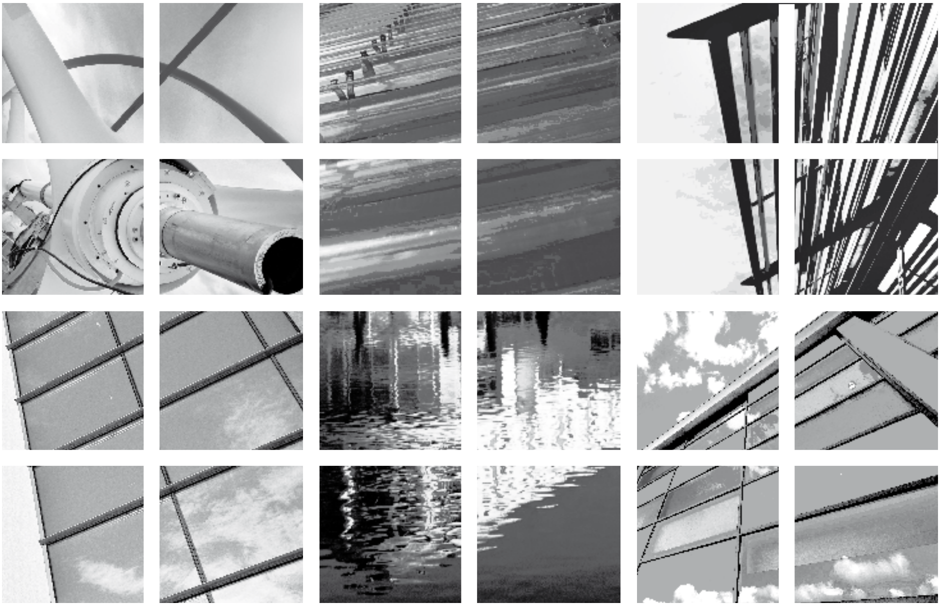

delivering specialist engineering and construction services

interim report & accounts 2010

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

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chairman's statement

The six months ended 31 March 2010 has produced a satisfactory performance. The decisive action taken over the past two years to realign the business in response to challenging trading conditions has proved wholly proportionate.

Group operating profit, prior to amortisation charges, was £1.7m (2009: £3.2m) on revenue of £138.6m (2009: £171.6m). This operating result is £0.3m higher than the second half of 2009. Operating margin was 1.2% (2009: 1.8%), an improvement of 0.2% over the second half of 2009. Group profit after tax and amortisation charges was £1.3m (2009: £2.2m). Earnings per share were 2.24p (2009: 3.74p).

The Group's order book stood at £289m (2009: £221m), some 31% higher than one year ago and 43% higher than last year end. It is particularly pleasing to note that £175m of this secured work extends beyond the current financial year which is a 71% increase compared to last year.

The order book excludes the value of work which may arise from frameworks but which has not yet been confirmed. It remains the Board's view that this potential future work should not be included.

The Group remains debt free with a net cash balance of £10.5m (2009: £17.5m) at the period end. The Board expects the Group's cash balance to increase in the second half.

The Board is maintaining the interim dividend at 1.0p per share (2009: 1.0p) which will be paid on 5 July 2010 to shareholders on the register at 4 June 2010.

In the matter of the Office of Fair Trading investigation into the construction industry, appeals were lodged in November 2009. The decision of the Competition Act Tribunal is not expected until much later in the year.

Group strategy remains to increase revenue in Specialist Engineering both organically and by acquisition whilst maintaining margins in the target range of 3% to 4%. Specialist Building sectors will be accessed selectively, whilst maintaining operating margins of at least 1%, with a 2% target as market conditions improve. The medium term objective is to develop a Specialist Engineering and Construction business with overall operating profits of over 2% with Specialist Engineering providing 50% of revenues.

The specialist nature of our business together with the strong forward order book provides a resilient platform for the Group going forward.

Roy Harrison OBE
Chairman
25 May 2010

chief executive's review

Overview

The Group's confirmed order book at 31 March 2010 was £289m compared to £221m at 31 March 2009 and £202m at 30 September 2009. Orders received in the period included £37m of orders in the nuclear sector as well as significant social housing and education awards. Overall 91% of the order book is in specialist sectors and 71% with repeat clients. 79% has been procured through frameworks, negotiation or two stage tenders, reflecting the Group's continued emphasis on project selectivity.

Review of operations

The Group and its subsidiary businesses undertake a range of projects within both civil engineering and building markets, with a focus on particular areas where our businesses have specialist expertise in resilient markets which provide good visibility of sustainable earnings.

