in trust account   | (104,502,144)                           | (899,340)                                  | (106,264,262)                       |
| Acquisition of fixed assets  |   |  | (1,316)                             |
| Net cash used by investing activities  | (104,502,144)                           | (899,340)                                  | (106,265,578)                       |
| Cash flows from financing activities:  |   |  |                                     |
| Proceeds from/(repayment of) note payable to<br>stockholder                          | (150,000)                               |  |                                     |
| Proceeds from sale of units, net   | 102,422,707                             |  | 102,256,446                         |
| Proceeds from issuance or warrants   | 2,100,000                               |  | 2,100,000                           |
| Proceeds from sale of common stock to initial<br>stockholder                         |   | -  | 25,000                              |
| Payment of accrued offering costs  | (51,027)                                | -  | -                                   |
| Net cash provided by financing activities  | 104,321,680                             | -0-  | 104,381,446                         |
| Net increase (decrease) in cash  | 300,789                                 | (228,171)                                  | 1,181,857                           |
| Cash at beginning of period  | 60,165                                  | 1,410,028                                  | -0-                                 |
| Cash at end of period  | \$ 360,954                              | \$ 1,181,857                               | \$ 1,181,857                        |
| Supplemental cash flow disclosures:  |   |  |                                     |
| Cash paid for:   |   |  |                                     |
| Interest   | \$ (1,212)                              | \$ (827)                                   | \$ (6,090)                          |
| Income taxes   | \$ -0-                                  | \$ -0-                                     | \$ 1,022,000                        |
| Non-cash operating and financing activity:   |   |  |                                     |
| Accrual of deferred offering costs   | \$ -0-                                  | \$ -0-                                     | \$ (212,493)                        |

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|                                    |           |           |           |
|------------------------------------|-----------|-----------|-----------|
| Accrued deferred underwriting fees | 3,051,240 | 3,051,240 | 3,051,240 |
| Accrued insurance installment loan | \$ 87,317 | \$ 33,415 | \$ 33,415 |
|                                    | 5         |           |           |

RENAISSANCE ACQUISITION CORP.  
NOTES TO CONDENSED FINANCIAL STATEMENTS  
MARCH 31, 2008

Note 1. Organization and Business Operations

Renaissance Acquisition Corp. (the "Company") was incorporated in Delaware on April 17, 2006 for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with one or more operating businesses. The Company's fiscal year-end is December 31.

As of March 31, 2008, the Company had not yet commenced any operations. All activity through March 31, 2008 related to the Company's formation, its initial public offering of its securities (the "IPO") which was completed in February 2007, activities to identify an operating business to acquire and negotiating and entering into an agreement to acquire an operating business. See Note 3.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared by the Company without audit on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been omitted or condensed. It is management's belief that the disclosures made are adequate to make the information presented not misleading and reflect all significant adjustments (consisting primarily of normal recurring adjustments) necessary for a fair presentation of financial position and results of operations for the periods presented. The results of operations for the three months ended March 31, 2008 are not necessarily indicative of the operating results for the full year. It is recommended that these financial statements be read in conjunction with the financial statements and notes thereto as of December 31, 2007 and for the period from inception (April 17, 2006) to December 31, 2007 filed with the SEC and included in Form 10-K filed on March 31, 2008.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash Equivalents

The Company considers highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. Cash equivalents held in the Trust Account (see Note 3) are to be held to maturity, and accordingly, are stated at cost. Funds held in the Trust Account are restricted (see Note 3).

### Accrued Underwriting Fees

Accrued underwriting fees of \$3,051,240 accrued in connection with the Company's IPO are payable if and when the Company effects a business combination (see Note 3).

### Deferred Taxes

The Company has recorded a deferred tax asset of \$344,430 which arises from the differing book and tax treatments of expenses during the development stage. Because management has determined that it is not more likely than not that the Company will be able to utilize the benefit of the deferred tax asset, it has recorded a valuation allowance for the full amount.

