ANNUAL REPORT & ACCOUNTS | 2007

delivering specialist construction services

Renew delivers specialist construction services in engineering and building through its branded businesses which operate in robust and sustainable markets

FINANCIAL HIGHLIGHTS

turnover from ongoing operations £347.8m
(2006: £341.7m)

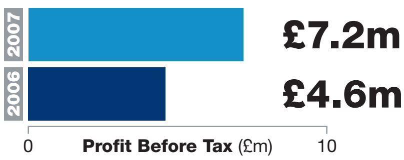
profit before tax £7.2m
(2006: £4.6m)

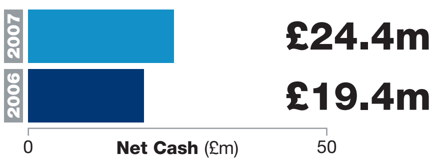
earnings per share 11.9p
(2006: 10.0p)

net cash balance at 30 september £24.4m
(2006: £19.4m)

full year dividend 1.8p
(2006: 1.2p)

CHAIRMAN'S STATEMENT





INTRODUCTION

I am pleased to report a strong set of financial results and that the Group has made further excellent progress in line with its strategic objectives. In Specialist Engineering we have continued to grow revenue, further enhanced by the acquisition of Seymour, and have maintained our strong margins. In Specialist Building we have seen excellent growth in operating margins at steady levels of revenue.

We are experiencing buoyant demand for the Group's specialist services in our chosen market sectors, with the Group order book up 21% in the period. The order book also reflects a higher quality of work founded on strong levels of repeat business from key clients and a further increase in the proportion of work won within our specialist market sectors, which remain robust.

We continue to be recognised for the high quality and standard of work we are consistently delivering to our customers and have received awards and commendations for a number of our businesses, specifically in the areas of environmental, design and innovation. Particularly pleasing is the excellent progress we are making in Health & Safety, which continues to be a key area of focus across the Group, reflected by a significant reduction in our Accident Incidence Rate and recognised by a number of RoSPA awards.

RESULTS AND DIVIDEND

Group turnover from ongoing operations for the year ended 30 September 2007 was £347.8m (2006: £341.7m) and profit before tax was £7.2m (2006: £4.6m). Earnings per share were 11.85p (2006: 10.00p). The Group's net cash balance at 30 September was £24.4m (2006: £19.4m) after paying for the £5.9m acquisition of Seymour outlined below. Net assets have increased to £10.1m from £5.3m.

The Board is proposing a final dividend of 1.2p per share, which will be paid on 25 February 2008 to shareholders on the register as at 18 January 2008. This will result in a dividend of 1.8p per share for the full year (2006: 1.2p), a 50% increase, reflecting the Group's progressive dividend policy and the Board's confidence in the Group's future prospects.

GROWTH STRATEGY

On 26 July 2007, the Group announced another acquisition in the form of Seymour (Civil Engineering Contractors) Limited ("Seymour"), the water engineering services provider, for a net cash consideration of £5.9m, expanding the Group's Specialist Engineering activities into the water sector. The integration of Seymour is progressing well and the business is trading in line with our expectations.

As Brian May outlines in more detail in his Chief Executive's review, we continue to seek organic growth in our current specialist areas of activity, whilst pursuing further strategic acquisitions in Specialist Engineering.

MANAGEMENT AND HEAD OFFICE

On 1 October 2006, John Bishop FCA joined the Board as non-executive Director, and on 31 October 2006, Arnold Wagner OBE stepped down from the Board as a non-executive Director.

During the year the Group relocated its head office to Aberford, near Leeds, and streamlined its head office function. Certain key appointments were also made, including that of our Group Lawyer and Company Secretary, Ben Feather, who joined Renew from HBOS after spending several years with Addleshaw Goddard in Leeds.

AUDITORS

We have been reviewing our engagements with a number of the professional advisors to the Group and, following a competitive tender process, in July 2007 the Board appointed KPMG Audit Plc as auditors in succession to RSM Robson Rhodes LLP.

OUTLOOK

The Group is now in a position of strength. All of the performance targets set at the beginning of the year have been exceeded. We continue to grow cash backed profits in key areas of the market where we see further opportunities for organic growth and there is substantial work being done in pursuing further strategic acquisitions. The Board is confident that the excellent progress made during the year will continue.

Roy Harrison
Chairman
27 November 2007

renew

CHIEF EXECUTIVE'S REVIEW

OVERVIEW

Another year of strong performance has been delivered across all of our business, with profit before tax up 55%. This profit growth has been matched by cash, which remains a primary objective, and we have achieved our target of delivering a 2% Group profit before tax a year earlier than anticipated. The Group strategy which has been progressively implemented over the last two years is now firmly established, both operationally and culturally, and its benefits are reflected in these very positive results.

All of our specialist market sectors continue to demonstrate robust fundamentals. During the year we grew our Specialist Engineering activities organically by over 20%, whilst expanding into new markets through the acquisition of Seymour, a specialist contractor in the water sector. This was achieved whilst maintaining target margins and, following the acquisition, Specialist Engineering is now expected to account for more than 20% of Group turnover.

In Specialist Building we maintained turnover at a similar level to last year while increasing operating profits by 42%, with margins up to 1.4% from 1.0%. This is an excellent achievement and demonstrates the significant improvement in risk management as we progress towards our target of 2% operating margins in Specialist Building within the next two years.

Group operating margins increased by 40% during the year and, as a result, we have set a new objective for the Group of achieving an operating profit margin of at least 2.5% by 2010.

The Group order book has grown by more than 21% during the period and the order intake since the end of the financial year has been very strong. The secured forward order book at 30 September 2007 stood at £252m, compared to £209m a year ago. Our selective approach to winning new contracts has meant the proportion of new orders that fall within our specialist areas of activity has increased to nearly 80%. The level of contracts secured from repeat customers has also increased to 72%. Our level of negotiated, framework and two stage tendered work reached 68%. This gives us greater earnings visibility and further reduces risk, both of which remain key objectives going forward.

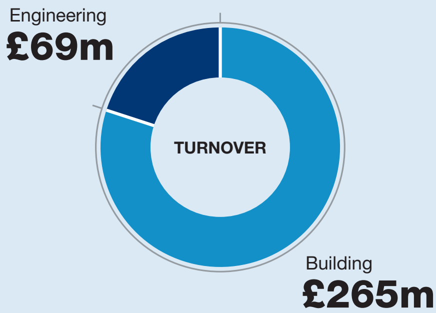
SPECIALIST ENGINEERING

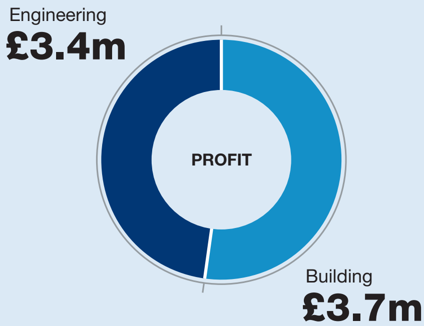
I am delighted that the quality of our Specialist Engineering work is being recognised both by our customers and third parties. VHE was awarded the Specialists in Construction Award from Construction News and was runner up in Brownfield Briefing's Remediation Innovation Awards. It was also awarded the RoSPA Gold Medal in May in recognition of five consecutive years of Gold Awards. Shepley Engineers was awarded a second consecutive RoSPA President's Award for an outstanding performance in Health & Safety at work over an eleven year period. Seymour won two CECA training awards and was runner up for the North East CECA Project of the Year.

In Nuclear, the largest spend within the national civil nuclear legacy programme is at Sellafield in Cumbria, where Shepley Engineers has worked continuously for more than 25 years. Shepley Engineers is the largest mechanical and electrical contractor at Sellafield with a workforce in excess of 400 people. Overall activity is well balanced between operational asset support and the decommissioning and demolition of redundant facilities. During the year Shepley Engineers was awarded four long-term frameworks at Sellafield, the most important being the major Multi Disciplinary Site Wide Framework, where the company is one of three Tier 2 contractors alongside Amec and Hertel. This framework is worth in excess of £25m over the next two years and includes an option for a further two year extension.

In Land Remediation, VHE was reappointed as a term contractor by National Grid Property Limited to continue remediation works on sites across the UK. This three year framework contract is worth £10m per annum and has an option to extend it for a further two years. Major contracts with other clients include the remediation of former coal-fired power stations in Rugeley in Staffordshire and Stella South near Gateshead. Both entailed substantial land reclamation to create clean development platforms for future housing development.

In Water, the Group acquired Seymour, a leading civil engineering business in the North East of England, in July 2007. Seymour carries out water infrastructure development and maintenance, flood alleviation and coastal protection and urban renewal works to the public and private sectors. Seymour has a long-standing relationship with Northumbrian Water and has recently had its framework agreement extended until 2011. Recent contracts also include a £6m coastal protection scheme completed over two phases at Seaton Carew, and a £1m contract to install a new raw water main at Teesside Power Station. The integration of Seymour is progressing well and we are confident of growing the business as part of the enlarged Group.





CHIEF EXECUTIVE'S REVIEW

SPECIALIST BUILDING

Our Specialist Building businesses have experienced a strong increase in repeat business as well as a number of industry commendations including RIBA, RICS and BREEAM awards for architectural design, innovation and environmental construction.

In Social Housing, Allenbuild now has six framework agreements with major housing associations in the South East. We have recently been awarded a £15m contract by Metropolitan Housing Association to build 106 new apartments and retail space in Hackney. We have a pipeline of projects with Logic Homes in excess of £60m and more than £40m with other framework partners. Allenbuild is actively incorporating Modern Methods of Construction into its social housing workload and is committed to achieving zero defects on all projects.

In Retail, Britannia Construction secured a number of new clients and developments, including its appointment as a framework contractor to Marks & Spencer, and continued to strengthen its relationships with existing customers such as Tesco. A £6.6m redevelopment of Fareham Town Shopping Centre for Dominion Corporate Trustees was started in the summer for a new 32,000 sq ft extension to the existing shopping mall. Allenbuild also completed the £6m North Walk Development at the Crystal Peaks Shopping Centre in Sheffield for Hermes, and secured repeat business with Dransfield Properties for the £5.6m Jasper Square development in Tunstall. This sector is experiencing a very strong level of enquiries.

In Restoration and Refurbishment, a notable scheme undertaken by the Group was the £13m restoration of the historic iron fabric at St Pancras Station, London. We continue to see strong demand from the high quality residential sector in London with a number of prestigious high quality projects underway. We also commenced a new framework with Grosvenor, which involves the refurbishment of several properties in Mayfair and Belgravia. The £8m refurbishment of Walmsley House into 170 student units for Investream was completed, the second project for this client, illustrating the high level of repeat business we conduct in this specialist sector.

In Science and Education, Walter Lilly enjoyed a successful year with projects for University College, London and the Burlington Danes laboratory fit out as part of the Imperial College framework, as well as securing the £20.5m Queen Mary Innovation Centre construction project for the Queen Mary University, London. Work also continued for long-standing client GlaxoSmithKline's research and development arm with two laboratory refurbishment projects. Allenbuild commenced the construction of the £17m Rossington All Saints Secondary School and Sports Village for the Diocese of Sheffield. It has also completed the main phase of the British Library's £13m Additional Storage Programme, the world's first large-scale automated document retrieval complex to use oxygen depletion technology as a fire resistance strategy.

PROPERTY AND OTHER ACTIVITIES

The on time and on budget completion of a major development project for Wichford PLC valued at £15.3m demonstrated how the Group's various capabilities in development, land remediation and construction could be brought together successfully and profitably. We continue to look for other suitable development opportunities and have recently started construction of a specialist manufacturing building in Cumbria for an American client. We also continue to realise surplus land both in the UK and USA and I am confident of further land realisations in 2007/08.

PEOPLE

We continue to attach great importance to Health & Safety practices across the Group. I am delighted to report that during the year we have decreased the Accident Incidence Rate by 41% which, given our annual target of a 10% reduction, is a major achievement.

The improvement in the Group's performance is a testament to the hard work and dedication of all of our employees, for which the Board is extremely grateful.

STRATEGIC UPDATE

The benefits of our strategic focus and improved management practices are becoming increasingly evident. Our specialist activities are also well positioned in serving robust market sectors with good potential for growth. This provides an excellent platform for the future and we will continue to expand our presence in our existing areas of activity both organically and, in Specialist Engineering, via further strategic acquisitions. The Group's strong financial position and cash generation provides excellent flexibility for funding any future acquisitions.

Our goal is, within the next three years, for the Group's Specialist Engineering activities to increase to at least a third of Group turnover. We are targeting Group turnover of at least £500m by 2010, however we will not lose sight of our primary objective of delivering increased cash backed profits from progressive operating margin improvement, with the target of a Group operating profit margin of 2.5% by the same date.

Brian May
Chief Executive
27 November 2007

RESULTS

The Group's turnover from ongoing operations was £347.8m (2006: £341.7m) with an operating profit of £5.0m (2006: £3.5m). Profit before tax was £7.2m (2006: £4.6m). A tax charge of £0.1m (2006: £1.4m credit) resulted in a profit after tax for the year of £7.1m (2006: £6.0m).

ACCOUNTING POLICIES

The Group has continued to prepare its accounts in accordance with UK GAAP and has made no changes to its accounting policies during the year although we have incorporated FRS 20 Share Based Payments for the first time. It is required to transition to International Financial Reporting Standards in 2007/08 and so the interim results to March 2008, which will be issued in May 2008, will be prepared under IFRS. The Group expects to announce the impact of IFRS on previously reported results prior to the announcement of the March 2008 interims.

CASH GENERATION

The Group's operating performance has been complemented by strong cash generation, both from operations and from the continued realisation of surplus property assets. Operating activities generated £21.9m (2006: £10.7m) of cash as stocks and work in progress reduced by over £11m and payments in advance increased by £3.9m.

The major development project which we completed in December 2006 yielded £15.3m of gross cash. The related loan which was used to fund this project was repaid and the Group then became free of any material bank borrowings. A small development project has been undertaken and this has been funded internally with £1.3m invested by the year end.