The policy of continuing to manage risk by concentrating on contract opportunities which are in areas within our proven expertise is common to both Specialist Engineering and Specialist Building activities. This aspect of risk management is particularly important when markets are challenging, both in terms of securing work volumes and pricing.

Specialist Engineering

Specialist Engineering business revenue remained stable at £58.6m (2009: £58.2m) and now accounts for 42% of Group revenue compared with 34% at the same stage in 2009. Operating profit during the first half was £1.9m, an increase of 3% against that reported for the second half of 2009. This represents 70% of Group construction operating profit. Operating margin was within our target range at 3.2% which remains over three times that achieved in Specialist Building.

The Specialist Engineering order book is strong at £84m, in line with the 2009 year end (£82m), with 90% in our specialist sectors and 83% in markets with regulated spending plans. 37% has been generated through our various framework agreements and a further 32% procured by negotiation or in two stage tenders.

The Group has a broad range of skills and experience in the civil engineering market. We continue to focus on opportunities arising in the following target markets, which represented approximately 79% of revenue in the period, whilst undertaking work which is outside of these markets when suitable opportunities arise and contract conditions suit. A good example of this is the £15m Cudworth and West Green By-Pass scheme for Barnsley Metropolitan Borough Council which has recently opened ahead of schedule.

Nuclear

Shepley Engineers continues to operate on five nuclear licensed sites in the UK with a significant presence at Sellafield. Shepley remains the largest mechanical and electrical contractor on site at Sellafield where the company has been working for over 50 years.

Shepley has secured extensions to three major frameworks with Sellafield during the period, including the important Multi Discipline Site Wide asset support agreement. In addition to these frameworks, a number of significant awards were received, notably work on the Evaporator D, Encapsulated Product Store and Separation Area Ventilation projects at Sellafield with a total value of £23m. These contracts involve the collaboration of Shepley and its three subsidiary companies, PPS Electrical, West Cumberland Engineering and Mothersill Engineering, demonstrating the benefit of an integrated offering to the client.

Water

The majority of work undertaken by Seymour and C.& A. Pumps is through their framework agreements with Northumbrian Water and Scottish Water, the largest of which, Northumbrian Water's AMP4 framework, continues until March 2011. Seymour is actively engaged in the process of tendering for the AMP5 framework. During the period, Seymour was also appointed to a water distribution framework by Northumbrian Water.

Land Remediation

Remediation opportunities continue to be secured under Part IIA of the Environmental Protection Act and from our National Grid Properties framework which has recently been extended until March 2012. Works are also progressing well on the Commonwealth Games Athletes Village project for Glasgow City Council.

Rail

During the period good progress has been made on the Marble Arch and Notting Hill Gate underground station refurbishment projects for London Underground Ltd ("LUL") which are jointly valued at £30m. An additional award for the refurbishment of the Lillie Bridge Depot was also received under the current LUL framework along with further awards from Network Rail and new client, Southern Railway.

Specialist Building

Specialist Building revenue has now stabilised and was £81.2m in the period. The forward order book in Specialist Building is strong at £205m, compared with £130m at the same point in 2009 and includes the significant award of the £44m Kirklees College Waterfront Campus contract. 92% of the order book is within our specialist sectors and 61% in the form of repeat business. Framework awards account for 32% of the order book, with a further 50% being procured by negotiation or in two stage tenders. Revenue in Specialist Building has now been secured for the remainder of 2010 with operating margins of 1% in line with expectations.

As a result of the impact of the recession on markets such as Retail, our Specialist Building activities are concentrated on seeking out opportunities in the following target markets which represented approximately 81% of our Specialist Building revenue in the period.

Social Housing

Allenbuild has a position on ten social housing framework agreements, which give access to £650m of annual opportunity. During the first half more than £65m of work was secured including the £21m Windmill Park project with Notting Hill Home Ownership. Additional awards were received from the Genesis Housing Group, Hexagon Housing Authority and the One Housing Group. A number of major schemes were completed successfully including the Fairfield Road and Pier Road projects for the Genesis Housing Group.

Restoration and Refurbishment

Walter Lilly continues to work in the strong high quality residential sector with ongoing projects including the Grosvenor Crescent scheme, which has now increased in value to £60m, and the £34m Park Lane project. Work also continues at the Palace of Westminster where the Group is restoring a substantial proportion of the iron roof fabric.