### Common Stock Subject to Possible Conversion

Common stock subject to possible conversion represents 19.99% of the proceeds from the IPO placed in trust, interest income earned on the trust, net of tax, in excess of the \$1,875,000, which has been released to the Company for operating expenses and due diligence and the estimated tax liability associated with interest income earned on the funds held in trust (see Note 3). Such amount is payable to Public Stockholders (see Note 3) who vote against a business combination and elect conversion.

### Derivative Financial Instruments

Potential derivative financial instruments consist of warrants issued as part of the IPO and a unit purchase option that was sold to the representative of the underwriters as described in Note 3. Based on Emerging Issues Task Force Issue No. 00-19, Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock, the issuance of the warrants and the sale of the unit purchase option were not required to be recorded as derivative liabilities and are reported in stockholders' equity and, accordingly, there is no impact on the Company's financial position and results of operations, except for the \$100 in proceeds from the sale of the unit purchase option. Subsequent changes in the fair value will not be recognized as long as the warrants and unit purchase option continue to be classified as equity instruments.

At the date of issuance, the Company determined the unit purchase option had a fair market value of approximately \$2,333,500 using a Black-Scholes pricing model.

### Net Income Per Share

Net income per share is computed by dividing net income applicable to common stockholders by the weighted average number of common shares outstanding for the period. The per share effects of net potential common shares such as warrants and options, aggregating 3,901,390 (after application of the treasury stock method), have been included in the three months ended March 31, 2008. Potential common shares in connection with the underwriters' purchase option (see Note 3) aggregating 1,950,000 and the insider warrants aggregating 4,666,667 have not been included because the effect would be anti-dilutive.

### Adoption of New Accounting Pronouncements

In September 2006, the FASB issued Interpretation No. ("FIN") 48, *Accounting for Uncertainty in Income Taxes*, an interpretation of FASB Statement No. 109, FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109 and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. We adopted FIN 48 effective January 1, 2007, which had no material effect on our financial statements. The only year for which we have filed income taxes is 2006, and is open to examination by the major taxing jurisdiction to which we are subject. The Company has elected to record interest and penalties recognized in accordance with FIN 48 in the financial statements as income taxes. Any subsequent change in classification of such interest and penalties will be treated as a change in accounting principle subject to the requirements of SFAS No. 154, accounting changes and error corrections.

In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective in fiscal years beginning after November 15, 2007. We adopted SFAS No. 157 effective January 1, 2008, which had no material effect on our financial statements.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS No. 159 effective January 1, 2008, which had no material effect on our financial statements.

### Impact of Recently Issued Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board, ("FASB"), issued Statement of Financial Accounting Standards No. 141 (revised 2007), "Business Combinations" ("FAS 141R"). FAS 141R replaces Statement of Financial Accounting Standards No. 141, "Business Combinations" ("FAS 141"), although it retains the fundamental requirement in FAS 141 that the acquisition method of accounting be used for all business combinations. FAS 141R establishes principles and requirements for how the acquirer in a business combination (a) recognizes and measures the assets acquired, liabilities assumed and any non-controlling interest in the acquiree, (b) recognizes and measures the goodwill acquired in a business combination or a gain from a bargain purchase and (e) determines what information to disclose regarding the business combination. FAS 141R applies prospectively to business combinations for which the acquisition date is on or after the beginning of our 2009 fiscal year. We are currently assessing the potential effect of FAS 141R on our financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, *Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51* ("FAS 160"). This standard establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The guidance will become effective as of the beginning of the Company's fiscal year beginning after December 15, 2008. The Company is currently assessing what the impact of the adoption of FAS 160 will be on the Company's financial position and results of operations.

Management does not believe that any other recently issued, but not yet effective, accounting standards if currently adopted would have a material effect on the accompanying financial statements.

