DELIVERING ENGINEERING SERVICES TO UK INFRASTRUCTURE

Renew Holdings plc
Annual Report and Accounts 2013

THE GROUP HAS SUCCESSFULLY GROWN ITS ENGINEERING SERVICES BUSINESS BOTH ORGANICALLY AND BY ACQUISITION.

Operational highlights

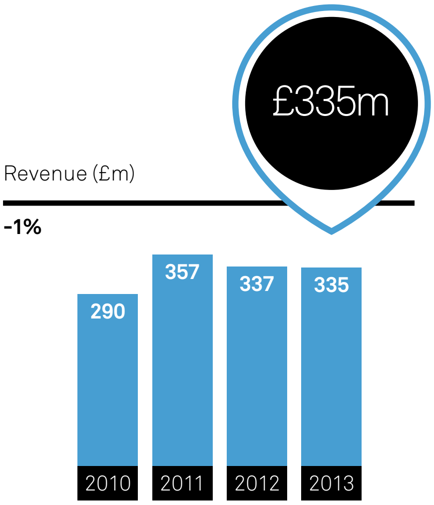
Operational reviews:

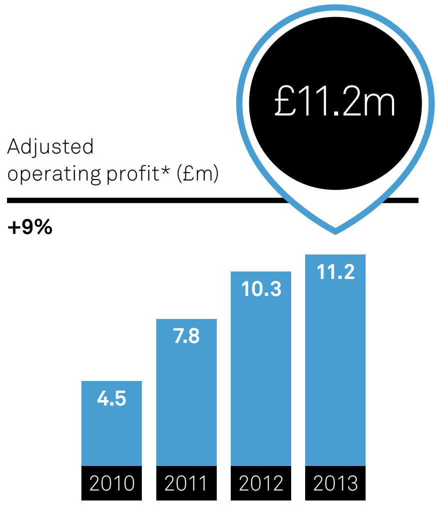
- **Energy:** page 16
- **Environmental:** page 18
- **Infrastructure:** page 20
- **Specialist Building:** page 22

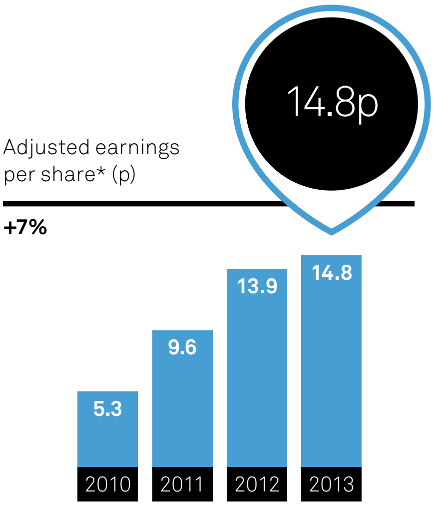
- Engineering Services revenue up 9%, including organic growth of 6%, to £232.4m (2012: £214.1m)
- Engineering Services revenue now accounts for 70% of Group revenue (2012: 63%)
- Group order book up 26% to £416m (2012: £331m) with Engineering Services order book up 28% to £301m (2012: £235m)
- Acquisition of Lewis Civil Engineering Limited for a cash consideration, including costs, of £8.2m
- Returned to a net cash position of £2.8m (2012: net debt £5.5m)
- Final dividend increased by 19% to 2.5p (2012: 2.1p)

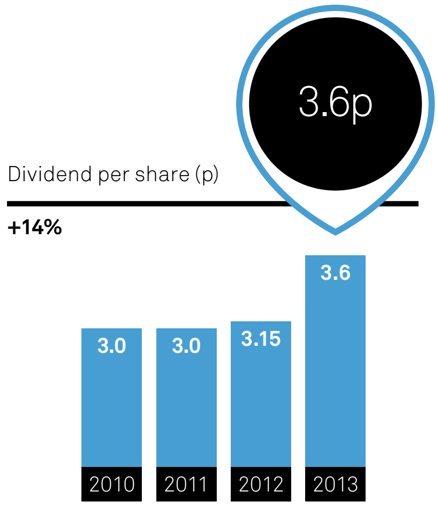
Financial highlights

- **Financial review:** page 12
- **Comprehensive financial results:** from page 42









* Adjusted results are shown prior to exceptional items and amortisation charges.

Further information and investor updates can be found on our website at **www.renewholdings.com**

SUPPORTING THE UK'S INFRASTRUCTURE THROUGH INTEGRATED ENGINEERING SERVICES.

RENEW PROVIDES MULTIDISCIPLINARY ENGINEERING SERVICES THROUGH ITS INDEPENDENTLY BRANDED BUSINESSES TO MAINTAIN AND DEVELOP UK INFRASTRUCTURE IN THE ENERGY, ENVIRONMENTAL AND INFRASTRUCTURE MARKETS.

Contents

WE IMPROVE
WE MAINTAIN
WE RENEW

OUR INTEGRATED MULTIDISCIPLINARY ENGINEERING EXPERTISE SUPPORTS THE MAINTENANCE AND RENEWAL OF UK INFRASTRUCTURE.

What we're made of

The Group delivers multidisciplinary civil, mechanical and electrical engineering services nationwide, concentrating on critical planned and reactive maintenance and asset renewal programmes. Our integrated offering is a differentiator in our target markets.