During the year, all of the Group's UK banking was moved to Barclays Bank Plc facilitating better Group cash and treasury management. As a result, better interest income was achieved on short-term deposits.

The Group's only borrowings are £547,000 of finance leases and £165,000 of borrowings in Lovell America, Inc. At the year end, our net cash position was £24.4m, compared to £9.3m last year after deducting the development loan.

LOVELL AMERICA, INC.

The Group has approximately £12m of assets in the USA, where Lovell America, Inc. is progressively realising these assets for cash repatriation to the UK. This process has led to more than 37% of the US assets being in the form of cash at the year end compared to 28% last year.

PENSIONS

The gross deficit in the Lovell Pension Scheme, which was closed to new members in 2000, has remained largely unchanged since last year at £3.6m as discount rates have risen with interest rate increases although the Board has incorporated stronger mortality assumptions which predict longer lives for pension fund members together with a higher level of forecast future inflation. During the year and in accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board reached agreement with the Trustees of the scheme on the level of future contributions at £1.7m per annum, effective from 1 April 2007. Previously the contribution rate was £1.2m per annum.

ACQUISITION OF SEYMOUR

The acquisition of Seymour in late July cost a net £5.9m in cash, all payable on acquisition. Following the acquisition, an independent valuation was carried out of Seymour's freehold land which resulted in a fair value uplift of £0.3m reducing goodwill on acquisition to £4.6m. Seymour's results for the two months since the acquisition were not material to the Group's overall performance.

TAXATION

A deferred tax asset included in Debtors of £3.7m is carried in the balance sheet, which results from the likely future utilisation of tax losses through the improved and profitable trading of the Group. During the year, material additional trading losses were identified as usable within the next two years in one of the Engineering businesses and it is these losses which are the main reason for the increase in the deferred tax asset.

Despite having material unused tax losses, the Group anticipates an increase in corporation tax payable in each of the next few years although tax payable is expected to remain below the headline rate of tax due to losses brought forward.

NET ASSETS

The consolidated net assets of the Group were £10.1m (2006: £5.3m), an increase of 91%. The distributable profits of Renew Holdings plc stood at £3.9m (2006: £0.5m) providing the Board with the platform to propose an increase in the dividend for the full year by 50% from 1.2p to 1.8p per share.

John Samuel
Group Finance Director
27 November 2007

SPECIALIST ENGINEERING

NUCLEAR

Specialist Engineering within the nuclear sector is delivered through Shepley Engineers, a major mechanical and electrical contractor and project manager. Activity in the year has been well balanced between operational asset support and the decommissioning and demolition of redundant facilities. By far the largest spend within the national civil nuclear legacy programme is at Sellafield in Cumbria where Shepley Engineers has worked continuously for more than 25 years. Shepley Engineers is the largest mechanical and electrical contractor at Sellafield with a workforce in excess of 400 people.

During the year, Shepley Engineers was awarded four long-term framework agreements at Sellafield. These include: a Multi Disciplined Site Wide agreement, worth in excess of £25m over the next two years and with an option for a two year extension; a decommissioning framework agreement in consortium; a demolition framework agreement and a fabrication and spares agreement.

The company has also been involved in a number of major projects. The High Active South Outer (HASO) cell project involves the decommissioning and removal of redundant plant from one of the original Magnox fuel reprocessing facilities. On completion over fifty tonnes of various types of equipment will have been decommissioned and removed from the cell. The Magnox storage pond emergency pumping system entails the provision and installation of new plant and equipment within a particularly challenging radiological environment.

Asset support activities are ongoing within the Thermal Oxide Reprocessing Plant (THORP), Sellafield Mixed Oxide Plant (SMP) and various High Level Waste plants.

Shepley Engineers was also awarded a second consecutive RoSPA President's Award for an outstanding performance in Health and Safety at work over an eleven year period.

© British Nuclear Group Ltd

LAND REMEDIATION

VHE is a leading provider of land remediation services with a varied public sector and private sector client base. The company has extensive experience in reclaiming brownfield land utilising in-house designed and developed solutions. These apply innovative and sustainable services such as specialist biophysical treatment, soil washing, stabilisation and groundwater treatment to maximise the value of redundant land.

During the year VHE was reappointed as a term contractor by National Grid Property Ltd to continue remediation works on its sites across the UK. The work primarily involves the clean-up of former gas manufacturing sites with the aim of returning the land to beneficial use. The appointment for the East and North East of England is for a three-year term with the option to extend for a further two years. VHE was first appointed to the term contract in 1996.

The remediation of the former Clough Road Gas Works in Hull is also nearing completion. The £7m works involves the excavation of over 110,000m³ of material of which 55,000m³ will be treated by bioremediation.

Two other major contracts comprise the remediation of former coal-fired power stations at Rugeley in Staffordshire and Stella South near Gateshead. Both entailed substantial land reclamation to create clean development platforms for future housing development.

The company's expertise was recognised with awards from a number of bodies. These include the 'Specialists in Construction' award from Construction News, runner up in Brownfield Briefing's Remediation Innovation Awards, finalist in the Chartered Institute of Waste Management Environmental Excellence Awards 07 and the RoSPA Gold Medal in May 07 in recognition of five consecutive years Gold Awards.

During the year we grew Specialist Engineering activities organically by over 20%. Our goal is, within the next three years, for the Group's Specialist Engineering activities to increase to at least a third of the Group turnover.

WATER

In July 2007, Renew expanded its Specialist Engineering capability with the acquisition of Seymour (Civil Engineering Contractors) Limited, which provides specialist engineering services in the water sector.

Seymour is a leading civil engineering business in the North East of England. It delivers specialist environmental services including water infrastructure development and maintenance, flood alleviation and coastal protection, as well as urban renewal and other infrastructure services to customers in both the public and private sectors.

Three quarters of Seymour's work is generated from longer term framework agreements and negotiated contracts. These include a £10m per annum framework agreement with Northumbrian Water, with whom Seymour has worked for over 20 years. This framework has been extended since acquisition by another two years until 2011.

The company has undertaken a range of major works for Northumbrian Water in the last 12 months. One of the largest is a £3.5m flood alleviation scheme which involved installing a 6,000m³ storage tank to store excess waterflows at Shiremoor in North Tyneside. A further flood alleviation scheme, worth £1.5m, was completed over two phases in Hartlepool, along with a similar £650,000 project in a residential area at Kilton Beck.

Recent contracts include a major coastal protection scheme completed over two phases at Seaton Carew. The £6m contract involved the removal of existing sea wall, construction of 1,000m of new reinforced concrete wall, protection with rock armour weighing up to 2.5 tons, concrete steps and ramps and promenade works. The company has just completed a £1m contract to install a new raw water main at Teesside Power Station, without affecting the operation of the station.

Acquired by Renew in July 2007, Seymour delivers specialist environmental services including water infrastructure development and maintenance.

SEYMOUR

renew

SPECIALIST BUILDING

SOCIAL HOUSING

New build social housing is a key sector, especially within the South East where Allenbuild has six frameworks with major housing associations. Pipeline projects with Logic Homes exceed £60m. Current contracts for Logic Homes include the £2.8m scheme to create 30 units at St Mark's Field, Rochford, and a £2.2m contract at St Francis of Assisi in Hainault, Essex to construct 12 flats and a new Church Hall. Work also continued for the same client on the £9m scheme to construct 60 units at Cranes Farm Road in Basildon.

The company is actively incorporating Modern Methods of Construction into its social housing workload and is committed to achieving zero defects on all projects. Zero defects was achieved on two schemes for Logic Homes, the £5m construction of 40 flats at Tushmore Roundabout in Crawley and a timber-framed project at Pegler Way.

A further project completed during the year was a £5m scheme in Deptford to construct 37 new homes for London & Quadrant Housing Trust as part of the regeneration of the Pepys Estate in Lewisham. A major scheme in progress is the £8.6m Clyde Terrace contract in Forest Hill to construct a mixed development of residential, live-work and commercial units, which is due for completion in 2008.

Significant new contracts included the £15m construction of 106 new apartments and retail space in Hackney for Metropolitan Housing Trust, and a further contract award for the Community Housing Trust to build on a former petrol site at Ponders End, Enfield.

The recently completed £16.5m Gray's Inn Road project for Community Housing Group featured in the exhibition of excellence at the 2007 Housing Design Awards.

RETAIL

Britannia Construction's expertise in the retail sector helped secure a number of new clients and developments including appointment as a framework contractor to Marks & Spencer. In addition to this framework, Britannia Construction is due to begin its first project for this client at Barton Square in Manchester by the end of 2007.

The £6.6m redevelopment of Fareham Town Shopping Centre for Dominion Corporate Trustees was started in the summer, comprising the demolition of an existing multi-storey car park and adjacent retail units to form a new 32,000 sq ft extension to the existing shopping mall and a new 209 space multi-storey car park.

Tesco continues to feature significantly in Britannia Construction's portfolio of retail clients, with a major extension to the Cheltenham store completed in the year and new stores at Ilminster and Maesteg, completing in the autumn.

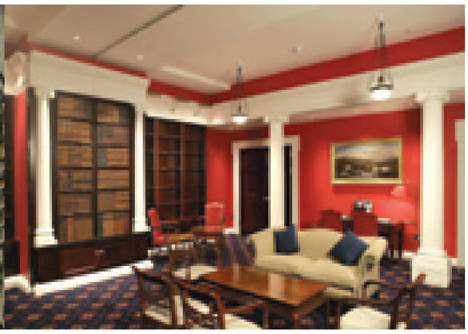
Three new retail units in Hereford were completed for the BBC Pension Trust, together with the refurbishment of an existing retail unit in The Horsefair, Bristol for the Bristol Alliance Partnership. A developer's shell for Next Retail was built in Quedgeley District Centre for Robert Hitchins Properties and a 50,000 sq ft DIY retail shell constructed in Folkestone for Madford Developments.

On the leisure side of retail, work was recently completed on a new five screen multiplex cinema in Didcot and a fit out contract for a twelve screen facility commenced at High Wycombe, both for Cineworld.

Allenbuild completed the £6m North Walk Development at the Crystal Peaks Shopping Centre in Sheffield for Hermes, and secured repeat business with Dransfield Properties for the £5.6m Jasper Square development in Tunstall.

Allenbuild WalterLilly BRITANNIA CONSTRUCTION YJL LONDON YJLi

RESTORATION AND REFURBISHMENT



Restoration and refurbishment, often involving historic or listed properties and extensive structural alterations, is a key skill among a number of Group companies. Walter Lilly continued to deliver a number of exclusive private residential schemes in London such as the fitting out of the former Chelsea School of Art into a number of exclusive apartments with fine quality finishes including marble, solid wood floors, bespoke joinery and underfloor heating. Around the corner in Chelsea Square, Walter Lilly is carrying out the fitting out of a five-storey villa for a private client, having also constructed the shell and core. This luxury property will include seven bedrooms, an elevating stainless steel swimming pool and glass lift.

Several projects have been undertaken for long-standing client, The Cadogan Estate, including the refurbishment of a five-storey office building in King's Road into retail units on the ground and basement floors with luxury apartments on the three upper floors. A further contract involving structural alterations on the Sloane Square Tavern has also been undertaken. Currently Walter Lilly is working on an £8m project in Cadogan Gardens, which includes extensive structural alterations and a retained façade, to convert the property into retail units, offices and a private house.

One of Walter Lilly's four framework agreements is with Grosvenor which involves the refurbishment of several residential properties in Belgravia and Mayfair. Prestigious high quality refurbishment and restoration projects are underway in Regents Park and Belgrave Square. Both projects involved substantial structural alteration and installation of swimming pools. The properties will be amongst some of the finest residences in London when completed.

YJL Infrastructure continues to operate in the rail sector providing construction services to rail operators and asset providers throughout London and the South East. Much of the company's work is undertaken in close proximity to the travelling public, working overnight or within very tight timescales.

Projects completed include underground station upgrade projects at Hampstead and Belsize Park on the Northern Line and Bounds Green on the Piccadilly Line. A new depot facility was also completed for GNER in North London, a Step Free Access project at Morden and a challenging engineering scheme to "cool the tube" at Victoria underground station.

Pre-construction works are ongoing for four station upgrade projects that are all likely to be delivered during the course of next year, including a £10m scheme at Earls Court.

Allenbuild commenced work on the £5.8m contract for the major refurbishment of the Youth Courts within the Queen Elizabeth II Court facility in Liverpool for Her Majesty's Courts Services. The project requires the majority of the work to be undertaken "out of hours" to prevent any disruption to the daily operation of the building.

YJL London continues to develop a specialism in structural refurbishment works, with the majority of its work being centred around the West End and City fringes.

Projects include the conversion of offices into high quality residential apartments in Barter Street, Holborn for Holborn Links Property Developers, which in turn has led to a negotiated project for the same client in High Holborn, consisting of the conversion of

an existing commercial property into six 'Affordable Homes' apartments.

The £8m refurbishment of Walmsley House into 170 student units for Investream was completed, having been secured following the successful completion of 70 units at Goswell Road for the same client.

YJL London has a long track record in hospital refurbishment and won two contracts for the Guy's and St Thomas's Hospital Trust; the formation of a new Urology suite and the formation of the Assisted Conception Unit and Stem Cell research facility on the 11th floor of Guy's Tower.

Her Majesty the Queen and HRH The Duke of Edinburgh opened the new Morrison Wing of The Caledonian Club. Walter Lilly constructed a four-storey extension and basement to complement the original building that provides additional function rooms, snooker and music rooms and bedroom accommodation.

Also in London, Allenbuild is working on the £2.6m contract to construct the new Sackler Centre for arts education at the Victoria and Albert Museum (V&A) in South Kensington. The project in the Henry Cole Wing of the Grade I listed building entails the construction of an auditorium, art/design and digital studios and seminar rooms over two floors.

A notable restoration scheme undertaken by the Group was the £13m restoration of the historic iron fabric at St Pancras. The work involved the faithful repair and replication of numerous corroded and World War II bomb damaged elements of the famous Barlow Shed, as well as in the chambers and undercroft, within very strict conservation constraints. The stunning refurbished iron and glass roof at St Pancras provides a landmark demonstration of the Group's highly specialist capability in this type of work.

