



**delivering specialist
construction services**



chairman's statement	01
chief executive's review	02
group profit & loss account	04
group statement of total recognised gains & losses	04
group balance sheet	05
group cash flow statement	06
notes to the accounts	07
electronic communications	12

Introduction

I am pleased to report that in the first half of the year the Group has delivered a robust set of interim results, a testament to the excellent progress being made across all of the Group's activities. As outlined at the end of last year, in line with the Group's strategy, the business has been aligned into two distinct business streams, namely Specialist Engineering and Specialist Building. In these results we report revenues and profits accordingly for the first time.

The focus on specialist markets within these two business streams, in which the Group has excellent skills and experience and enjoys good market positions, is resulting in higher profitability and cash flow as the quality of the Group's earnings and work flow continues to improve. All the Group's businesses are trading profitably and once again there are no exceptional items in these results.

Further progress has been made in improving the control mechanisms in place across the Group, which gives the Board confidence in its future performance. In Health & Safety, a key area of focus for all of our businesses, we have continued to make good progress during the period.

Results and dividend

Group turnover from ongoing operations for the six months ended 31 March 2007 was £172.7m (2006: £162.4m), a 6% increase over the corresponding period last year. Profit before tax for the period was up 72% to £3.1m (2006: £1.8m) with earnings per share up 70% to 5.1p (2006: 3.0p).

The Group's cash position as at 31 March was £27.0m, a major improvement over the previous period which reflects the cash backed nature of our earnings and the continuing realisation of surplus assets.

Shareholders' funds have increased by 31% since the end of the last financial year and now stand at £7.0m.

In accordance with the Group's progressive policy, the Board is declaring an interim dividend of 0.6p per share (2006: 0.4p), an increase of 50%, to be paid on 9 July 2007 to shareholders on the register as at 8 June 2007.

Group strategy

Under the sound leadership of our Chief Executive, Brian May, the Group is making excellent progress in line with its strategic objectives. During the period we have continued to improve margins in our Specialist Building activities which have grown by 50% on similar levels of turnover. In Specialist Engineering turnover has improved by 23%, whilst margins have been maintained at target levels.

As previously indicated, part of the strategy of developing our Specialist Engineering activities is to consider complementary acquisitions. The Group is looking at a number of opportunities and has appointed a corporate development officer to assist in this regard.

Outlook

The Group's focus on its two core business streams is bringing success. The order book is slightly up on the same period last year at £228.7m (2006: £223.2m) but the quality of earnings has shown major improvement evidenced by an increase in both profits and cash generation. This positive momentum has continued into the second half and the Board is confident of sustaining this progress throughout the remainder of the year.

Roy Harrison

Chairman
22 May 2007

Introduction

Our strategy of seeking growth in Specialist Engineering whilst increasing margins in Specialist Building has resulted in improved results for the period. New work flow in our Specialist Engineering activities increased to 25% of the total order intake whilst Specialist Building has maintained a stable work stream. Margins in Specialist Engineering have been maintained at target levels with volumes increasing, whilst we are improving margins in Specialist Building on steady volumes.

67% of our work is repeat business and 69% was generated from longer-term framework agreements and negotiated contracts. 79% of orders received were in our specialist markets. These are all well above our internal performance targets.

PPS Electrical, the acquisition made in June 2006 by our Nuclear business, has been successfully integrated into the Group's activities and is performing in line with expectations, delivering margins which are in line with our Specialist Engineering activities.

We continue to make progress in settling outstanding legacy contract claims, and remain confident that the level of provisions is sufficient and prudent in respect of the potential risks of non-recovery.

Review of operations

Specialist Engineering

In Nuclear, we were recently awarded a third framework contract at Sellafield. This Multi Disciplinary Site Wide contract, to provide mechanical and electrical services and minor civil works across the site as a primary contractor, is worth an expected £25m over the next two years, with an option for a further two year extension thereafter. Due to the nature of this contract, we have elected to include only half of the expected contract value in the current order book of £228.7m.

In Land Remediation, we were re-awarded a three year framework contract worth £10m per annum with National Grid Properties, to carry out remediation works on a number of their redundant sites. We have also recently secured a three year framework with the North West Development Agency.

Specialist Building

In Social Housing, we were awarded a £15.5m contract for Metropolitan Housing Association, and were subsequently appointed to their framework contract, taking the number of social housing frameworks awarded during the first half to three. We now have framework agreements with six leading Housing Associations in the South East for the delivery of their new build programmes.