Science and Education

Allenbuild has secured a number of awards in the period, the largest being the Kirklees College Waterfront Campus project valued at £44m. The Group now has fourteen frameworks in this sector following Allenbuild's appointment to the University of Salford framework which is expected to provide around £5m of work over a two year period. Additional awards have been received by Walter Lilly from DEFRA, Imperial College and GlaxoSmithKline, all long standing clients.

Summary

The reduction in capacity made over the last 18 months has sized the business appropriately for current market conditions. The benefits of a focused approach to identified target sectors, where experience and specialist capabilities are emphasised, continue to mitigate the risks adherent in a very competitive market. The Group remains debt free and has a very strong confirmed order book which gives confidence and opportunity for both the short and medium term.

B. W. May

Brian May
Chief Executive
25 May 2010

group income statement
for the six months ended 31 March 2010

	Note	Before exceptional items and amortisation of intangible assets 2010 Unaudited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2010 Unaudited £000	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009* Unaudited £000	Before exceptional items and amortisation of intangible assets 2009 Audited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2009 Audited £000	Year ended 30 September 2009 Audited £000
Group revenue from continuing activities	2	138,640	—	138,640	171,602	316,648	—	316,648
Cost of sales		(122,991)	—	(122,991)	(151,357)	(282,638)	—	(282,638)
Gross profit		15,649	—	15,649	20,245	34,010	—	34,010
Administrative expenses		(13,954)	(162)	(14,116)	(18,254)	(29,423)	(4,375)	(33,798)
Operating profit	2	1,695	(162)	1,533	1,991	4,587	(4,375)	212
Finance income		47	—	47	395	939	—	939
Finance costs		(31)	—	(31)	(41)	(46)	—	(46)
Other finance income – defined benefit pension scheme		60	—	60	—	65	—	65
Profit before income tax	2	1,771	(162)	1,609	2,345	5,545	(4,375)	1,170
Income tax expense	4	(266)	—	(266)	(107)	(1,877)	1,085	(792)
Profit for the period attributable to equity holders of the parent company		1,505	(162)	1,343	2,238	3,668	(3,290)	378
Basic earnings per share	5			2.24p	3.74p			0.63p
Diluted earnings per share	5			2.17p	3.62p			0.62p
Proposed dividend	6			1.00p	1.00p			2.00p

* Operating profit for the six months ended 31 March 2009 is after charging £1,168,000 of exceptional items, comprising £1,006,000 loss on legacy final account settlement and £162,000 amortisation.

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group statement of comprehensive income
for the six months ended 31 March 2010

	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009 Unaudited £000	Year ended 30 September 2009 Audited £000
Profit for the period attributable to equity holders of the parent company	**1,343**	2,238	378
Exchange movement in reserves	**286**	1,279	622
Movement in actuarial deficit	**—**	—	(2,895)
Movement on deferred tax relating to the defined benefit pension scheme	**—**	—	811
Total comprehensive income/(expense) for the period attributable to equity holders of the parent company	**1,629**	3,517	(1,084)

group statement of changes in equity

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Profit and loss account £000	Total equity Unaudited £000
At 1 October 2008	5,990	5,893	3,896	424	233	(2,155)	14,281
Transfer from income statement for the period						2,238	2,238
Dividends paid						(1,196)	(1,196)
Recognition of share based payments					90		90
Exchange differences				1,279			1,279
At 31 March 2009	5,990	5,893	3,896	1,703	323	(1,113)	16,692
Transfer from income statement for the period						(1,860)	(1,860)
Dividends paid						(601)	(601)
Recognition of share based payments					(161)		(161)
Exchange differences				(657)			(657)
Actuarial loss recognised in pension scheme						(2,895)	(2,895)
Movement on deferred tax relating to the pension scheme						811	811
At 30 September 2009	5,990	5,893	3,896	1,046	162	(5,658)	11,329
Transfer from income statement for the period						1,343	1,343
Dividends paid						(1,196)	(1,196)
Recognition of share based payments					27		27
Exchange differences				286			286
At 31 March 2010	**5,990**	**5,893**	**3,896**	**1,332**	**189**	**(5,511)**	**11,789**