SCIENCE AND EDUCATION

Walter Lilly enjoyed a successful year in science and education with projects for University College, London and the Burlington Danes laboratory fit out as part of the Imperial College framework. The company also secured the £20.5m Queen Mary Innovation Centre project, part of Queen Mary University London, which will provide accommodation for the University as well as incubator space aimed at encouraging business innovation.

Work continued for long-standing client GlaxoSmithKline's Research and Development arm with two laboratory refurbishments. A further negotiated award is a £2.5m warehouse upgrade at Harlow where Walter Lilly has received commendations for outstanding project delivery.

HRH The Princess Royal opened the James Black Centre for Kings College London which focuses on research into stem cell, cardiology, neuroscience and sickle cell disease.

Allenbuild commenced the construction of the £17m Rossington All Saints Secondary School and Sports Village for the Diocese of Sheffield. The new school will provide almost 10,000m² of modern teaching and sports facilities and will be constructed within the grounds of the existing school. The contract also includes a modern 'Sports Village' to strengthen further the school's 'Sports College' status.

One of the most innovative schemes being undertaken by Allenbuild is the British Library's Additional Storage Programme building at Thorp Arch near Wetherby, the world's first large scale automated document retrieval complex to use oxygen depletion as a fire resistance strategy. The £13m scheme will provide additional storage capacity for 7 million items for the UK national collection, and provide over 262 linear kilometres of high-density storage.

A number of smaller educational projects are underway including the Kenton Learning Centre in Harrow and the construction of a new Arts Centre at Mid Cheshire College in Northwich.

Renew Holdings plc and its subsidiaries endeavour to minimise the impact and to maximise the social, economic and environmental benefits of their operations beyond compliance with minimum legal requirements. More information on the Group's policies can be found in the Directors' Report. The activities undertaken vary across the Group, due to its organisational structure and the diversity of the specialist nature of each business. A selection of current initiatives undertaken by our operating companies is outlined below.

SAFETY

As well as protecting its employees through progressive improvements in safety training and procedures, Renew businesses work in very close proximity to the public. When working in schools or near to children, Allenbuild, Seymour and other Group businesses host special presentations geared to the relevant age group, illustrating the potential dangers involved on a building site. Shepley Engineers is also supporting the ZERO initiative at Sellafield.

ENVIRONMENT

VHE is committed to recycling site-won materials during land remediation, which diverts material from landfill and creates reusable aggregates. Group companies are also helping to pioneer a number of initiatives, such as CLUSTER. This enables material from sites which are too small to be economically remediated individually to be treated collectively at a temporary central hub. Britannia Construction donates surplus materials to suitable local organisations on project completion.

SUSTAINABILITY

All Renew businesses are committed to increasing the procurement of sustainable products and reducing construction waste. Sustainable projects being constructed include the Environmental Technology Energy Centre for Yorkshire Forward which features a 300KW wind turbine while a sedum roof and biomass boiler form part of the Alltwen Community Hospital. In Social Housing, Modern Methods of Construction, such as timber frames, lightweight steel, bathroom pods and other prefabricated elements are being utilised to improve energy efficiency and reduce site waste, while also improving quality and reducing the building programme. Other initiatives to minimise waste include segregating materials on site where space allows. Group offices also separate waste such as paper, cardboard and aluminium for recycling.

CONSIDERATE CONSTRUCTORS

All Group companies are active participants in the Considerate Constructors scheme and all sites are registered. The scores form a part of the Key Performance Indicators for each business.

EMPLOYMENT AND TRAINING

Providing employment opportunities to local people is important for a number of businesses, especially those involved in social housing or community regeneration. Allenbuild supports the "Employers Racing Ahead" initiative in Bradford that helps place the socially deprived and people from ethnic minorities in the construction industry. Shepley Engineers recruits around a dozen apprentices every year and actively contributes to regional development and regeneration bodies throughout West Cumbria. All Group companies support the operation and aspirations of the Construction Skills Certification Scheme to raise quality standards throughout the construction industry.

ENERGY SAVING AND CARBON FOOTPRINT

Walter Lilly is incorporating a number of energy saving technologies on its projects such as electronic lighting control systems, heat recovery on mechanical ventilation and ground source heating. 75% of staff at YJLi use public transport for home to work travel. Group companies are also implementing numerous ways to reduce the carbon footprint of each office.

CHARITABLE GIVING

Staff across the Group give financial and practical support to a wide range of local and national charities, as well as other good causes. Some Group businesses pledge to match any funds raised by staff for charitable events.

CORPORATE SOCIAL RESPONSIBILITY

Renew Holdings plc and its subsidiaries endeavour to minimise the impact and to maximise the social, economic and environmental benefits of their operations beyond compliance with minimum legal requirements.

The Directors present their Report and the audited accounts for the year ended 30 September 2007.

Principal activities

For the year ended 30 September 2007 the principal activity of the Group was in construction and construction related activities. The main construction activities are carried out in the United Kingdom with some development activities in the USA. More details of these activities, the year's trading and future developments are contained in the Chairman's Statement, the Chief Executive's Review, the Review of Operations and the Financial Review. A list of the principal operating subsidiaries and joint ventures of the Group as at 30 September 2007 appears in Note 27 to the accounts.

Results and dividends

The Group profit for the year was £7,098,000 (2006: £5,988,000). The Directors recommend the payment of a final dividend on Ordinary Shares of 1.2p (2006: 0.8p) giving a total for the year of 1.8p (2006: 1.2p).

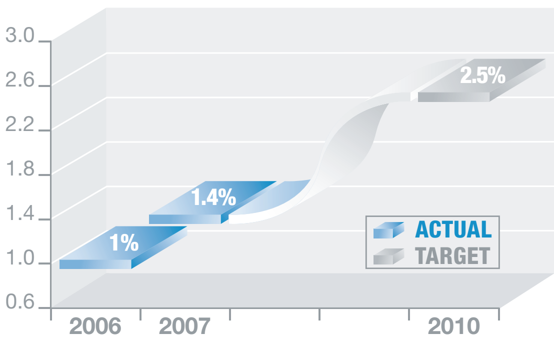
Acquisitions and disposals

Acquisitions made by the Group in the year are detailed in the Chief Executive's Review. There were no disposals of businesses in the year.

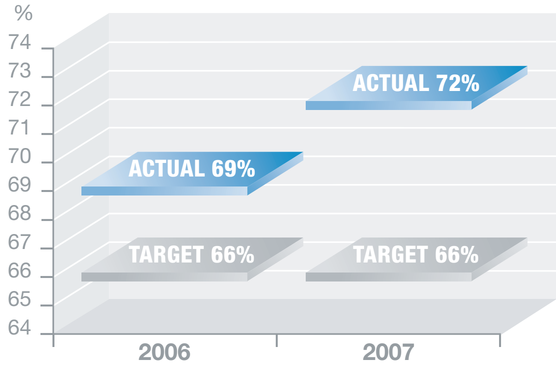
Key performance indicators

The Directors have established a number of key performance indicators which they use to measure and monitor the performance of the Group in a number of different areas. These measures are set out in the tables below. The target given for profit before interest as a percentage of sales is a medium-term target which the Directors are aiming to achieve within three years. The order targets have been established as part of the Board's drive to improve the quality and sustainability of the Group's workload and to support the reliability of financial performance. The safety record improvement target is set annually and achievement of this target is an essential component of the bonus scheme for each Director and senior manager within the Group.

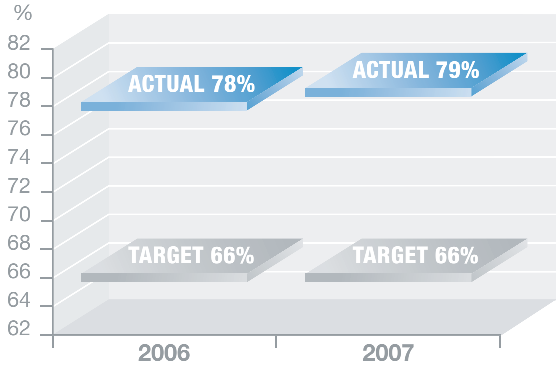
Profit before interest as a percentage of sales



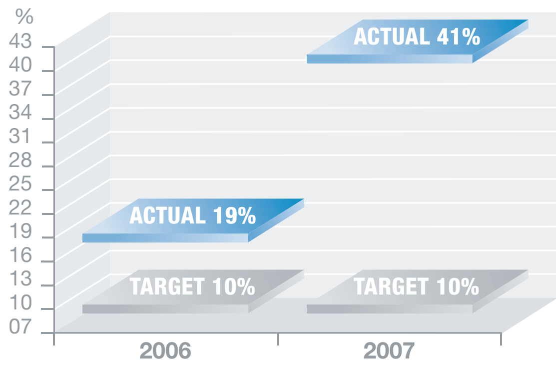
Percentage of orders from repeat clients



Percentage of orders in specialist sectors



Improvement in Accident Incidence Rate



Principal risks and uncertainties

This Annual Report contains certain forward looking statements. These statements are made by the Directors in good faith, based on the information available to them up to the time of approval of this Report. Actual results may differ to those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the Group's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

A risk inherent in the construction industry occurs in the nature, timing and contractual conditions which exist at the time of contract procurement. To mitigate these risks, the Group has a system of pre-contract and pre-tender risk assessment whereby senior management, including the Executive Directors where appropriate, review and advise on specific issues arising in the contract procurement process. The Group also seeks to limit its risks by specialising in certain markets where it has extensive experience and a particular skills base.

Derivatives and other financial instruments

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and obligations under finance leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations. The Group also uses foreign currency borrowings to hedge certain of the currency risks arising from the Group's overseas operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

Cash flow interest rate risk

The Group borrows in sterling at floating rates of interest under the terms of overdraft and bond facilities with Barclays Bank Plc. Interest rates are linked to London Inter-Bank Offer Rate (LIBOR) and the Bank's base rates, hence enabling the Group to track market interest rates. Interest bearing assets comprise cash and bank deposits and earn interest at floating rates.

Liquidity risk

The Group's policy is to ensure availability of operating funds by maintaining an appropriate cash balance in both current and deposit accounts and to establish appropriate levels of borrowing facilities to provide short-term flexibility.

Foreign currency risk

As a result of the investment in operations in the United States, movements in the US dollar/sterling exchange rate could materially affect the Group's balance sheet. The Group seeks to limit the effect of this currency exposure by using foreign currency borrowings to hedge these investments against currency depreciation.

The principal hedging instrument used by the Group is a US$ loan that was taken out on 8 November 2000 when the US$ to £stg rate was $1.446. The original hedge amounted to US$25m and this has been reduced to US$15.5m by the receipt of funds from the US in the intervening period. As at 30 September 2007, £11,575,000 (2006: £12,979,000) of the Group's net assets are denominated in foreign currency. The Group does not use derivative financial instruments in its management of foreign currency risk.

Credit risk

The Group's principal financial assets are bank balances, cash, amounts recoverable on contracts and trade debtors, which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its amounts recoverable on contracts and trade debtors.

Credit risk is managed by monitoring the aggregate amount and duration of exposure to any one customer depending upon their credit rating. The amounts presented in the balance sheet are net of allowances for doubtful debts, estimated by the Group's management based on prior experience and their assessment of the current economic environment.

Environment

The Group's policy with regard to the environment is to ensure that we understand and effectively manage the actual and potential environmental impact of our activities. Our operations are conducted such that we comply with all legal requirements relating to the environment in all areas where we carry out our business. During the period covered by this Report the Group has not incurred any fines or penalties or been investigated for any breach of environmental regulations.

Payment of creditors

The Group recognises the importance of good relationships with its suppliers and sub-contractors and has established the following payment policy:

(a) agree payment terms in advance of any commitment being entered into;

(b) ensure suppliers are made aware of these terms by inclusion of the terms of payment on the order or contract; and

(c) ensure that payments are made in accordance with the terms of the contract or order providing that the presented documentation is complete and accurate.

The Group's average creditor days during the year were 45 days (2006: 44 days).

Donations

Charitable donations made by the Group during the year amounted to £26,948 (2006: £19,467).

The Group made no political donations during the year (2006: £nil).

Employees

The Directors recognise the need for communication with employees at every level. All employees have access to a copy of the Annual Report and Accounts, which together with staff briefings, internal notice-board statements and newsletters, keeps them informed of the Group's progress. The Directors are actively considering ways to increase further the involvement of employees in the Group's performance.

The Group continues to be committed to the health, safety and welfare of its employees and to observe the terms of the Health & Safety at Work Act 1974, and all other relevant regulatory and legislative requirements.

It is the policy of the Group that there shall be no discrimination or less favourable treatment of employees, workers or job applicants in respect of race, colour, ethnic or national origins, religious beliefs, sex, sexual orientation, disability, political beliefs, age or marital status. Full consideration will be given to suitable applications for employment from disabled persons, where they have the necessary abilities and skills for that position, and wherever possible to re-train employees who become disabled, so that they can continue their employment in another position. Renew and its subsidiaries engage, promote and train staff on the basis of their capabilities, qualifications and experience, without discrimination, giving all employees an equal opportunity to progress within the Group.

Health & Safety management

Brian May continues as the designated Board Director of Health & Safety with Group responsibility for safety and environmental management. Health, safety and environmental management, issues and reports are regularly reviewed at Group Board Meetings with the Head of Department in attendance when necessary.

The Executive Management Committee, chaired by the Chief Executive, discusses and progresses policy, legislative changes, best practice, training needs, inspections, audits (internal and external), performance measurement and statistical information. All topics are discussed with a specific focus on improvement.