Note 3. Initial Public Offering

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On February 1, 2007, the Company issued and sold 15,600,000 units ("Units") in its IPO, and on February 16, 2007, the Company issued and sold an additional 2,340,000 Units that were subject to the underwriters' over-allotment option. Each Unit consists of one share of common stock and two warrants ("Warrants"). Each Warrant entitles the holder to purchase from the Company one share of common stock at an exercise price of \$5.00 commencing the later of (a) one year from the effective date of the IPO or (b) the completion of an acquisition. The Warrants will expire four years from the effective date of the IPO. The Warrants will be redeemable at a price of \$.01 per Warrant upon 30 days' notice after the Warrants become exercisable, only in the event that the last sale price of the common stock is at least \$8.50 per share for any 20 trading days within a 30 trading day period ending on the third day prior to the date on which notice of redemption is given.

The public offering price of each Unit was \$6.00, and the gross proceeds of the IPO were \$107,640,000 (including proceeds from the exercise of the over-allotment option). Of the gross proceeds: (i) \$102,047,840 was deposited into a trust account (the "Trust Account"), which amount included \$3,051,240 of deferred underwriting fees; (ii) the underwriters received \$4,811,160 as underwriting fees (excluding the deferred underwriting fees); and (iii) the Company retained \$781,000 for offering expenses. In addition, the Company deposited into the Trust Account the \$2,100,000 that it received from the issuance and sale of 4,666,667 Warrants (exercisable at \$6.00 per share) to RAC Partners LLC, an entity controlled by Barry Florescue, our Chairman and Chief Executive Officer, and Charles Miersch and Morton Farber, two of our Directors, on February 1, 2007.

In connection with the IPO, the Company sold to the representative of the underwriters for \$100 an option to purchase 650,000 Units for \$7.50 per Unit. These units are identical to the Units issued in the IPO. This option may be exercised for cash or on a "cashless basis" and expires February 1, 2012.

The funds in the Trust Account will be distributed to the Company (subject to stockholder claims described below) upon consummation of a business combination with one or more operating businesses (the "Business Combination") whose collective market value is at least 80% of the Company's net assets at the time of the acquisition. The Company may use the funds in the Trust Account to complete the Business Combination or for such purposes as the Company determines following the Business Combination. If the Company does not consummate a Business Combination by January 29, 2009, the funds in the Trust Account will be distributed to the stockholders then holding the shares issued in the IPO (the "Public Stockholders"). Pending distribution to the Company or the Public Stockholders, the funds in the Trust Account may be invested in government securities and certain money market funds. Interest earned on the Trust Account, net of taxes, up to \$1,875,000, net of taxes, has been released to the Company for due diligence and general and administrative expenses. Through March 31, 2008, approximately \$5,013,000 of interest had been earned on the trust account, of which \$1,875,000 has been released to the Company to fund its working capital requirements.

The Company accreted \$113,090 of interest to the common stock subject to possible conversion for the three months ended March 31, 2008, and \$358,293 for the period from April 17, 2006 (inception) through March 31, 2008. The interest is derived by the sum of the trust income less the provision for income taxes and working capital allocation, then applying the percent of common shares subject to possible conversion.

The Company has agreed to submit the Business Combination for approval of its stockholders even if the nature of the transaction would not require stockholder approval under applicable state law. The Company will not consummate the Business Combination unless it is approved by a majority of the Public Stockholders and Public Stockholders owning less than 20% of the shares issued in the IPO vote against the Business Combination and exercise the conversion rights described below. The Company's stockholders prior to the consummation of the IPO (the "Pre-IPO Stockholders") have agreed to vote their shares of common stock owned prior to the IPO in accordance with the vote of the majority in interest of the Public Stockholders. These voting provisions will not be applicable after the consummation of the first Business Combination.



With respect to a Business Combination that is approved and consummated, any Public Stockholder who voted against the Business Combination may demand that the Company convert his or her shares into cash. The per share conversion price will equal the amount in the Trust Account inclusive of any interest subject to the amounts allocable for due diligence, general and administrative expenses, and income taxes described above (calculated as of two business days prior to the consummation of the proposed Business Combination), divided by the number of shares of common stock held by Public Stockholders at the consummation of the IPO. Accordingly, a Business Combination may be consummated with Public Stockholders holding 19.99% of the aggregate number of shares owned by all Public Stockholders converting such shares into cash from the Trust Account. Such Public Stockholders are entitled to receive their per-share interest in the Trust Account computed without regard to the shares held by the Pre-IPO Stockholders.