group balance sheet
at 31 March 2010

	31 March 2010 Unaudited £000	31 March 2009 Unaudited £000	30 September 2009 Audited £000
Non-current assets			
Intangible assets: goodwill	**9,558**	9,351	9,558
Intangible assets: other	**312**	621	474
Property, plant and equipment	**5,065**	5,719	5,368
Deferred tax assets	**3,920**	3,962	4,097
	18,855	19,653	19,497
Current assets			
Inventories	**8,547**	8,557	8,082
Trade and other receivables	**70,981**	80,008	67,249
Current tax assets	**44**	—	44
Cash and cash equivalents	**10,835**	17,656	14,863
	90,407	106,221	90,238
Total assets	**109,262**	125,874	109,735
Non-current liabilities			
Obligations under finance leases	**(2)**	(12)	(6)
Retirement benefit obligations	**(1,337)**	(518)	(2,351)
Deferred tax liabilities	**(233)**	(306)	(233)
Provisions	**(680)**	(1,068)	(680)
	(2,252)	(1,904)	(3,270)
Current liabilities			
Borrowings	**(339)**	(139)	(263)
Trade and other payables	**(93,814)**	(106,402)	(93,612)
Obligations under finance leases	**(10)**	(48)	(21)
Current tax liabilities	**(99)**	—	(121)
Provisions	**(959)**	(689)	(1,119)
	(95,221)	(107,278)	(95,136)
Total liabilities	**(97,473)**	(109,182)	(98,406)
Net assets	**11,789**	16,692	11,329
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
Cumulative translation adjustment	**1,332**	1,703	1,046
Share based payments reserve	**189**	323	162
Profit and loss account	**(5,511)**	(1,113)	(5,658)
Total equity	**11,789**	16,692	11,329

group cash flow statement
for the six months ended 31 March 2010

	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009 Unaudited £000	Year ended 30 September 2009 Audited £000
Profit for the period	1,343	2,238	378
Amortisation of intangible assets	162	162	309
Depreciation	620	796	1,497
Profit on sale of property, plant and equipment	(20)	(19)	(71)
Increase in inventories	(56)	(598)	(935)
(Increase)/decrease in receivables	(3,464)	9,429	21,646
Decrease in payables	(383)	(18,155)	(30,165)
Current service cost in respect of defined benefit pension scheme	38	36	70
Cash contribution to defined benefit scheme	(1,014)	(997)	(2,028)
Expense in respect of share options	27	90	(71)
Finance income	(47)	(395)	(1,004)
Finance costs	31	41	46
Interest paid	(31)	(41)	(46)
Income taxes (paid)/received	(111)	296	323
Income tax expense	266	107	792
Net cash outflow from operating activities	(2,639)	(7,010)	(9,259)
Investing activities			
Interest received	47	395	939
Proceeds on disposal of property, plant and equipment	50	79	399
Purchases of property, plant and equipment	(347)	(1,191)	(1,606)
Acquisition of subsidiary net of cash acquired	—	(1,828)	(2,260)
Net cash outflow from investing activities	(250)	(2,545)	(2,528)
Financing activities			
Dividends paid	(1,196)	(1,196)	(1,797)
Repayment of obligations under finance leases	(15)	(71)	(104)
Net cash outflow from financing activities	(1,211)	(1,267)	(1,901)
Net decrease in cash and cash equivalents	(4,100)	(10,822)	(13,688)
Cash and cash equivalents at beginning of period	14,600	28,179	28,179
Effect of foreign exchange rate changes	(4)	160	109
Cash and cash equivalents at end of period	10,496	17,517	14,600
Bank balances and cash	10,835	17,656	14,863
Borrowings	(339)	(139)	(263)
	10,496	17,517	14,600

notes to the accounts

1. Basis of preparation

(a) The interim financial report for the six months ended 31 March 2010 and the equivalent period in 2009 have not been audited or reviewed by the Group's auditors. They do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. They have been prepared under the historical cost convention and on a going concern basis in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim financial report does not comply with IAS 34 "Interim Financial Reporting", which is not currently required to be applied for AIM companies. This interim report was approved by the Directors on 25 May 2010.

(b) The accounts for the year ended 30 September 2009 were prepared under IFRS and have been delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or (3) of the Companies Act 2006. In this report, the comparative figures for the year ended 30 September 2009 have been audited. The comparative figures for the period ended 31 March 2009 are unaudited.

(c) For the year ending 30 September 2010, the following new accounting standards apply which have been adopted for this interim financial report.

IAS 1 (revised), "Presentation of financial statements". Companies can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and a statement of comprehensive income). The Group has elected to present two statements: an income statement and a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

IFRS 8, "Operating segments". IFRS 8 replaces IAS 14, "Segment reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors. This has led to no change in the information reported by the Group.

None of the following new standards which apply to the Group's financial statements for the year ending 30 September 2010 have a material impact on the Group's results.

IAS 23 (amendment), "Borrowing costs".

IFRS 2 (amendment), "Share based payment".

IFRIC 14, "Limit on a Defined Benefit Asset".