Control at business level remains with subsidiary Managing Directors who are required to appoint a Director who is responsible for safety and environmental matters. Both safety and environmental issues are discussed as the first agenda item at monthly board meetings. Each business safety and environmental meeting encourages open communication between all employees and is a key part of the Group's efforts to gather and disseminate good practice for inclusion in business-based management systems. Minimum safety and environmental standards are contained within the new bespoke business Safety and Environmental Management Systems that were launched in 2007. This new system is based on Group activities and provides specific standards, procedures, information, forms and advice. Management advice is provided by the Group Health, Safety and Environmental Department consisting of the Group Health, Safety and Environmental Director, an administrator and our Group Safety and Environmental Advisors.

Certain Group companies employ their own specialist advisors who liaise directly with the Group HSE Director on common issues. The Group maintains its membership with the Royal Society for the Prevention of Accidents (RoSPA) and locally-based construction safety groups. All safety and environmental department personnel hold membership with the Institution of Occupational Safety and Health (IOSH). Attendance on the five day CITB Site Safety Management Training Scheme continues to be a requirement for all construction management personnel, with a two-day refresher required every five years. A one-day Directors and Senior Managers course is available internally and was used to introduce new systems and detail changes to construction legislation. Short duration 'tool box talks' and 'safety briefings' are increasingly used to enhance the knowledge and competence of supervisory management.

Group policy requires each business to report and record all injuries, diseases and dangerous occurrences, regardless of severity. An incident database is maintained to collate this information and provide statistical data allowing performance to be measured and to help determine system amendment and future training requirements. A system of Safety and Environmental Alerts ensures lessons learnt and changes to working practices are rapidly transmitted to our workforce, businesses and their contractors. The Accident Incidence Rate (AIR) for the 12 month period to 30 September 2007, measured on the standard base line of 100,000 persons at work, is a key area where the Group measures its performance. At the start of the financial year the Chief Executive set a target of reducing AIR by 10% per annum. Against this taxing target the Group actually achieved a 41% reduction.

Directors

The Directors of the Company who served throughout the year, and brief biographical details, are set out below. Arnold Wagner OBE resigned as a non-executive Director on 31 October 2006.

Non-executive Directors

John Bishop - Director, 62, appointed to the Board as a non-executive Director in October 2006. He is a Chartered Accountant with over 20 years PLC experience at Main Board level. Before retiring in 2005 John spent 12 years at Morgan Sindall Plc as Development Director and latterly as Finance Director. He is currently Chairman of CLC Group PLC, a leading UK building maintenance business, and Primary Medical Property Limited, a specialist property investment company.

Roy Harrison - Director, 60, appointed to the Board as a non-executive Director in November 2003. Subsequently appointed Executive Chairman in March 2004, reverting to non-executive Chairman with effect from 1 October 2005. He is a former Chief Executive of the Tarmac Group and has a number of investing Director positions in private construction materials companies. Roy is a non-executive Director of BSS Group Plc, and Governor and Chairman of a number of City Academies.

Executive Directors

Brian May - Director, 56, appointed to the Board as Chief Executive in June 2005. He is a Chartered Civil Engineer who progressed his career in Tarmac, subsequently holding a number of senior positions in Mowlem plc before becoming Chief Executive of Laing Construction plc and more latterly HBG Construction Ltd.

John Samuel - Director, 51, joined the Board in May 2006 as Group Finance Director. He was previously Group Finance Director at Filtronic plc from 1991 until 2004 and subsequently Chief Financial Officer of Zetex plc from July 2004 until February 2006. John qualified as a Chartered Accountant in 1981 with Deloitte, Haskins and Sells before serving as a partner with Baker Tilly from 1987 until 1991.

An organogram with the Directors' areas of responsibility can be found on the Company's website: www.renewholdings.com

Roy Harrison will retire by rotation at the 2008 Annual General Meeting ("AGM") and will offer himself for reappointment. The Board recommends the reappointment of Mr Harrison as it is considered that he brings considerable management and related commercial experience to the Group's business.

Directors' interests

The beneficial interests of the Directors (and their immediate family members) in the shares of the Company and options for shares are set out on page 20. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on pages 19 and 20.

Disclosable interests

As at the date of this Report, the Company has been notified of the following disclosable interests in the voting rights of the Company:

	Number of Ordinary Shares	Percentage of issued share capital
Ruffer LLP	4,760,700	7.95%
Johan Claesson and connected parties	3,930,723	6.56%
JP Morgan Asset Management (UK) Limited	3,193,375	5.33%
Octopus Asset Management Nominees Limited	3,151,560	5.26%
G. Merrett	2,323,250	3.88%
Aviva plc and its subsidiaries	1,846,000	3.08%

Share capital

As at the date of this Report, the total number of shares in issue (being Ordinary Shares of 10p each) is 59,898,927. During the year, the Company has not bought back any of its own shares nor issued any new share capital.

Disclosure of information to Auditors

At the date of making this Report each of the Company's Directors, as set out on this page, confirms the following:

- So far as each Director is aware, there is no relevant information needed by the Group's Auditors in connection with preparing their Report of which the Group's Auditors are unaware, and
- Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information needed by the Group's Auditors in connection with preparing their Report and to establish that the Group's Auditors are aware of that information.

Auditors

On 31 July 2007, the Company received the resignation of RSM Robson Rhodes LLP as Auditors to the Group. The Company's Directors appointed KPMG Audit Plc on 31 July 2007 to fill the casual vacancy in the office of Auditors to the Group. A resolution will be proposed at the forthcoming AGM to re-appoint KPMG Audit Plc as Auditors to the Group and to authorise the Directors to determine their remuneration.

Approval

The Board approved the Report of the Directors on 27 November 2007.

By Order of the Board

Ben Feather
Group Solicitor and Company Secretary
27 November 2007

The Directors present the Directors' Remuneration Report for the financial year ended 30 September 2007.

As an AIM listed company, Renew is not required to prepare the Report in accordance with the Directors' Remuneration Report Regulations 2002 (the "Regulations"), which introduced new requirements in respect of financial periods ending on or after 31 December 2002. However, the Directors recognise the importance and support the principles of the Regulations and would normally seek to follow them to the extent considered relevant for an AIM listed company. The Auditors are not required to report to the shareholders on the Directors' Remuneration Report.

Remuneration Committee

Following the appointment of Roy Harrison as Executive Chairman in March 2004, there was only one independent non-executive Director on the Board and the Committee was rendered inquorate. The Board therefore decided in July 2004 to temporarily suspend all Committees. Roy Harrison's previous role as an Executive Director precludes him from being considered as independent under the Combined Code (the "Code") and so the Board has decided to continue to review remuneration matters as a full Board. Any matters normally reserved for consideration by the Remuneration Committee are currently decided upon by the full Board, with any individual having a personal interest in the matter under consideration not taking part in the meeting. The Board held four meetings during the financial year to discuss remuneration arrangements.

The Remuneration Committee's normal terms of reference include:

(a) To determine and agree with the Board the framework and policy for the remuneration packages, including bonuses, incentive payments and share options or share awards, of the Executive Directors and members of the Executive Management as it is designated to consider;
(b) To review and approve the design of all share incentive plans and performance related pay schemes for approval by the Board and shareholders as applicable;
(c) To determine targets and awards made under share incentive plans and performance related pay schemes;
(d) To determine the policy for, and scope of, pension arrangements for each Executive Director and other senior executives;
(e) To ensure contractual terms on termination and payments made are fair to the individual and Company and that failure is not rewarded.

Non-executive Directors do not have any personal interest in the matters to be decided by the Committee other than as shareholders, nor any potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the Company. The Executive Directors and other senior personnel may be invited to attend meetings when appropriate to provide advice. However, no Director is present or takes part in discussions concerning their own remuneration.

Remuneration policy

The Company's remuneration policy is that the remuneration package of the Executive Directors should be sufficiently competitive to attract, retain and motivate Directors to achieve the Company's objectives, without making excessive payments. The remuneration and employment terms of the Executive Directors are determined by the Committee by comparison with salaries paid and terms agreed with Directors in similar companies in the same sector and of a similar size and after a review of the performance of the individual.

It is the aim of the Committee to reward Executive Directors competitively and on the broad principle that they should be in the range of median to upper-quartile of remuneration paid to senior management of comparable public companies. For guidance, the Committee refers to published survey data. The Board determines the terms and conditions of non-executive Directors.

There are four main elements to the remuneration packages of the Executive Directors and other senior executives:

- basic salary, including benefits;
- annual bonus awards;
- share option plans; and
- pension arrangements.

Basic salary

Basic salaries are reviewed annually by the Board in its capacity as Remuneration Committee, and increased where the Committee believes that adjustments are appropriate to reflect performance, increased responsibilities and/or market conditions.

Other benefits for Executive Directors include car allowances and certain medical cover for the Director and immediate family. The Company also has a permanent health insurance policy to provide cover for the Executive Directors.

Annual bonus awards

The Company provides a bonus incentive scheme for Directors and senior executives of the operating companies, linked to the performance of the business for which they are responsible. All performance criteria are subject to approval by the Remuneration Committee before payment is made.

Share option plans

The Renew 2004 Executive Share Option Scheme (the "2004 ESOS") was approved at an Extraordinary General Meeting ("EGM") held on 11 March 2004. During the year 522,292 options were granted under the 2004 ESOS to the Executive Directors. There are 761,904 other options outstanding under the scheme.

The Renew Savings Related Share Option scheme (the "Renew SAYE") was also approved at the EGM on 11 March 2004. There are no options outstanding under this scheme. The Company's policy to grant options or awards under the above schemes is at the Remuneration Committee's discretion as and when considered appropriate.

Pension arrangements

The Group provides retirement benefits for Executive Directors and employees through independent pension schemes. The assets of these schemes are held by trustees and managed by independent investment managers.

The retirement age of the Executive Directors is 65. Messrs. May and Samuel are not members of these schemes and receive salary in lieu of pension contributions from the Company.

Service contracts and letters of appointment

The Company's policy is for the Executive Directors to have 12-month rolling service contracts that provide for a 12-month notice period. The non-executive Directors do not have service contracts. The non-executive Directors have letters of appointment concerning, amongst other things, the initial terms for which they are appointed, a general statement of their role and duties and the fees they will receive as a Director. The fees of non-executive Directors are determined by the full Board within the limits set out in the Articles of Association. The non-executive Directors are not eligible for bonuses, pension benefits, share options or other benefits. The letters of appointment do not contain a provision for termination payments. The Directors are indemnified to the full extent permitted by Statute under the Articles of Association.

The service contracts and letters of appointment of the Directors, who served during the year ended 30 September 2007, include the following terms:

Directors	Executive/ Non-executive	Letter of appointment or contract	Date of contract or letter	Unexpired terms (months)	Notice period (months)
J Bishop	Non-executive	Letter	4 October 2006	24	1
R Harrison	Non-executive	Letter	7 October 2005	12	1
B May	Executive	Contract	20 June 2005	Rolling one year	12
J Samuel	Executive	Contract	17 May 2006	Rolling one year	12

Directors' remuneration

Information is provided below for Directors who served during the financial year and as at 30 September 2007:

	Notes	Salary/fees £000	Bonuses £000	Benefits £000	**Total emoluments 2007 £000**	Total emoluments 2006 £000
Executive Directors						
B May	1, 2 & 3	286	138	22	446	435
J Samuel	1, 2 & 3	220	46	22	288	144
					734	579
Non-executive Directors						
R Harrison		50	-	-	50	50
J Bishop		27	-	-	27	-
A Wagner OBE	4	2	-	-	2	25
					79	75

Notes:

1. The highest paid Director for 2007 and 2006 was B May who received emoluments of £446,000 (2006: £435,000).
2. Benefits include car allowances and certain medical cover for the Director and immediate family.
3. Messrs. May and Samuel received salary payments in lieu of Company pension contributions, which are paid through payroll and taxed as salary and are included in salary above.
4. A Wagner OBE resigned on 31 October 2006.

Directors' share options

Options have been granted to Messrs. May and Samuel under the Renew ESOS as set out in the table below. No other options lapsed, were exercised or were awarded during the year. The market price of the Company's shares at 30 September 2007 was 114.5p and the range of market prices during the year was between 59.75p and 120.75p.

Information is provided below for Directors who served during the financial year and as at 30 September 2007:

	2007 Award	2006 Award	Cumulative Total 30 September 2007	Cumulative Total 1 October 2006
B May	331,210	476,190	807,400	476,190
J Samuel	191,082	285,714	476,796	285,714
Date of Award	8 January 2007	7 June 2006		
Exercise Price (£)	0.785	0.525		
Earliest Exercise Date	9 January 2010	8 June 2009		
Expiry of Exercise Period	8 January 2017	7 June 2016		

Performance criteria for the vesting of the share options is set out in Note 19 to the financial statements.

Directors' share interests

Those Directors serving at the end of the year and their immediate families had interests in the share capital of the Company at 30 September 2007 as follows:

	Ordinary Shares of £0.10 each 30 September 2007	Ordinary Shares of £0.10 each 30 September 2006
J Bishop	10,000	-
R Harrison	60,000	60,000
B May	105,000	105,000
J Samuel	130,000	130,000

Directors' pension information

No Director had pension entitlements under the Company's defined benefit pension scheme.

Approval

The Directors' Remuneration Report was approved by the Board on 27 November 2007 and signed on its behalf by:

R Harrison
Chairman
27 November 2007

As an AIM listed company, Renew is not required to follow the provisions of the Combined Code ("the Code"), as set out in the Financial Services Authority's Listing Rules. The Directors, however recognise the importance of and accordingly support the principles of, good corporate governance as contained within the Code. Because of this the Directors would normally seek to follow the Code to the extent considered relevant for an AIM listed company but have been unable to achieve compliance with the Code in a number of areas this year, primarily because of the lack of independent non-executive Directors. These matters are explained in further detail in the sections below.

The Board of Directors

The Board currently comprises the Chief Executive, the non-executive Chairman, one Executive Director and one independent non-executive Director. Brief biographies of the Directors are given on page 17.

As the Company has only had one independent non-executive Director within the meaning of the Code during the year, it has not been compliant with the requirement of the Code that more than half of the Board should be comprised of independent non-executive Directors.