In Retail, we secured contracts with Tesco in Didcot, Ilminster and Birmingham, together with a £5m contract for a new store shell in Maesteg, further strengthening our excellent relationship with this client. We also completed a new B&Q store in Folkestone. In Science & Education, we gained two further contract awards from GlaxoSmithKline, our biggest repeat business customer in the science sector. We were also awarded a £7.5m project for the University of London and projects at Imperial College and South Bank University.

In Restoration and Refurbishment, we have seen strong demand for projects in the high quality residential market. We secured a £7.6m high quality residential refurbishment project for Cadogan Estates, a long established client, incorporating works on the retained façade. Work also commenced on the £5.8m refurbishment of the Queen Elizabeth law courts in Liverpool and a £2.6m project at the Victoria & Albert Museum. We have also been appointed to upgrade two London underground stations for Metronet.

Property and central activities

During the period, we completed the sale of our development project in Lancashire to Wichford PLC for a consideration of £15.5m. The related development loan was redeemed from the proceeds of the sale, leaving the Group debt free.

The Group continues its strategy of selling its historic property portfolio both in the UK and US. We realised over £3m from our UK and US property holdings during the period.

Further to the sale of our head office building in London last year, the Group will be relocating its head office to Yorkshire during the summer.

Prospects

I am pleased by the growth achieved by our Specialist Engineering business and by the improvement in margins being delivered by our Specialist Building business. The progress the Group is making is very satisfying. I remain confident of delivering further improvement in the second half of this year and in our prospects for the future.

Brian May

Chief Executive
22 May 2007

GROUP PROFIT & LOSS ACCOUNT

for the six months ended 31 March 2007

	Notes	Six months ended 31 March		Year ended 30 September
		2007 Unaudited £000	2006 Unaudited £000	2006 Audited £000
Turnover: Group and share of joint ventures		173,085	179,363	365,266
Less share of joint ventures' turnover		(114)	(1,150)	(2,823)
Ongoing operations		172,653	162,442	341,698
Discontinuing operations	1	318	15,771	20,745
Group turnover	2	172,971	178,213	362,443
Cost of sales		(153,654)	(160,613)	(328,393)
Gross profit		19,317	17,600	34,050
Administrative expenses		(17,246)	(16,210)	(30,577)
Profit on ordinary activities before interest	2	2,071	1,390	3,473
Interest receivable		895	569	1,561
Interest payable		(239)	(661)	(1,437)
Other finance income - FRS 17 pension		350	505	1,042
Profit on ordinary activities before taxation	2	3,077	1,803	4,639
Taxation on profit on ordinary activities	4	-	-	1,349
Profit for the period		3,077	1,803	5,988
Basic earnings per Ordinary Share	5	5.14p	3.01p	10.00p
Diluted earnings per Ordinary Share	5	5.07p	3.01p	9.95p
Proposed dividend	6	0.60p	0.40p	0.80p

GROUP STATEMENT OF TOTAL RECOGNISED GAINS & LOSSES

for the six months ended 31 March 2007

	Notes	Six months ended 31 March		Year ended 30 September
		2007 Unaudited £000	2006 Unaudited £000	2006 Audited £000
Profit for the period		3,077	1,803	5,988
Dividend paid		(479)	(120)	(360)
Exchange movements in reserves		(96)	64	(119)
Net movements relating to defined benefit pension scheme	3	(890)	(1,126)	(6,175)
Movement on deferred tax relating to the defined pension scheme		-	-	1,186
Total recognised gains and losses since last annual report		1,612	621	520

GROUP BALANCE SHEET

at 31 March 2007

05

	Notes	31 March		30 September
		2007 Unaudited £000	2006 Unaudited £000	2006 Audited £000
Fixed assets				
Intangible assets: Goodwill		4,368	4,450	4,527
Tangible assets		3,513	14,663	3,819
Investments in joint ventures:				
Loans to joint ventures		645	439	561
Share of gross assets		4,246	8,361	4,429
Share of gross liabilities		(1,664)	(4,805)	(1,722)
		<u>3,227</u>	<u>3,995</u>	<u>3,268</u>
		11,108	23,108	11,614
Current assets				
Stocks and work in progress		5,222	13,651	18,673
Debtors:				
due after more than one year		4,298	5,850	4,346
due within one year		70,666	73,655	77,093
Current asset investments - assets held for resale		-	3,182	-
Cash at bank and in hand		27,022	8,194	19,735
		<u>107,208</u>	<u>104,532</u>	<u>119,847</u>
Creditors: amounts falling due within one year		(106,965)	(109,608)	(121,555)
Net current assets/(liabilities)		243	(5,076)	(1,708)
Total assets less current liabilities		11,351	18,032	9,906
Creditors: amounts falling due after more than one year				
Long-term debt		-	(8,363)	-
Other creditors		(1,605)	(4,252)	(1,821)
Net assets excluding pension liability		9,746	5,417	8,085
Pension liability	3	(2,769)	-	(2,769)
Net assets		6,977	5,417	5,316
Capital and reserves				
Share capital		5,990	5,990	5,990
Share premium account		5,893	5,893	5,893
Capital redemption reserve		3,896	3,896	3,896
Revaluation reserve		73	73	73
Share based payments reserve	7	49	-	-
Profit and loss account		(8,924)	(10,435)	(10,536)
Equity shareholders' funds	8	6,977	5,417	5,316