The Company's Certificate of Incorporation provides for mandatory liquidation of the Company in the event that the Company does not consummate a Business Combination prior to January 29, 2009.

#### Note 4. Concentrations of Credit Risk

The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on its cash balances. The Company did have cash on deposit exceeding the insured limit as of March 31, 2008. The balance is held in a money market fund account.

#### Note 5. Installment Loan

The Company has an installment loan from First Insurance Funding Corp. of N.Y. for the sole purpose of financing its insurance policy for directors' and officers' liability. The loan requires 21 installment payments of \$4,898 beginning on February 28, 2007. As of March 31, 2008, \$33,415 was outstanding, excluding accrued interest.

The installment loan bears interest at 7.75% per annum and is payable from the funds transferred from earnings of the Trust Account, which funds will be distributed to the Public Stockholders if the Company does not consummate the initial Business Combination within the required time periods.

#### Note 6. Note Payable to Founding Stockholder

On April 30, 2006, the Company issued a \$150,000 unsecured promissory note to Barry W. Florescue, the Company's Chairman and Chief Executive Officer (the "Note"). The Note was non-interest bearing and was payable on the earlier of April 30, 2007 or the consummation of the Offering. The Note was repaid with the proceeds of the Offering on February 1, 2007.

#### Note 7. Related Party Transactions

The Company pays BMD Management Company, Inc. a fee of \$8,000 per month for office space and general and administrative services pursuant to an agreement between the Company and BMD Management Company with a term beginning on January 29, 2007 and ending on the effective date of the acquisition of a target business. Through March 31, 2008, \$112,774 had been incurred with respect to this agreement. As of March 31, 2008, there were no outstanding management fees payable to BMD Management Company, Inc.



The Company engages and proposes to continue to engage in ordinary course banking relationships on customary terms with Century Bank including the investment of excess operating funds in short term certificates of deposit. The Company's Chairman and Chief Executive Officer is the Chairman and owner of the bank and two of the Company's Directors are directors of the bank.

The Company's Chairman and Chief Executive Officer, pursuant to an agreement with the Company and the underwriter, has agreed that if the Company liquidates prior to the consummation of a business combination, he will be personally liable to pay debts and obligations to target businesses or vendors or other entities that are owed money by the Company for services rendered or contracted for or products sold to the Company in excess of the net proceeds of the IPO not held in the trust account.

The Company's Chairman and Chief Executive Officer has also entered into an agreement with Ladenburg Thalmann, the lead underwriter for the IPO, pursuant to which he, or an entity or entities he controls, will place limit orders for \$12 million of the Company's common stock commencing ten business days after the Company files its Current Report on Form 8- K announcing its execution of a definitive agreement for a business combination and ending on the business day immediately preceding the record date for the meeting of stockholders at which such business combination is to be approved. If he purchases shares of common stock pursuant to this agreement, he will be entitled to vote such shares as he chooses on a proposal to approve a business combination which may influence whether or not a business combination is approved.

#### Note 8. Preferred Stock

The Company is authorized to issue 1,000,000 shares of preferred stock with such designations, voting and other rights and preferences as may be determined from time to time by the Board of Directors.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions about us that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "continue," or the negative of such terms or other similar expressions. Factors that might cause or contribute to such a discrepancy include, but are not limited to, those described in our other Securities and Exchange Commission filings.

**Overview**

The Company was formed on April 17, 2006 for the purpose of effecting a merger, capital stock exchange, asset acquisition or other similar business combination with one or more operating businesses.