The composition of the Board is reviewed regularly. The Board in its capacity as Nomination Committee considered external candidates leading to the appointment of John Bishop as a non-executive Director on 1 October 2006. Appropriate training, briefings and induction are available to all Directors on appointment and subsequently as necessary, taking into account existing qualifications and experience. New Directors are subject to election by shareholders at the first AGM after their appointment.

The Board met formally 10 times in the year with all Directors in attendance, plus Committee meetings dealing with the daily business of the Company being held as necessary. The Board receives written and oral reports from the Executive Directors ensuring matters are considered fully and enabling Directors to discharge their duties properly. There is a formal schedule of matters reserved for the Board's decision ensuring the maintenance of control over strategic, financial and operational matters.

In addition, the Directors have access to the advice and services of the Group Solicitor and Company Secretary and procedures are in place for them to seek independent professional advice, if necessary, at the Company's expense.

Board Committees

Following the appointment of R Harrison as Executive Chairman on 24 March 2004, A Wagner OBE became the sole independent non-executive Director and the Audit, Remuneration and Nomination Committees were rendered inquorate. The Board therefore decided in July 2004 to temporarily suspend all Committees. Since the Committees were rendered inquorate any matters normally reserved for consideration by the Committees have been decided upon by the full Board, with any individual having a personal interest in the matter under consideration not taking part in the meeting. As at 1 October 2005, R Harrison reverted to non-executive Chairman, however, his previous role as an Executive Director prevents him from being considered as independent under the Code. The Board has decided, therefore, to continue to consider the above Committee matters as a full Board and will re-instate the Committees as soon as it is in a position to do so.

In normal circumstances the Board delegates clearly defined powers to its Audit, General Purposes, Remuneration and Nomination Committees. Each of the Board's Committees has carefully drafted terms of reference.

The Remuneration Committee determines and agrees with the Board the framework and policy of executive remuneration packages, including bonuses, incentive payments, share options or awards and pension arrangements. Further information concerning the Remuneration Committee is set out in the Directors' Remuneration Report on pages 18 to 20.

The Nomination Committee monitors the composition of the Board and recommends the appointment of new Directors. The Board in its capacity as Nomination Committee, with all Directors present, has held two meetings during the year to discuss nomination matters.

The Nomination Committee terms of reference include:

(a) To review the structure, size and composition of the Board;

(b) To consider succession planning for Directors and senior executives;

(c) To identify and nominate, for approval by the Board, suitable candidates to fill Board vacancies; and

(d) To make recommendations to the Board on the contents of letters of appointment, Directors' duties, re-appointment or re-election of Directors upon conclusion of a specified term or retirement by rotation.

The Company ceased to comply with the Code guidance (Section C 3.1) that the Audit Committee should comprise of at least two non-executive Directors following the appointment of R Harrison as an Executive Director. The Board in its capacity as Audit Committee, with all Directors present, has held five meetings to consider Audit Committee business. John Bishop acts as Chairman of the Board for the purposes of Audit Committee business. In normal circumstances the Audit Committee considers the adequacy and effectiveness of the risk management and control systems of the Group, and reports the results to the Board. It reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the Auditors. The Audit Committee monitors the non-audit work performed by the Auditors to help ensure that the independence of the Auditors is maintained. The Audit Committee also reviews the interim statement, the preliminary announcement and accounting policies.

The General Purposes Committee is constituted by two Executive Directors and considers routine day-to-day business decisions, which are then reported to the Board.

Internal controls

Throughout the financial year to 30 September 2007 and up to the date of approval of the Report and Accounts, the Group has fully complied with the relevant provisions of the Code and the Turnbull guidance. The Directors acknowledge that they have overall responsibility for the Group's system of internal control and for reviewing and monitoring its effectiveness. The system of internal control is designed to manage and mitigate, rather than eliminate, the risks to which the Company is exposed and therefore provides a reasonable, but not absolute, assurance against a company failing to meet its business objectives or against material misstatement or loss. Consequently, the Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and that it is regularly reviewed by the Board.

The Group operates a risk management process, which is embedded in normal management and governance processes. There is a system of self-examination of risk areas and controls by subsidiaries and departments within the Group. Where significant risks are identified, the probability of those risks occurring, their potential impact and the plans for managing and mitigating each of those risks is reported. The Group operates a series of controls which include the annual strategic planning and budgeting process, short-term cash monitoring achieved by means of weekly forecasts, which are compared against budget and previous forecasts, clearly defined capital investment guidelines and levels of authority, a clear organisational structure within which individuals' responsibilities are identified and monitored. These results and processes are monitored, updated, reviewed and considered by the Board. The Group has established a series of minimum standards in a number of financial and operational areas with which each business within the Group must comply. Group management monitors and reviews compliance with these requirements on a periodic basis. Due to the size and nature of the Group, the Board does not consider that an internal audit function is necessary, however, it is continuing to review this position.

Going concern

After making enquiries, the Directors consider that at the time of approving the financial statements, there is a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Directors' remuneration

The Company's policy on the remuneration of Executive Directors, and information relating to the Directors' remuneration and their interests in share options, is included in the Directors' Remuneration Report.

Directors and officers' indemnity

The Articles of Association provides that each Director or other officer or Auditor of the Company shall be indemnified by the Company against losses, costs and expenses he may sustain or incur in connection with the performance of his duties of office, to the fullest extent permitted by law.

Shareholder relationships

Members of the Board have dialogue with individual shareholders during the year. In addition to the Annual and Interim Report and Accounts, the Chairman addresses shareholders at the AGM and invites questions to any members of the Board.

The AGM is normally attended by all Directors and provides an opportunity for communication with those shareholders attending. Notice of the AGM is given to shareholders at least 21 days in advance and separate resolutions are proposed on each substantially separate issue. Where resolutions at the AGM are dealt with by show of hands, the results of proxy votes for and against are still announced.

Financial and other information about the Company is available on the Company's website: www.renewholdings.com, from which shareholders can also access their shareholding details via a link to the website of Capita Registrars plc.

Annual General Meeting

The AGM will be held on 30 January 2008, the Notice for which is set out on page 52. The Notice contains special business, including the renewal of the Board's power to allot equity shares. Brief details of the purpose and effect of the proposed resolutions are set out on page 53 in the notes to the Notice of AGM.

Shareholders should complete the proxy form accompanying this document in accordance with the notes contained in the Notice of AGM.

Approval

The Board approved the Corporate Governance Report on 27 November 2007.

By Order of the Board

Ben Feather
Group Solicitor and Company Secretary
27 November 2007

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Company and Group financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent Company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.renewholdings.com). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the Members of Renew Holdings plc

We have audited the Group and parent Company financial statements (the "financial statements") of Renew Holdings plc for the year ended 30 September 2007 which comprise the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 23.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review and the Financial Review that is cross referred from the Principal activities section of the Directors' Report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the parent Company's affairs as at 30 September 2007 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc
Chartered Accountants and Registered Auditors
1 The Embankment
Neville Street
Leeds
LS1 4DW

27 November 2007

GROUP PROFIT & LOSS ACCOUNT

For the year ended 30 September 2007

	Note	Total 2007 £000	Total 2006 £000
Turnover: Group & share of joint ventures		**349,129**	365,266
Less share of joint ventures' turnover		**(980)**	(2,823)
Continuing operations		**347,770**	341,698
Discontinued operations		**379**	20,745
Group turnover	2	**348,149**	362,443
Cost of sales	2	**(311,486)**	(328,393)
Gross profit		**36,663**	34,050
Administrative expenses	2	**(31,646)**	(30,577)
Profit on ordinary activities before interest	2	**5,017**	3,473
Interest receivable		**2,199**	1,561
Interest payable	4	**(768)**	(1,437)
Other finance income – FRS 17 pension	4	**745**	1,042
Profit on ordinary activities before taxation		**7,193**	4,639
Taxation (charge)/credit on ordinary activities	6	**(95)**	1,349
Profit for the financial year		**7,098**	5,988
Basic earnings per Ordinary Share	8	**11.85p**	10.00p
Diluted earnings per Ordinary Share	8	**11.63p**	9.95p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

For the year ended 30 September 2007

	Note	Total 2007 £000	Total 2006 £000
Profit for the financial year		**7,098**	5,988
Exchange movement in reserves		**(150)**	(119)
Movements in defined benefit pension scheme	25	**(1,804)**	(6,175)
Movement on deferred tax relating to the defined benefit pension scheme		**427**	1,186
Total recognised gains and losses for the year		**5,571**	880

BALANCE SHEETS

At 30 September 2007

	Note	Group 2007 £000	Group 2006 £000	Company 2007 £000	Company 2006 £000
Fixed assets					
Intangible assets: Goodwill	9	**8,741**	4,527	**-**	-
Tangible assets	10	**5,188**	3,819	**196**	209
Investments	11	**-**	-	**90,493**	83,672
Investments in joint ventures:	12				
Loans to joint ventures		**751**	561	**-**	-
Share of gross assets		**3,623**	4,429	**-**	-
Share of gross liabilities		**(1,321)**	(1,722)	**-**	-
		3,053	3,268	**-**	-
		16,982	11,614	**90,689**	83,881
Current assets					
Stocks and work in progress	13	**6,391**	18,673	**-**	-
Debtors: due after more than one year	14	**3,902**	4,346	**-**	-
Debtors: due within one year	14	**85,118**	77,093	**26,233**	23,987
Cash at bank and in hand	15	**24,565**	19,735	**9,893**	13,951
		119,976	119,847	**36,126**	37,938
Creditors: amounts falling due in less than one year	16	**(122,352)**	(121,555)	**(106,990)**	(105,473)
Net current liabilities		**(2,376)**	(1,708)	**(70,864)**	(67,535)
Total assets less current liabilities		**14,606**	9,906	**19,825**	16,346
Creditors: amounts falling due after more than one year	17	**(1,899)**	(1,821)	**-**	-
Net assets excluding pension liability		**12,707**	8,085	**19,825**	16,346
Pension liability	25	**(2,562)**	(2,769)	**-**	-
Net assets		**10,145**	5,316	**19,825**	16,346
Capital and reserves					
Share capital	19	**5,990**	5,990	**5,990**	5,990
Share premium account	20	**5,893**	5,893	**5,893**	5,893
Capital redemption reserve	20	**3,896**	3,896	**3,896**	3,896
Revaluation reserve	20	**73**	73	**73**	73
Share based payments reserve	20	**97**	-	**97**	-
Profit and loss account	20	**(5,804)**	(10,536)	**3,876**	494
Equity shareholders' funds	21	**10,145**	5,316	**19,825**	16,346

Approved by the Board and signed on its behalf by:

R Harrison
Chairman
27 November 2007

GROUP CASH FLOW STATEMENT

For the year ended 30 September 2007

	Note	Total 2007 £000	Total 2006 £000
Net cash inflow from operating activities	26	**21,878**	10,661
Returns on investments and servicing of finance			
Interest received		**2,199**	1,561
Interest paid		**(768)**	(1,437)
		1,431	124
Taxation			
Net corporation tax paid		**(107)**	(36)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		**(1,060)**	(1,291)
Proceeds on sale of tangible fixed assets		**308**	393
Loans advanced to joint ventures		**(231)**	(149)
		(983)	(1,047)
Acquisitions and disposals			
Acquisition of a subsidiary		**(6,821)**	(664)
Cash obtained on acquisition of subsidiaries and businesses		**889**	65
		(5,932)	(599)
Equity dividends paid to shareholders		**(839)**	(360)
Cash inflow before financing		**15,448**	8,743
Financing			
Movement in short-term borrowings		**-**	(3,600)
Repayment of mortgage		**-**	(8,363)
(Repayment of)/additional development loans		**(9,795)**	9,795
Finance lease payments		**(543)**	(686)
		(10,338)	(2,854)
Increase in cash during the year		**5,110**	5,889
Reconciliation of net cash flow to movement in net funds			
Increase in cash during the year		**5,110**	5,889
Movement in borrowings		**10,053**	2,556
Changes in net funds arising from cash flows		**15,163**	8,445
Other non-cash movements		**(280)**	256
Movement in net funds during the year		**14,883**	8,701
Opening net funds		**8,970**	269
Closing net funds		**23,853**	8,970

1 ACCOUNTING POLICIES

(i) Basis of accounting
The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards under the historical cost convention, modified by the revaluation of certain long leasehold land and buildings.

A summary of the more important Group accounting policies, which have been applied consistently, is set out below:

(ii) Basis of consolidation
The Group accounts consolidate the accounts of the Company and its subsidiary undertakings and include the attributable share of the results and net assets of joint ventures. The results and net assets of undertakings acquired are included in the Group profit and loss account and balance sheet using the acquisition method of accounting from the effective date of acquisition. The results of undertakings disposed of are included to the effective date of disposal. Subsidiary undertakings have been consolidated using the acquisition method of accounting and joint ventures are included in accordance with the accounting policies noted below.

(iii) Joint ventures
In the normal course of business the Group invests in joint ventures which are classified as fixed asset investments in the individual accounts of the Company. Joint ventures arise where the Group has a participating interest in an entity and shares the control of its strategic and operating policies. Joint ventures are accounted for using the gross equity method of accounting. Where necessary, adjustments are made on consolidation to bring the results and net assets of joint ventures into line with Group accounting policies.

(iv) Investments in subsidiaries
Investments in subsidiaries are recorded at cost less provision for impairment.

(v) Goodwill
Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Goodwill arising on acquisitions prior to 30 September 1997 has been written off directly against the profit and loss reserve and has not been reinstated on implementation of FRS 10 “Goodwill and intangible assets” as allowed by the standard. Goodwill arising on acquisition of subsidiaries after 1 October 1997 is capitalised in the balance sheet and is being amortised over its estimated useful economic life up to a maximum of 20 years.

Reviews for impairment of goodwill are performed at the end of the first full financial year following the related acquisition and, thereafter, if events indicate that the carrying value may not be recoverable. On the sale of a subsidiary undertaking any goodwill relating to the disposed subsidiary is written off in the year.

(vi) Long-term contracts
Long-term contracts are stated at cost plus attributable profit after providing for anticipated future losses and contingencies. Progress payments received are deducted from these amounts. Cost includes attributable overheads. Long-term contract work in progress is recorded in turnover on a monthly basis as the contract proceeds and therefore is included in debtors as amounts recoverable on contracts. No profit is recognised until the outcome of the contract can be foreseen with reasonable certainty.