GROUP CASH FLOW STATEMENT

for the six months ended 31 March 2007

06

	Notes	Six months ended 31 March 2007 Unaudited £000	2006 Unaudited £000	Year ended 30 September 2006 Audited £000
Net cash inflow/(outflow) from operating activities	9	18,028	(5,631)	10,661
Returns on investments and servicing of finance				
Interest received		895	569	1,561
Interest paid		(239)	(661)	(1,437)
		656	(92)	124
Taxation				
Net corporation tax paid		-	-	(36)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(365)	(507)	(1,291)
Proceeds on sale of tangible fixed assets		145	58	393
Loans (advanced to)/repaid by joint ventures		(110)	871	(149)
		(330)	422	(1,047)
Acquisitions and disposals				
Acquisition of a subsidiary, net of cash acquired		-	-	(664)
Cash obtained on acquisition of subsidiaries and businesses		-	-	65
		-	-	(599)
Equity dividends paid to shareholders		(479)	(120)	(360)
Cash inflow/(outflow) before financing		17,875	(5,421)	8,743
Financing				
Short-term development funding		(9,795)	3,953	9,795
Repayment of mortgage		-	-	(8,363)
Movement in short-term borrowings		(298)	(3,600)	(3,600)
Finance lease payments		(318)	(328)	(686)
		(10,411)	25	(2,854)
Increase/(decrease) in cash during the period		7,464	(5,396)	5,889

NOTE 1 DISCONTINUING OPERATIONS

Discontinuing operations relate to the activities of YJL Construction which are in the process of being closed down.

NOTE 2 SEGMENTAL ANALYSIS

	Six months ended 31 March 2007 Unaudited £000	2006 Unaudited £000	Year ended 30 September 2006 Audited £000
--	--	---------------------------	---

Turnover is analysed as follows:

Building	120,943	128,185	262,889
Engineering	34,501	28,086	54,553
Property and central activities	17,323	7,321	27,079
Discontinuing operations	318	15,771	20,745
Turnover: Group and share of joint ventures' turnover	173,085	179,363	365,266
Less: Share of joint ventures' turnover	(114)	(1,150)	(2,823)
Group turnover	172,971	178,213	362,443

Analysed as to:

Ongoing operations	172,653	162,442	341,698
Discontinuing operations	318	15,771	20,745
Group turnover	172,971	178,213	362,443

Analysis of profit on ordinary activities before interest:

Building	1,513	1,038	2,603
Engineering	1,717	1,413	2,810
Property and central activities	(1,159)	(1,061)	(1,940)
Discontinuing operations	-	-	-
Profit on ordinary activities before interest	2,071	1,390	3,473
Net financing income	1,006	413	1,166
Profit on ordinary activities before taxation	3,077	1,803	4,639

NOTES TO THE ACCOUNTS

08

NOTE 3 DEFINED BENEFIT PENSION SCHEME

As at 30 September 2006, the FRS 17 valuation, prepared by Barnett Waddingham, Consulting Actuaries, showed a net deficit of £2,769,000 after a deferred tax credit of £1,186,000, which was recorded as a liability in the accounts in accordance with the requirements of FRS 17. No updating FRS 17 valuation has been performed for these interim accounts and the Directors consider that the position shown at 30 September 2006 should be maintained in the accounts at 31 March 2007.

As the balance sheet position of the pension scheme has been maintained at £(2,769,000) during the period, contributions to reduce the deficit have been shown as part of the movements in the group statement of total recognised gains and losses.