(d) 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, Yew Trees, Main Street North, Aberford, West Yorkshire LS25 3AA, or via the website www.renewholdings.com.

2. Segment reporting

For management purposes the Group is organised into two operating segments: Building and Engineering. These operating segments are the basis on which the Group reports its segment information.

Segment information about the Group's continuing operations is presented below:

	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009 Unaudited £000	Year ended 30 September 2009 Audited £000
Revenue is analysed as follows:			
Building	81,155	113,419	202,358
Engineering	58,558	58,210	114,779
Inter segment revenue	(1,089)	(35)	(1,024)
Segment revenue	138,624	171,594	316,113
Central activities	16	8	535
Group revenue from continuing operations	138,640	171,602	316,648

	Before exceptional items and amortisation of intangible assets 2010 Unaudited £000	Exceptional items and amortisation of intangible assets 2010 Unaudited £000	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009* Unaudited £000	Before exceptional items and amortisation of intangible assets 2009 Audited £000	Exceptional items and amortisation of intangible assets 2009 Audited £000	Year ended 30 September 2009 Audited £000
Analysis of operating profit							
Building	782	—	782	1,660	2,525	(2,300)	225
Engineering	1,853	—	1,853	1,208	4,008	(1,446)	2,562
Segment operating profit	2,635	—	2,635	2,868	6,533	(3,746)	2,787
Central activities	(940)	(162)	(1,102)	(877)	(1,946)	(629)	(2,575)
Operating profit	1,695	(162)	1,533	1,991	4,587	(4,375)	212
Net financing income	76	—	76	354	958	—	958
Profit before income tax	1,771	(162)	1,609	2,345	5,545	(4,375)	1,170

* Operating profit for the six months ended 31 March 2009 is after charging £1,168,000 of exceptional items, comprising £1,006,000 loss on legacy engineering final account settlement and £162,000 amortisation.

notes to the accounts continued

3. Exceptional items and amortisation of intangible assets

	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009 Unaudited £000	Year ended 30 September 2009 Audited £000
Loss on legacy account settlement	—	1,006	1,000
Redundancy and restructuring costs	—	—	2,566
Provision for Office of Fair Trading fine	—	—	500
Total exceptional items	—	1,006	4,066
Amortisation of intangible assets	162	162	309
	162	1,168	4,375

4. Income tax expense

	Six months ended 31 March 2010 Unaudited £000	Six months ended 31 March 2009 Unaudited £000	Year ended 30 September 2009 Audited £000
Current tax:			
UK corporation tax on profits for the period	(89)	—	—
Adjustments in respect of previous periods	—	—	(32)
	(89)	—	(32)
Foreign tax	—	—	—
Total current tax	(89)	—	(32)
Deferred tax	(177)	(107)	(760)
Income tax expense	(266)	(107)	(792)

The Group has 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 related deferred tax asset of £3,722,000 (2009: £3,660,000) has been recognised to the extent considered reasonable by the Directors.

5. Earnings per share

	Six months ended 31 March 2010 Unaudited Earnings £000	2010 Unaudited EPS Pence	2010 Unaudited DEPS Pence	2009 Unaudited Earnings £000	2009 Unaudited EPS Pence	2009 Unaudited DEPS Pence	Year ended 30 September 2009 Audited Earnings £000	2009 Audited EPS Pence	2009 Audited DEPS Pence
Earnings before exceptional costs and amortisation	**1,505**	**2.52**	**2.43**	3,124	5.22	5.05	3,668	6.12	5.98
Exceptional costs and amortisation	**(162)**	**(0.28)**	**(0.26)**	(886)	(1.48)	(1.43)	(3,290)	(5.49)	(5.36)
Basic earnings per share	**1,343**	**2.24**	**2.17**	2,238	3.74	3.62	378	0.63	0.62
Weighted average number of shares		**59,899**	**61,928**		59,899	61,878		59,899	61,352

The dilutive effect of share options is to increase the number of shares by 2,029,000 (March 2009: 1,979,000; September 2009: 1,453,000) and reduce the basic earnings per share by 0.07p (March 2009: 0.12p; September 2009: 0.01p).

6. Dividends

The proposed interim dividend is 1.0p per share (2009: 1.0p). This will be paid out of the Company's available distributable reserves to shareholders on the register on 4 June 2010, payable on 5 July 2010. In accordance with IAS 1, dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the income statement.

directors and advisors

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R Harrison OBE
(Non-executive Chairman)

B May
(Chief Executive)

J Samuel FCA
(Group Finance Director)

J Bishop FCA
(Independent non-executive)

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