(vii) Stocks and work in progress
Stocks and work in progress comprise developments and land held for development and raw materials and are stated at the lower of cost and net realisable value. Cost includes appropriate attributable overheads and excludes interest. Where necessary, provision is made for obsolete, slow moving and defective stocks.

(viii) Tangible fixed assets
Tangible fixed assets are recorded at cost or valuation for certain properties, less provision for impairment if required. Depreciation is provided on all tangible fixed assets, other than freehold land. Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

• Group occupied property	
Freehold land	- no depreciation charge
Long leasehold land and buildings	- shorter of fifty years and and remainder of lease
• Plant and vehicles	- three to ten years
• Office equipment	- two to seven years

Changes in the revalued amounts of assets carried at valuations are taken directly to the revaluation reserve. Upon disposal, the balance of any revaluation reserve relating to the property sold is transferred to the profit and loss account in reserves.

1 ACCOUNTING POLICIES (continued)

(ix) Deferred taxation
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19 "Deferred tax".

Deferred tax assets are recognised to the extent it is considered more likely than not that they will be recovered. In accordance with FRS 19 deferred tax is not provided for on:

(a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date;

(b) gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over;

(c) fair value adjustment gains to fixed assets and stock to uplift prices to those ruling when an acquisition is made;

(d) extra tax payable if the overseas retained profits of subsidiaries, joint ventures or associates are remitted in the future.

Deferred tax assets are recognised for taxable losses relating to trading to the extent that those losses are expected to be recoverable within the foreseeable future, and also in respect of the pensions deficit recorded under FRS 17 where the Directors consider that the asset will be utilised by the expected profitability of the Group.

(x) Turnover
Turnover, which excludes sales within the Group and Value Added Tax, comprises:

- value of work executed during the year on construction contracts;
- sales of properties and land which are recorded upon legal completion.

(xi) Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate. The accounts of overseas subsidiary and joint venture undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of the opening net assets is taken directly to reserves together with differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against Group equity investments in foreign enterprises. All other exchange differences are taken to the profit and loss account.

(xii) Leasing commitments
Assets held under finance leases, where substantially all the benefits and risks of ownership of an asset have been transferred to the Group, are capitalised and are depreciated in accordance with the depreciation policy for the relevant class of asset or the remaining lease term if shorter. The interest element of the rental obligation is charged to the profit and loss account and represents a constant proportion of the balance of capital repayments outstanding. Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

(xiii) Defined benefit pension scheme
The Group has adopted the requirements of FRS 17 "Retirement Benefits". The pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Group's defined benefit scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the consolidated statement of total recognised gains and losses.

Pension scheme surpluses, to the extent they are considered recoverable (under the guidance of FRS 17), or deficits are recognised in full and presented on the face of the balance sheet net of related deferred tax. Further information on the structure of the defined benefit scheme is contained within Note 25 of these accounts.

(xiv) Defined contribution pension scheme
Contributions to the defined contribution scheme are charged to the profit and loss account as incurred.

(xv) Share based payments
FRS 20 Share based payments requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using a Black Scholes valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest.

2 SEGMENTAL ANALYSIS

	2007 £000	2006 £000
Turnover is analysed as follows:		
Building	265,289	271,888
Engineering	68,777	54,553
Inter divisional turnover	(3,265)	(8,999)
Property and central activities	17,949	27,079
Discontinued operations	379	20,745
Group and share of joint ventures' turnover	349,129	365,266
Less: Share of joint ventures' turnover	(980)	(2,823)
Group turnover	348,149	362,443
Analysed as to:		
Continuing operations	347,770	341,698
Discontinued operations	379	20,745
Group turnover	348,149	362,443
Analysis of cost of sales:		
Continuing operations	311,107	308,017
Discontinued operations	379	20,376
Group cost of sales	311,486	328,393
Analysis of administrative expenses:		
Continuing operations	31,646	30,208
Discontinued operations	-	369
Group adminstrative expenses	31,646	30,577
Analysis of profit on ordinary activities before interest:		
Building	3,700	2,603
Engineering	3,374	2,810
Property and central activities	(2,057)	(1,940)
Discontinued operations	-	-
Profit on ordinary activities before interest	5,017	3,473
Net financing income	2,176	1,166
Profit on ordinary activities before taxation	7,193	4,639

Discontinued operations relates to the activities of YJL Construction (excluding YJL Infrastructure).

The Directors have not disclosed segmental information relating to the net assets since they are of the opinion that to fully comply with the requirements of SSAP 25 “Segmental Reporting” would be seriously prejudicial to the interests of the Group.

As permitted by Section 230 of the Companies Act 1985, the Company has not presented its own profit and loss account. The profit after taxation for the financial year dealt with in the accounts of the Company was £4,221,000 (2006: loss £822,000).

3 PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST

	2007 £000	2006 £000
Profit on ordinary activities before interest is arrived at after charging/(crediting)		
Auditors' remuneration – audit services (Company £56,000; 2006 £74,000)	**150**	193
Depreciation of owned assets	**1,047**	1,113
Depreciation of assets held under finance leases	**279**	410
Amortisation of goodwill	**356**	306
Operating lease rentals – Plant and machinery	**34**	33
Operating lease rentals – Motor vehicles	**358**	306
Operating lease rentals – Other	**3,055**	3,400
Rental income	**(1,348)**	(2,158)
Profit on sale of fixed assets	**(85)**	-
Profit on sale of current asset investments	**-**	(544)
Foreign exchange losses	**192**	163

	2007 £000	2006 £000
During the period, the following services were provided by the Group auditor:		
Fees payable to the Company's Auditor for the audit of the financial statements	**56**	74
Fees payable to the Company's Auditor and its associates for other services:		
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	**94**	119
Other services related to taxation	**-**	64
Other services related to employment matters	**37**	-
	187	257

4 INTEREST PAYABLE AND OTHER FINANCE INCOME

	2007 £000	2006 £000
Interest payable:		
On bank loans and overdrafts	**739**	1,375
Other interest payable	**29**	62
	768	1,437
Other finance income/(charges) – FRS 17 pension		
Expected return on scheme assets	**6,560**	6,452
Interest on scheme liabilities	**(5,815)**	(5,410)
	745	1,042

Further information on the pension scheme is set out in Note 25 to the accounts.

5 EMPLOYEE NUMBERS AND REMUNERATION

	2007 Number	2006 Number
The average monthly number of employees, including Executive Directors, during the year was:	**1,341**	1,322
At 30 September:	**1,512**	1,326
Productive	**633**	628
Administrative	**708**	694
	1,341	1,322

	2007 Number	2006 Number
The analysis of the average monthly number of employees, including Executive Directors, during the year was:		
Continuing activities	**1,341**	1,293
Discontinued activities	**-**	29
	1,341	1,322

	2007 £000	2006 £000
Cost of staff, including Executive Directors, during the year amounted to:		
Wages and salaries	**50,858**	48,598
Social security costs	**5,507**	5,223
Other pension costs	**2,628**	1,207
Share based payments	**97**	-
	59,090	55,028

Details of individual Directors' emoluments and pension contributions can be found on pages 19 and 20. These figures have been audited.

6 TAXATION (CHARGE)/CREDIT ON ORDINARY ACTIVITIES

(a) Analysis of (charge)/credit in year:

	2007 £000	2006 £000
Current tax:		
UK corporation tax on profits of the year	**(291)**	-
Adjustments in respect of previous periods	**-**	(74)
	(291)	(74)
Foreign tax	**(107)**	(2)
Total current tax	**(398)**	(76)
Deferred tax - pensions	**(616)**	-
Deferred tax - other	**919**	1,425
Total deferred tax	**303**	1,425
Taxation (charge)/credit on profit on ordinary activities	**(95)**	1,349

6 TAXATION (CHARGE)/CREDIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax (charge) for the year	2007 £000	2006 £000
Profit on ordinary activities before taxation	7,193	4,639
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006: 30%)	(2,158)	(1,392)
Effects of:		
Income not subject to tax	224	549
Expenses not deductible for tax purposes	(90)	(499)
Tax deductible expenses not recognised in the profit & loss account	713	353
Foreign tax	(107)	(2)
Utilisation of brought forward tax losses	1,020	989
Adjustments to tax charge in respect of previous periods	-	(74)
Current tax (charge) for the year	(398)	(76)

The Group and Company have available further unused UK tax losses of £88m and £39m respectively and the Group has £22m ($43m) of tax losses in the USA, to carry forward against future taxable profits. A substantial element of these losses relates to activities which are not forecast to generate the level of profits needed to utilise these losses. A deferred tax asset has been provided to the extent considered reasonable by the Directors, where recovery is expected to be recognisable within the foreseeable future. The unrecognised deferred tax asset in respect of losses is £30.8m for the Group and £10.9m for the Company.

(c) Deferred tax	2007 £000	2006 £000
Accelerated capital allowances	(90)	(90)
Tax losses	3,815	2,989
	3,725	2,899

(d) Reconciliation of deferred tax asset	2007 £000	2006 £000
As at 1 October	2,899	1,474
Acquisition of Seymour	(93)	-
Change in deferred tax rate to 28%	(193)	-
Origination of timing differences	1,112	1,425
At 30 September	3,725	2,899

7 DIVIDENDS

	2007 Pence/share	2006 Pence/share
Interim (related to the year ended 30 September 2007)	**0.60**	0.40
Final (related to the year ended 30 September 2006)	**0.80**	0.20
Total dividend paid	**1.40**	0.60

	£000	£000
Interim (related to the year ended 30 September 2007)	**359**	240
Final (related to the year ended 30 September 2006)	**480**	120
Total dividend paid	**839**	360

In accordance with FRS 21 dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the profit and loss account. The Directors are proposing that a final dividend of 1.2p per Ordinary Share be paid in respect of the year ended 30 September 2007. This will be accounted for in the 2007/08 financial year.

8 EARNINGS PER ORDINARY SHARE

FRS 22 basis	2007 Earnings £000	2007 Weighted average number of shares 000	2007 EPS Pence	2006 Earnings £000	2006 Weighted average number of shares 000	2006 EPS Pence
Basic earnings per share	**7,098**	**59,899**	**11.85**	5,988	59,899	10.00
Dilutive effect of share options	**-**	**1,154**	**(0.22)**	-	254	(0.05)
Diluted earnings per share	**7,098**	**61,053**	**11.63**	5,988	60,153	9.95
Effect of discontinued operations:						
Discontinued basic e.p.s	**-**	**59,899**	**-**	-	59,899	-

9 INTANGIBLE FIXED ASSETS

Group	Goodwill £000
Cost:	
At 1 October 2006	7,790
Additions	4,570
At 30 September 2007	12,360
Amortisation:	
At 1 October 2006	3,263
Charge for year	356
At 30 September 2007	3,619
Net book value:	
At 30 September 2007	**8,741**
At 30 September 2006	4,527

Goodwill of £4.6m was acquired on the acquisition of Seymour (C.E.C) Holdings Limited. Further information is given in Note 24.

10 TANGIBLE FIXED ASSETS

Group	Freehold land £000	Long leasehold land & buildings £000	Plant, vehicles & equipment £000	Total £000
Cost or valuation:				
At 1 October 2006	-	789	5,002	5,791
Additions	-	-	1,060	1,060
Disposals	-	-	(893)	(893)
Acquisition of subsidiary	500	-	4,376	4,876
At 30 September 2007	500	789	9,545	10,834
Depreciation:				
At 1 October 2006	-	645	1,327	1,972
Charge for year	-	5	1,321	1,326
Disposals	-	-	(670)	(670)
Acquisition of subsidiary	-	-	3,018	3,018
At 30 September 2007	-	650	4,996	5,646
Net book value:				
At 30 September 2007	**500**	**139**	**4,549**	**5,188**
At 30 September 2006	-	144	3,675	3,819
At cost less depreciation	500	-	4,549	5,049
At valuation	-	139	-	139
At 30 September 2007	**500**	**139**	**4,549**	**5,188**
Historical cost of revalued properties:				
Cost	-	715	-	715
Accumulated depreciation	-	(650)	-	(650)
At 30 September 2007	**-**	**65**	**-**	**65**

The valuations applied as noted above to the long leasehold land and buildings are based on Directors' valuation.

The net book value of assets under finance leases at 30 September 2007 was £1,026,000 (2006: £1,033,000). During the year £279,000 (2006: £410,000) of depreciation was charged against assets held under finance leases.

10 TANGIBLE FIXED ASSETS (continued)

Company	Long leasehold land & buildings £000	Plant, vehicles & equipment £000	Total £000
Cost or valuation:			
At 1 October 2006	789	267	1,056
Additions	-	20	20
At 30 September 2007	789	287	1,076
Depreciation:			
At 1 October 2006	645	202	847
Charge for year	5	28	33
At 30 September 2007	650	230	880
Net book value:			
At 30 September 2007	**139**	**57**	**196**
At 30 September 2006	144	65	209
At cost less depreciation	-	57	57
At valuation	139	-	139
At 30 September 2007	**139**	**57**	**196**
Historical cost of revalued properties:			
Cost	715	-	715
Accumulated depreciation	(650)	-	(650)
At 30 September 2007	**65**	**-**	**65**

The valuations applied as noted above to the long leasehold land and buildings are based on Directors' valuation. The Company has no assets held under finance leases or hire purchase agreements.

11 INVESTMENTS

Company	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2006	152,552
Additions	6,821
At 30 September 2007	159,373
Provisions:	
At 1 October 2006 and 30 September 2007	68,880
Net book value:	
At 30 September 2007	**90,493**
At 30 September 2006	83,672

Details of the principal subsidiary undertakings are included in Note 27.
The investment in subsidiaries is supported by their net asset values and their discounted expected future cash flows.