On February 1, 2007, we completed our initial public offering or IPO of 15,600,000 units, and on February 16, 2007, we completed the sale of an additional 2,340,000 units that were subject to the underwriter's over-allotment option. Each Unit consists of one share of our common stock and two warrants entitling the holder to purchase one share of our common stock at a price of \$5.00. The public offering price of each unit was \$6.00, and we generated gross proceeds of \$107,640,000 in the IPO (including proceeds from the exercise of the over-allotment option). Of the gross proceeds: (i) we deposited \$102,047,840 into a trust account or the Trust Account at JPMorgan Chase NY Bank, maintained by Continental Stock Transfer & Trust Company as trustee, which included \$3,051,240 of deferred underwriting fees; (ii) the underwriters received \$4,811,160 as underwriting fees (excluding the deferred underwriting fees); and (iii) we retained \$781,000 for offering expenses. In addition, we deposited into the Trust Account \$2,100,000 that we received from the issuance and sale of 4,666,667 warrants to RAC Partners LLC, an entity controlled by Barry W. Florescue, our chairman and chief executive officer, and Charles Miersch and Morton Farber, directors on January 29, 2007.

We intend to utilize cash derived from the proceeds of our initial public offering, our capital stock, debt or a combination of cash, capital stock and debt, in effecting a business combination. The issuance of additional shares of our capital stock:

- o may significantly reduce the equity interest of our stockholders;
- o may subordinate the rights of holders of common stock if we issue preferred stock with rights senior to those afforded to our common stock;
- o will likely cause a change in control if a substantial number of our shares of common stock are issued, which may affect, among other things, our ability to use our net operating loss carry forwards, if any, and most likely will also result in the resignation or removal of our present officers and directors; and
- o may adversely affect prevailing market prices for our common stock.

Similarly, if we issue debt securities, it could result in:

- o default and foreclosure on our assets if our operating revenues after a business combination are insufficient to pay our debt obligations;

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- o acceleration of our obligations to repay the indebtedness even if we have made all principal and interest payments when due if the debt security contains covenants that required the maintenance of certain financial ratios or reserves and we breach any such covenant without a waiver or renegotiation of that covenant;
- o our immediate payment of all principal and accrued interest, if any, if the debt security is payable on demand; and
- o our inability to obtain additional financing, if necessary, if the debt security contains covenants restricting our ability to obtain additional financing while such security is outstanding.

We intend to use substantially all of the net proceeds of our IPO, (excluding deferred underwriting discounts and commissions), to acquire a target business. To the extent that our capital stock is used in whole or in part as consideration to effect a business combination, the remaining proceeds held in the trust account as well as any other net proceeds not expended will be used as working capital to finance the operations of the target business. Such working capital funds could be used in a variety of ways including continuing or expanding the target business operations, for strategic acquisitions and for marketing, research and development of existing or new products. Such funds could also be used to repay any operating expenses or finders' fees which we had incurred prior to the completion of our business combination if the funds available to us outside of the trust fund were insufficient to cover such expenses.

#### Results of Operations, Financial Condition and Liquidity

Through March 31, 2008, our efforts have been limited to organizational activities, activities relating to our initial public offering, activities relating to identifying and evaluating prospective acquisition candidates, and activities relating to general corporate matters; we have neither engaged in any operations nor generated any revenues, other than interest income earned on the proceeds of our private placement and initial public offering.

Net income totaled \$486,782, \$403,942, and \$2,703,802 for the three months ended March 31, 2007 and March 31, 2008, and for the period from inception to March 31, 2008, respectively.

Our operating expenses totaled \$67,681, \$173,648, and \$1,023,204 for the three months ended March 31, 2007 and March 31, 2008, and for the period from inception to March 31, 2008, respectively.

We had net interest income earned on marketable securities and held in the Trust Account of \$553,632, \$899,340, and \$5,013,273, for the three months ended March 31, 2007 and March 31, 2008 and for the period from inception to March 31, 2008, respectively. Interest income, after \$1,875,000 which has been released to the Company, excludes earnings on funds held in the Trust Account associated with common stock subject to possible conversion and, except for amounts equal to any taxes payable by us relating to such interest earned, will not be released from the Trust Account until the earlier of the completion of a business combination or the expiration of the time period during which we may complete a business combination. After deduction on the amount related to the Company's income taxes payable on the interest, approximately \$1,792,000 of interest income remain to be allocable, with approximately \$358,000 of such amount being allocable to common shares subject to conversion.