NOTE 4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	Six months ended 31 March 2007 Unaudited £000	2006 Unaudited £000	Year ended 30 September 2006 Audited £000
Current tax:			
UK corporation tax on profits for the period	-	-	-
Adjustments in respect of previous periods	-	-	(74)
Foreign tax	-	-	(2)
Total current tax	-	-	(76)
Deferred tax	-	-	1,425
Taxation credit on profit on ordinary activities	-	-	1,349

The Group and Company have unused tax losses available to carry forward against future taxable profits, although a significant 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 of £2,899,000 has been recognised to the extent considered reasonable by the Directors and included in Debtors: due within one year. This is in respect of losses where recovery can be reasonably expected within twelve months of the balance sheet date. The amount has been maintained at the same level as 30 September 2006.

NOTE 5 EARNINGS PER ORDINARY SHARE

	2007		Six months ended				Year ended			
	31 March		2006		31 March		2006		30 Sept	
	Weighted average number		EPS	Earnings	Weighted average number	EPS	Earnings	Weighted average number	EPS	
	Earnings	of shares	Pence	£000	of shares	Pence	£000	of shares	Pence	
	£000	'000			'000			'000		
Basic earnings per share	3,077	59,899	5.14	1,803	59,899	3.01	5,988	59,899	10.00	
Dilutive effect of share options	-	765	(0.07)	-	-	-	-	254	(0.05)	
Diluted earnings per share	3,077	60,664	5.07	1,803	59,899	3.01	5,988	60,153	9.95	

NOTE 6 DIVIDENDS

The proposed interim dividend is 0.6p per share (2006: 0.4p). This will be paid out of the Company's available distributable reserves to shareholders on the register on 8 June 2007, payable on 9 July 2007. In accordance with FRS 21 dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the profit and loss account.

NOTE 7 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 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.

In total 1,284,196 share options are in issue with a vesting period of 3 years. 522,292 of these options were issued during the period and £49,000 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.

NOTES TO THE ACCOUNTS

10

NOTE 8 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	Six months ended 31 March		Year ended 30 September
	2007 Unaudited £000	2006 Unaudited £000	2006 Audited £000
Profit for the period	3,077	1,803	5,988
Dividends	(479)	(120)	(360)
	2,598	1,683	5,628
Movement in share based payments reserve	49	-	-
Other recognised gains and losses for the period	(986)	(1,062)	(5,108)
Net movement in shareholders' funds	1,661	621	520
Opening shareholders' funds	5,316	4,796	4,796
Closing shareholders' funds	6,977	5,417	5,316

NOTE 9 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Six months ended 31 March		Year ended 30 September
	2007 Unaudited £000	2006 Unaudited £000	2006 Audited £000
Operating profit	2,071	1,390	3,473
Depreciation	563	735	1,523
Amortisation of subsidiary goodwill	159	152	306
Share based payments	49	-	-
Profit on sale of fixed assets	(37)	(19)	-
Decrease/(increase) in stocks and work in progress	13,170	(4,078)	(9,551)
Decrease/(increase) in operating debtors and prepayments	6,460	(918)	(866)
Decrease in current asset investments	-	2,907	16,643
Decrease in creditors and accruals	(3,867)	(5,179)	(1,152)
Defined benefit pension scheme contributions charged to operating profit	48	-	68
Contributions to defined benefit scheme	(588)	(621)	(1,246)
Realisation of joint venture assets	-	-	1,463
Net cash inflow/(outflow) from operating activities	18,028	(5,631)	10,661

NOTE 10 BASIS OF PREPARATION

- (a) The accounts for the six months ended 31 March 2007 and the equivalent period in 2006 have not been audited or reviewed by the Company's auditors. They have been prepared on a going concern basis in accordance with applicable accounting standards consistent with the accounting policies set out in the 2006 Annual Report, as updated for the adoption of FRS 20 (Share based payments). The interim report was approved by the Directors on 22 May 2007.
- (b) The abridged information in this statement relating to the year ended 30 September 2006 is derived from full accounts upon which the auditors issued an unqualified opinion and which did not contain a statement under S237(2) of the Companies Act 1985 and which have been delivered to the Registrar of Companies.
- (c) The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

This interim statement is being sent to all shareholders and is also available upon request from the Company Secretary, Renew Holdings plc, 39 Cornhill, London EC3V 3NU, or via the website www.renewholdings.com.

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 Registrars' 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 and Advisors

Directors

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

Company Secretary

C J Wright LLB FCIS

Registered Office

Renew Holdings plc
39 Cornhill
London
EC3V 3NU
Telephone: 020 7522 3200
Facsimile: 020 7522 3258

Registered Number

650447 England

Auditors

RSM Robson Rhodes LLP

Nominated Advisor and Broker

Brewin Dolphin Securities Ltd.
34 Lisbon Street
Leeds
LS1 4LX

Registrars

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