12 INVESTMENTS IN JOINT VENTURE DEVELOPMENTS

The investments in joint venture developments consist of:	Share of net assets £000	Loan advances £000	Total £000
Group			
At 1 October 2006	2,707	561	3,268
Exchange movements	(199)	(41)	(240)
Loan advances	-	231	231
Realisations	(206)	-	(206)
At 30 September 2007	**2,302**	**751**	**3,053**

The Group's share of assets and liabilities in these joint ventures comprises:	**2007 £000**	2006 £000
Stocks	**2,649**	2,894
Debtors	**958**	1,534
Cash	**16**	1
Gross assets	**3,623**	4,429
Less:		
Creditors	**(899)**	(1,449)
Partner loans	**(422)**	(273)
Gross liabilities	**(1,321)**	(1,722)
Share of net assets	**2,302**	2,707

The Group's share of the assets and liabilities in each joint venture varies. Stocks include interest on non-Group specific project finance of £769,000 (2006: £1,475,000). Details of the principal joint ventures are shown in Note 27.

A letter of credit of £607,000 (2006: £1,257,000) remains outstanding at 30 September 2007. This letter of credit, which is guaranteed by the Company, was issued by Barclays Bank Plc to M & T Bank in the USA in respect of the Russett Center joint venture.

13 STOCKS AND WORK IN PROGRESS

Group	2007 £000	2006 £000
Developments and undeveloped land	**6,021**	18,395
Raw materials	**370**	278
	6,391	18,673

14 DEBTORS

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Due after more than one year:				
Amounts recoverable on contracts	**2,388**	2,291	**-**	-
Other debtors	**1,514**	2,055	**-**	-
	3,902	4,346	**-**	-
Due within one year:				
Trade debtors	**38,908**	28,240	**276**	585
Due from subsidiary undertakings	**-**	-	**24,847**	19,113
Amounts recoverable on contracts	**39,190**	35,891	**-**	-
Other debtors	**1,640**	8,335	**237**	3,401
Corporation tax	**35**	35	**-**	-
Deferred tax (Note 6)	**3,725**	2,899	**61**	-
Prepayments and accrued income	**1,620**	1,693	**812**	888
	85,118	77,093	**26,233**	23,987

Included within deferred tax is an amount of £2,430,000 (2006: £769,000) which may not be recoverable within one year.

15 CASH AT BANK AND IN HAND

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Cash at bank	**24,559**	19,725	**9,893**	13,951
Cash in hand	**6**	10	**-**	-
	24,565	19,735	**9,893**	13,951

Cash at bank includes £0.4m (2006: £(0.2)m) in respect of the net position on a sterling bank deposit of £8.1m (2006: £8.1m) and a connected US$ loan of £7.7m (US $15.5m translated at the year end rate) (2006: £8.3m) used to hedge part of the inter-company balance due by Lovell America, Inc. to the Company.

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Bank loans and overdrafts – secured	**165**	10,093	**-**	-
Obligations under finance leases	**429**	361	**-**	-
Payments received on account	**15,426**	11,555	**-**	-
Trade creditors	**43,951**	39,862	**109**	214
Corporation tax	**480**	56	**3**	3
Other taxation and social security	**2,053**	1,806	**840**	786
Due to subsidiary undertakings	**-**	-	**98,561**	97,963
Other creditors	**5,951**	5,496	**4,652**	4,418
Accruals and deferred income	**53,897**	52,326	**2,825**	2,089
	122,352	121,555	**106,990**	105,473

17 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2007 £000	2006 £000	Company 2007 £000	2006 £000
Obligations under finance leases	**118**	311	**-**	-
Accruals and deferred income	**1,781**	1,510	**-**	-
	1,899	1,821	**-**	-

Obligations under finance leases comprise £118,000 (2006: £280,000) due between one and two years and £nil (2006: £31,000) due between two and five years.

18 DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

An explanation of the Group's objectives, policies and strategies for the role of derivatives and other financial instruments in managing the risks facing the Group can be found within the Directors' Report on page 15. The disclosures below do not include short-term debtors and creditors as permitted by the exemption allowed in FRS 13.

Interest rate profile of financial assets and liabilities

	Fixed rate weighted average interest rate	Financial assets/(liabilities) Fixed rate	Floating rate	Total
2007	%	£000	£000	£000
Assets				
Sterling	-	-	**28,167**	**28,167**
Dollar	-	-	**4,498**	**4,498**
		-	**32,665**	**32,665**
Liabilities				
Sterling	**3.0**	**(547)**	**-**	**(547)**
Dollar	-	**-**	**(7,857)**	**(7,857)**
		(547)	**(7,857)**	**(8,404)**
2006				
Assets				
Sterling	-	-	24,317	24,317
Dollar	-	-	3,522	3,522
		-	27,839	27,839
Liabilities				
Sterling	3.0	(672)	(10,093)	(10,765)
Dollar	-	-	(8,299)	(8,299)
		(672)	(18,392)	(19,064)

The sterling interest bearing liabilities accrue interest at a rate which is linked to the lender's base rate or LIBOR. Certain US interest bearing liabilities accrue interest at a rate which is linked to the lender's US Prime rate.

The maturity of the financial liabilities is disclosed in Notes 16 and 17. The fixed rate liabilities have a weighted average period of one year (2006: two years).

Currency exposures

The only exposure of the Group to currency risk (i.e. exposure to gains or losses on foreign exchange which would be recognised in the profit and loss account) is in respect of the US dollar bank account which is maintained by the parent company in the UK and the unhedged portion of an inter-company loan. At 30 September 2007 the unhedged portion of the inter-company loan was $4,905,000 (2006: $4,905,000). At 30 September 2007 the balance on the US dollar bank account was $1,000 (2006: $1,000).

All functional currencies of the Group operations are denominated in sterling, with the exception of the US operations whose functional currency is the US dollar.

Hedges

The Company has a loan hedge of $15,537,000 (2006: $15,537,000) with Barclays Bank Plc against the inter-company balance due by Lovell America, Inc. Exchange gains of £608,000 (2006: £515,000) were made during the year on foreign currency borrowings. This has been fully offset against exchange losses made on the hedged portion of the inter-company balance due by Lovell America, Inc.

Fair value of financial assets and liabilities

There are no material differences between fair value and the book value of the Group's financial assets and liabilities.

19 SHARE CAPITAL

Group and Company	2007 £000	2006 £000
Authorised:		
100,000,000 (2006: 100,000,000) Ordinary Shares of 10p each	**10,000**	10,000
Allotted, called up and fully paid:		
59,898,927 (2006: 59,898,927) Ordinary Shares of 10p each	**5,990**	5,990

Share options

The Group operates a share option scheme, the Renew Holdings 2004 Executive Share Option Scheme. The scheme has both an Approved and Unapproved element. The difference between the two elements is that the Approved scheme has the advantage of certain Inland Revenue approved tax benefits.

Both elements have the same general terms and conditions. Options issued under the scheme must be held for three years before they can vest and become exercisable. They must be exercised within 10 years from the date of grant.

Vesting of options is dependent on the achievement of certain performance criteria which are established by the Remuneration Committee. In respect of the options granted prior to this financial year, 25% of the options will vest if the Group's earnings per share for the year ending 30 September 2008 exceeds 8p. For 100% vesting to occur, the Group's earnings per share for the year ending 30 September 2008 must be at least 12p. In respect of the options granted during this financial year, 25% of the options will vest if the Group's earnings per share for the year ending 30 September 2009 exceeds 12p. For 100% vesting to occur, the Group's earnings per share for the year ending 30 September 2009 must be at least 14p. The scheme does not permit retesting of performance conditions and if the performance criteria are not achieved then the options will lapse.

The number of options in issue and their exercise price is given in Note 20.

20 RESERVES

Group	Share premium £000	Revaluation £000	Capital redemption £000	Share based payments £000	Profit & loss account £000
At 1 October 2006	5,893	73	3,896	-	(10,536)
Transfer from profit and loss account for the year					7,098
Dividends paid					(839)
Recognition of share based payments				97	-
Exchange differences					(150)
Actuarial loss recognised in pension scheme					(1,804)
Movement on deferred tax relating to the pension scheme					427
At 30 September 2007	**5,893**	**73**	**3,896**	**97**	**(5,804)**

There is no available analysis of goodwill written off against reserves in respect of existing subsidiaries that were acquired prior to 1989 and therefore, in accordance with the guidance of FRS 10, the Directors are not able to state this figure. Goodwill written off against reserves in respect of subsidiaries acquired after 1989 amounts to £nil (2006: £nil).

20 RESERVES (continued)

Company	Share premium £000	Revaluation £000	Capital redemption £000	Share based payments £000	Profit & loss account £000
At 1 October 2006	5,893	73	3,896		494
Transfer from profit and loss account for the year					4,221
Recognition of share based payments				97	-
Dividends paid					(839)
At 30 September 2007	**5,893**	**73**	**3,896**	**97**	**3,876**

Share based payments reserve

FRS 20 Share based payments requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured by Baker Tilly, Chartered Accountants, using a Black-Scholes valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

£97,000 has been charged to administrative expenses.

There is no impact on net assets since an equivalent amount is credited to the share based payments reserve. No options were exercised or lapsed during the year. The value per option represents the fair value of the option less the consideration payable. The expected volatility is based on historical volatility of the share price since the Company listed on AIM in 2001. The risk free rate of return has been derived from the Bank of England's yield curve taking the spot rate for a maturity of 36 months. This period has been selected as being the minimum period over which the options could remain extant.

Options granted under the Renew Holdings 2004 Executive Share Option Scheme over the Company's Ordinary Shares at 30 September 2007 were as follows:

Date of grant	7 June 2006	8 January 2007	Total
Awards outstanding at 30 September 2007 – Directors	761,904	522,292	1,284,196
Exercise price and price at date of grant	52.5p	78.5p	-
Maximum option life	10 years	10 years	-
Assumed option life for purposes of valuation	3 years	3 years	-
Expected volatility	47%	46%	-
Dividend yield	1%	1.50%	-
Risk free interest rate	4.67%	4.88%	-
Value per option	20.5p	25.9p	-

There were 761,904 options outstanding at 1 October 2006 being those issued on 7 June 2006 and detailed above.

21 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

Group	2007 £000	2006 £000
Profit for the year	7,098	5,988
Dividends paid	(839)	(360)
	6,259	5,628
Other recognised gains and losses for the year	(1,527)	(5,108)
Recognition of share based payments	97	-
Net movement on shareholders' funds	4,829	520
At 1 October 2006	5,316	4,796
At 30 September 2007	**10,145**	5,316

22 CAPITAL AND LEASING COMMITMENTS

Group	Land & buildings £000	Other £000	Total 2007 £000	Total 2006 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	81	113	**194**	1,013
Two to five years	518	328	**846**	935
Five or more years	2,651	78	**2,729**	2,892
	3,250	519	**3,769**	4,840

Company	Land & buildings £000	Other £000	Total 2007 £000	Total 2006 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	29	3	**32**	881
Two to five years	224	31	**255**	488
Five or more years	1,662	-	**1,662**	2,031
	1,915	34	**1,949**	3,400

The Group has capital commitments at 30 September 2007 of £90,000 (2006: £nil).

23 CONTINGENT LIABILITIES

The Company has guaranteed performance bonds in respect of certain contracts and leasing arrangements in the normal course of business.

A letter of credit, guaranteed by the Company, has been issued by Barclays Bank Plc to M&T Bank (see Note 12).

As part of the Office of Fair Trading's review of tender activities within the construction industry, the Company notes that one of its subsidiaries has been contacted in relation to some historic contract tenders. These tenders represent a small proportion of the tenders made during the period in question. It is not possible to predict whether this enquiry will have an adverse effect on the Group's financial position or results of its operations.

24 ACQUISITION OF SUBSIDIARY UNDERTAKING

On 25 July 2007, the Company acquired the whole of the issued share capital of Seymour (C.E.C) Holdings Limited, a company registered in England & Wales. Seymour (C.E.C) Holdings Limited is a dormant holding company which has a wholly owned subsidiary, Seymour (Civil Engineering Contractors) Limited ("Seymour") which trades as civil engineers. From the date of acquisition, Seymour has contributed sales of £4.0m and a profit before taxation of £nil to the consolidated results.

The value of the assets and liabilities of Seymour at the date of acquisition were:	Book value £000
Fixed assets	
Tangible assets	1,859
Current assets	
Stocks and work in progress	72
Debtors: due within one year	3,619
Cash at bank and in hand	889
	4,580
Creditors: amounts falling due in less than one year	(3,948)
Net current assets	632
Total assets less current liabilities	2,491
Creditors: amounts falling due after more than one year	(240)
Net assets	2,251

The consideration paid was £6,821,000 in cash. Goodwill of £4,570,000 was acquired on acquisition and will be reviewed for impairment one year after the acquisition as permitted by FRS 10.

The trading result and cashflows of Seymour are not considered by the Directors to be significant enough to warrant separate disclosure in accordance with FRS 3.

The value of land acquired with Seymour and included in tangible fixed assets has been increased from £239,000 to £500,000 as a result of a fair value adjustment. The land was independently valued by Hanline Associates.

25 PENSION COMMITMENTS

Defined benefit scheme

The defined benefit scheme was closed to new members in June 2000. On 1 August 2001, the Board decided that no further benefits would accrue to existing members with more than five years expected service remaining. These members were transferred to the defined contribution scheme but retained the benefits earned to date under the defined benefit scheme.

FRS 17 "Retirement Benefits"

The Directors have adopted the accounting required by FRS 17 with effect from 1 October 2003. The Directors have discussed the assumptions used in determining the actuarial valuations set out below with independent pensions advisors and have determined that they are appropriate.