Interest expense for the periods presented relates to the borrowings from the installment loan for insurance.

We have provided for only an effective tax rate of slightly over 33% on an inception to-date basis since a substantial portion of our interest income is from non-taxable sources. As of March 31, 2008, there is a liability of \$333,069.

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The following table shows the total funds held in the trust account through March 31, 2008:

|   |                |
|---|----------------|
| Net proceeds from our initial public offering and private placement of warrants placed in trust | \$ 104,147,840 |
| Total interest and miscellaneous income received to date  | 5,013,422      |
| Less total interest disbursed to us for working capital through March 31, 2008                  | (1,875,000)    |
| Less total taxes paid through March 31, 2008  | (1,022,000)    |
| Total funds held in trust account through March 31, 2008  | \$ 106,264,262 |

As of March 31, 2008, we had approximately \$1,181,857 of unrestricted cash available to us for our activities in connection with identifying and conducting due diligence of a suitable business combination, and for general corporate matters. We believe that we have sufficient funds to allow us to operate through January 29, 2009, assuming that a business combination is not consummated during that time. Over this time period, we anticipate incurring expenses for the following purposes:

- o payment of premiums associated with our directors' and officers' insurance;
- o payment of estimated taxes incurred as a result of interest income earned on funds currently held in the trust account;
- o due diligence and investigation of prospective target businesses;
- o legal and accounting fees relating to our SEC reporting obligations and general corporate matters;
- o structuring and negotiating a business combination, including the making of a down payment or the payment of exclusivity or similar fees and expenses; and
- o other miscellaneous expenses including the \$8,000 per month to a related party for office space and general and administrative services.

### **Critical Accounting Policies**

In presenting our financial statements in conformity with accounting principles generally accepted in the United States, we are required to make estimates and judgments that affect the amounts reported in our financial statements. Some of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. We formulate these estimates and assumptions based on historical experience and on various other matters that we believe to be reasonable and appropriate. Actual results may differ significantly from these estimates.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Market risk is the sensitivity of income to changes in interest rates, foreign exchanges, commodity prices, equity prices, and other market-driven rates or prices. We are not presently engaged in and, if we do not consummate a suitable business combination prior to the prescribed liquidation date of the trust fund, we may not engage in, any substantive commercial business. Accordingly, we are not and, until such time as we consummate a business combination, we will not be, exposed to risks associated with foreign exchange rates, commodity prices, equity prices or other market-driven rates or prices. The net proceeds of our initial public offering held in the trust fund may be invested by the trustee only in United States "government securities" within the meaning of Section 2(a) (16) of the Investment Company Act of 1940 having a maturity of 180 days or less, or in money market funds meeting certain conditions under Rule 2a-7 promulgated under the Investment Company Act of 1940. Given our limited risk in our exposure to government securities and money market funds, we do not view the interest rate risk to be significant.





Item 4T. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed pursuant to the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer (who is also the principal financial officer), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

We carried out an evaluation, under the supervision and with the participation of its management, including our Chief Executive Officer (who is also the principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer (who is also the principal financial officer) concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) were effective as of the end of the fiscal quarter ended March 31, 2008.

There have been no changes in our internal control over financial reporting during the fiscal quarter ended March 31, 2008 that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II.  
OTHER INFORMATION

Item 6. Exhibits

| Exhibit<br>Number | Exhibit Description   |
|-------------------|---|
| 31.1              | Certification of Chief Executive Officer Pursuant to SEC Rule 13a-14(a)/15d-14(a) |
| 32.1              | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350       |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 14, 2008

RENAISSANCE ACQUISITION CORP.

By: /s/ Barry W. Florescue  
Barry W. Florescue  
Chief Executive Officer (Chief Financial  
and Accounting Officer)

EXHIBIT INDEX

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