The following disclosures required by FRS 17 have been based on the most recent actuarial valuation as at 30 September 2007 carried out by Barnett Waddingham, Consulting Actuaries, using the following financial assumptions:

	As at 30 September 2007	As at 30 September 2006	As at 30 September 2005
Rate of increase in salaries	4.00%	4.00%	4.00%
LPI increases to pensions in payment	2.90%	2.50%	2.50%
Discount rate	6.20%	5.30%	5.20%
Inflation assumption	2.90%	2.50%	2.50%
Increases in deferred pensions	2.90%	2.50%	2.50%

The assets in the scheme and the expected rates of return were:

	Value as at 30 September 2007 £000	Expected rate of return	Value as at 30 September 2006 £000	Expected rate of return	Value as at 30 September 2005 £000	Expected rate of return
Equities	-	8.50%	-	7.95%	-	7.85%
Gilts + 2.5% fund	54,914	7.50%	56,494	6.95%	57,212	6.85%
Bonds	47,998	6.20%	52,058	5.30%	51,401	5.20%
Cash	36	5.75%	89	4.75%	(79)	4.50%
Total	102,948		108,641		108,534	

25 PENSION COMMITMENTS (continued)

The following amounts at 30 September were measured in accordance with the requirements of FRS 17.

	As at 30 September 2007 £000	As at 30 September 2006 £000	As at 30 September 2005 £000
Total market value of assets	**102,948**	108,641	108,534
Present value of scheme liabilities	**(106,507)**	(112,596)	(106,906)
(Deficit)/surplus in the scheme	**(3,559)**	(3,955)	1,628
Deferred tax	**997**	1,186	-
Net (deficit)/surplus	**(2,562)**	(2,769)	1,628
Balance sheet adjustments to reduce surplus to nil at 30 September 2005	**-**	-	(1,628)
Net deficit	**(2,562)**	(2,769)	-

FRS 17 was adopted with effect from 1 October 2003. The two columns in the following tables identify the actual amounts included in the 2007 accounts and the 2006 comparatives.

	At 30 September 2007 £000	At 30 September 2006 £000
Amounts charged to operating profit:		
Current service cost (excluding employee contributions)	**(79)**	(68)
	(79)	(68)
Amount charged to other financial income/(charges):		
Expected return on assets	**6,560**	6,452
Interest on scheme liabilities	**(5,815)**	(5,410)
	745	1,042
Amounts recognised in the statement of total recognised gains and losses:		
Actual less expected return on assets	**(7,960)**	(1,786)
Experience losses on liabilities	**(575)**	(72)
Effect of change in assumptions on liabilities	**6,731**	(5,945)
Actuarial loss	**(1,804)**	(7,803)
Adjustment for pension asset not recognised in previous year	**-**	1,628
	(1,804)	(6,175)
Movement in the deficit during the year:		
Deficit brought forward	**(3,955)**	-
Current service cost (excluding employee contributions)	**(79)**	(68)
Cash contribution (excluding employee contributions)	**1,534**	1,246
Other financial charges	**745**	1,042
Actuarial loss	**(1,804)**	(7,803)
Net deficit	**(3,559)**	(5,583)
Adjustment for pension asset not recognised in previous year	**-**	1,628
Deficit carried forward	**(3,559)**	(3,955)

The Group has agreed an annual contribution rate of £1,716,000 with the Trustees of the defined benefit scheme with effect from 1 April 2007.

25 PENSION COMMITMENTS (continued)

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets	**£(7,960,000)**	£(1,786,000)	£6,623,000	£426,000	£(338,000)
As a percentage of the assets at the end of the year	**(8.0)%**	(1.6)%	6.10%	0.42%	(0.23)%
Experience (losses)/gains on scheme liabilities	**£(575,000)**	£(72,000)	£647,000	£1,176,000	£336,000
As a percentage of the liabilities at the end of the year	**(1.0)%**	0.00%	0.61%	1.11%	0.23%
Total amount recognised in the statement of total recognised gains and losses	**£(1,804,000)**	£(7,803,000)	£412,000	£11,294,000	£(25,340,000)
As a percentage of the liabilities at the end of the year	**(1.69)%**	(6.93)%	0.39%	10.70%	(17.70)%

The scheme has been in operation for many years and, after taking advice from the Group's pensions advisors, the Directors have determined that it is not possible to allocate the assets and liabilities of the scheme between the various Group companies. As permitted by FRS 17, the Group has taken advantage of the multi-employer exemption and the deficit of the scheme is accounted for as an unallocated consolidation adjustment.

Money purchase scheme

The assets of the money purchase scheme are held in separate trustee-administered funds. The Group made contributions of £1,494,000 (2006: £1,139,000) into the money purchase scheme during the year. There is also £114,000 (2006: £68,000) of accruals relating to the scheme.

26 CASH FLOW NOTES

	2007 £000	2006 £000
Operating profit	**5,017**	3,473
Amortisation of goodwill	**356**	306
Depreciation	**1,326**	1,523
Profit on sale of fixed assets	**(85)**	-
Decrease/(increase) in stocks and work in progress	**11,910**	(9,551)
Increase in operating debtors and prepayments	**(3,067)**	(866)
Decrease in current asset investments	**-**	16,643
Increase/(decrease) in creditors and accruals	**7,573**	(1,152)
Net movement on pension deficit included within operating profit (Note 25)	**79**	68
Cash contribution to defined benefit scheme	**(1,534)**	(1,246)
Charge in respect of share options	**97**	-
Realisation of joint venture assets	**206**	1,463
Net cash inflow from operating activities	**21,878**	10,661

26 CASH FLOW NOTES (continued)

Analysis of net funds	At 1 October 2006 £000	Cash flow £000	Non-cash movements £000	**At 30 September 2007 £000**
Cash	19,735	5,110	(280)	**24,565**
Debt due within one year	(10,093)	9,928		**(165)**
Finance leases due after one year	(311)	193		**(118)**
Finance leases due within one year	(361)	(68)		**(429)**
	(10,765)	10,053	-	**(712)**
Net funds	8,970	15,163	(280)	**23,853**

The non-cash movement on cash relates to an unrealised foreign exchange loss on translation of the opening balance sheet of the US subsidiary.

27 PRINCIPAL SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

The Company acts as the holding company of the Group. The principal activity of the Group during the year was construction and construction related activities.

The principal subsidiary undertakings and joint ventures are shown below.

Subsidiary undertakings		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
YJL Ltd	Owned by Renew Holdings plc	England and Wales	100%
Allenbuild Ltd	Owned by subsidiary	England and Wales	100%
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
Walter Lilly & Co Ltd	Owned by subsidiary	England and Wales	100%
YJL London Ltd	Owned by subsidiary	England and Wales	100%
YJL Infrastructure Ltd	Owned by subsidiary	England and Wales	100%
VHE Construction Plc	Owned by subsidiary	England and Wales	100%
Shepley Engineers Ltd	Owned by subsidiary	England and Wales	100%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
Lovell America, Inc	Owned by subsidiary	USA	100%

Joint ventures		% Interest
Russett Center Limited Partnership	USA	50%
100 Investment Limited Partnership (Center 9500)	USA	67%

The joint venture entities are held by Lovell America, Inc.

Annual General Meeting	**30 January 2008**
Results	**Announcement of interim results – May 2008** **Preliminary announcement of full year results - November 2008**

Electronic Communications

Following shareholder approval to amend the Company's Articles at the AGM in March 2006, the Company may deliver shareholder information including Annual and Interim Reports and Notices of General Meetings in an electronic format to shareholders.

If you would like to receive shareholder information in electronic format, please register your request on the Company's Registrar's electronic database at **www.capitaregistrars.com** You will initially need your unique "investor code", which you will find at the top of your share certificate. There is no charge for this service. If you wish to subsequently change your mind, you may do so by contacting the Company's Registrars by post or through their website.

If you elect to receive shareholder information electronically, please note that it is the shareholder's responsibility to notify the Registrars of any change to their name, address, e-mail address or other contact details. Shareholders should also note that, with electronic communication, the Company's obligations will be satisfied when it transmits the notification of availability of information or such other document as may be involved to the electronic address it has on file. The Company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failure. In the event of the Company becoming aware that an electronic notification is not successfully transmitted, a further two attempts will be made. In the event that the transmission is still unsuccessful a hard copy of the notification will be mailed to the shareholder. In the event that specific software is required to access information placed on the Company's website it will be available via the website without charge. Before electing for electronic communications shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for the purpose. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out but cannot accept responsibility for loss or damage arising from the opening or use of any e-mail or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company that is found to contain any virus will not be accepted.

Shareholders wishing to receive shareholder information in the conventional printed form will continue to do so and need take no further action.

Should you have any further questions on this please contact the Company's Registrars, Capita Registrars, on 0870 162 3131.

Directors

R Harrison	(Non-executive Chairman)
B May	(Chief Executive)
J Samuel FCA	(Group Finance Director)
J Bishop FCA	(Independent non-executive)

Company Secretary B Feather LLB

Company Number 650447

Registered Address
Yew Trees
Main Street North
Aberford
West Yorkshire
LS25 3AA

Registrars
Capita Registrars Plc
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Auditors
KPMG Audit Plc
1 The Embankment
Neville Street
Leeds
LS1 4DW

Website address www.renewholdings.com

Nominated Advisor and Broker
Brewin Dolphin Securities Ltd
34 Lisbon Street
Leeds
LS1 4LX

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the forty-eighth Annual General Meeting of the Company will be held at the offices of Brewin Dolphin Securities Limited, 12 Smithfield Street, London EC1A 9BD on 30 January 2008 at 11.00am.

The meeting will consider the following business:

Ordinary Business

To consider and, if thought fit, to pass the following ordinary resolutions:

1. To receive and adopt the accounts for the year ended 30 September 2007 and the Reports of the Directors and Auditors thereon.

   (Resolution 1)

2. To declare a final dividend of 1.2p per share.

   (Resolution 2)

3. To re-elect the following Director who retires in accordance with the Company's Articles of Association: Roy Harrison.

   (Resolution 3)

4. To approve the Remuneration Report for the year ended 30 September 2007.

   (Resolution 4)

5. To re-appoint KPMG Audit Plc as Auditors of the Company (having previously been appointed on 31 July 2007 by the Directors to fill a casual vacancy arising on the resignation of RSM Robson Rhodes LLP) and to authorise the Directors to determine their remuneration.

   (Resolution 5)

Special Business

To consider and, if thought fit, to pass resolution 6, which shall be proposed as a special resolution:

6. That the power conferred upon the Directors by regulation 5.3 of the Company's Articles of Association to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) wholly for cash free from the pre-emption provisions in Section 89 of the Companies Act 1985 be renewed for the period ending on the date of the Annual General Meeting in 2009 or on 30 April 2009, whichever is the earlier, and for such period the "Section 89 Amount" referred to in regulation 5 of the Company's Articles of Association shall be £299,495.

   (Resolution 6)

By order of the Board
B C Feather LLB
Company Secretary
27 November 2007

Renew Holdings plc
Registered Office: Yew Trees, Main Street North, Aberford, West Yorkshire LS25 3AA.

Notes

1. Holders of Ordinary Shares are entitled to attend and vote at this meeting. A shareholder entitled to attend and vote may appoint a proxy (or proxies), who need not be a shareholder of the Company, to attend, speak and vote instead of him or her. Should a shareholder wish to appoint more than one proxy, the shareholder is requested to attach to the proxy form a schedule detailing the names of the proxies the shareholder wishes to appoint, the number of shares each proxy will represent and the way in which the shareholder wishes them to vote on the resolutions that are to be proposed.

2. Proxy forms and the powers of attorney or other authority, if any, under which they are signed need to be deposited at the office of the Company's Registrars, Capita Registrars, Proxy Department, PO Box 25, Beckenham, Kent BR3 4BR not later than 48 hours (exclusive of any time in a non-working day) before the time of the meeting. Completion of a proxy will not preclude a shareholder from attending and voting in person at the meeting.

3. Pursuant to regulation 41 of the Uncertified Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered in the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.

4. Resolution 5: On 31 July 2007, RSM Robson Rhodes LLP resigned as Auditors and the Directors appointed KPMG Audit Plc in their place. Special Notice of the resolution proposing the reappointment of KPMG Audit Plc has been received by the Company pursuant to Sections 391A and 379 of the Companies Act 1985. KPMG Audit Plc has confirmed that it is willing to continue in office.

5. Resolution 6: By resolution 6 the Directors are seeking renewal of the power to allot shares for cash for the purposes of a rights issue or otherwise in connection with a rights issue, limited to the issue of shares up to an aggregate nominal value of £299,495, being 5% of the issued Ordinary Share capital of the Company at the date of this Notice. If given, this power will expire at the Company's AGM in 2009 or on 30 April 2009, whichever is the earlier.

Location of AGM

12 Smithfield Street, London EC1A 9BD

Underground

Farringdon and Barbican are both on the Circle, Metropolitan and Hammersmith & City Lines.
Chancery Lane and St Paul's are on the Central line.

Train

The nearest stations are City Thameslink and Farringdon.

Bus

Services 8, 25 & 521 stop on Holborn Viaduct.
Services 8, 25, 56, 242 & 521 all stop on Newgate Street.
For further information about public transport in London visit the Transport for London website at www.tfl.gov.uk or phone London Travel Information on 020 7222 1234.

Car Parking P

Car parks are located on the map opposite.

Shepley Engineers
Robinson House
Westlakes Science Park
Moor Row
Cumbria
CA24 3HY
Tel: 01946 599 022

VHE
Phoenix House
Hawthorn Park
Coal Road
Seacroft
Leeds
LS14 1PQ
Tel: 0113 273 9200

Seymour
30-34 Navigation Point
Hartlepool
TS24 0VQ
Tel: 01429 223521

YJL London
18 Mansell Street
London
E1 8AA
Tel: 020 7977 0050

YJL Infrastructure
39 Cornhill
London
EC3V 3NU
Tel: 020 7522 3220

Walter Lilly
Waddon House
283 Stafford Road
Croydon
Surrey
CR0 4NN
Tel: 020 8730 6200

Britannia Construction
Britannia House
Staverton Technology Park
Cheltenham
Gloucestershire
GL51 6TQ
Tel: 01452 859 880

Allenbuild
Jubilee House
Waterside Drive
Wigan
WN3 5AZ
Tel: 01942 246 265

Unecol House
819 London Road
North Cheam
Surrey
SM3 9BN
Tel: 020 8335 4800

Phoenix House
Hawthorn Park
Coal Road
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Renew Holdings plc
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web: www.renewholdings.com

Company Number: 650447
Registered in England & Wales