Energy

Nuclear, renewables, traditional

- Nuclear operational support and asset care
- Nuclear dismantling
- Nuclear decommissioning
- Civil, mechanical and electrical engineering services
- Critical planned and reactive maintenance
- Feasibility and solution development
- Mechanical/electrical supply and installation
- Design and design management

Environmental

Water, flood alleviation, river and coastal defence, land remediation

- Main drainage, roads and sewer maintenance
- Flood alleviation and attenuation
- Clean and waste water rehabilitation
- Strategic mains maintenance and utility infrastructure
- Port, harbour and sea defences
- Soil and groundwater remediation and associated earthworks
- Soil treatments including biophysical treatments, soil washing, solidification and stabilisation
- Development of remedial strategies
- Groundwater treatment and management

Infrastructure

Rail, highways, industrial

- Off-track asset renewal and refurbishment
- Planned and reactive maintenance services
- Tunnel and shaft refurbishment
- Bridges, structures and earthworks

Specialist Building

High quality residential, new build affordable housing

- New build, fit out and refurbishment of prestigious private residential projects
- Innovative temporary works design and engineering solutions
- New build affordable housing units

Engineering Services brands

AMCO, SEL, seymour, VHE, BRITANNIA, LEWIS

Specialist Building brands

Walter Lilly, Allenbuild

We provide multidisciplinary integrated Engineering Services nationwide.

The past six years have seen us move the balance of our operations progressively into higher margin Engineering Services. This has transformed Renew into an Engineering Services Group supporting UK infrastructure.

Integrated engineering services nationwide

How our experience and capabilities continue to support infrastructure throughout the UK.

Services bridge

Client: Sellafield Ltd

Working for Sellafield Ltd as part of the programme of works with COGAP, we designed, fabricated and installed a critical service bridge. This project involves some of the largest fabricated structures the Group has undertaken. The scheme is scheduled for completion in 2015.

Flood alleviation scheme

Client: Northumbrian Water

This scheme was designed by Northumbrian Water to reduce flooding to 80 properties in the Longbenton area which was subject to sewer flooding. The overall programme was reduced through innovative working practices which included stakeholder communications, construction methods and materials, programming and resource management.

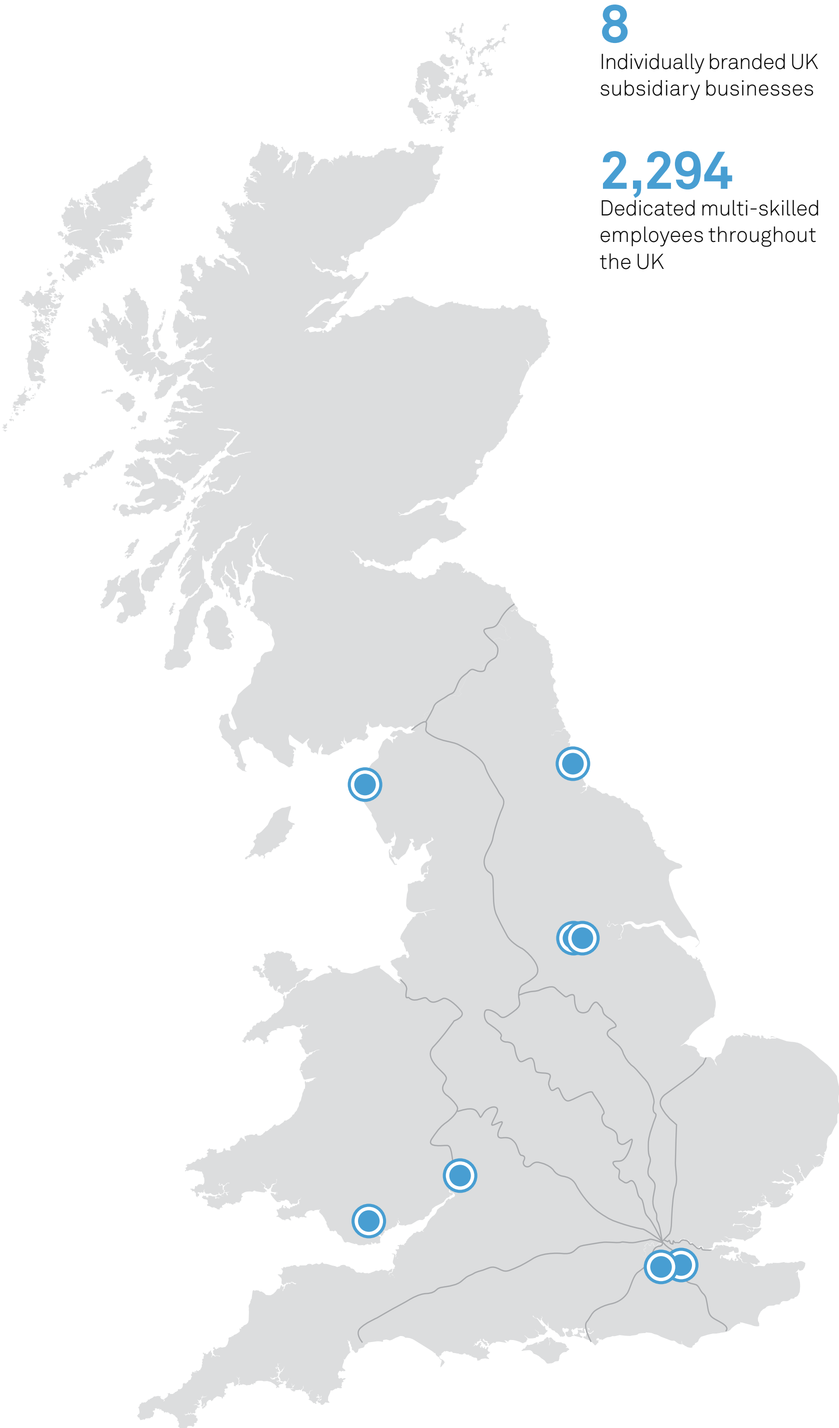
Building and Civils Delivery Partnership

Client: Network Rail

Network Rail's three year Building and Civils Delivery Partnership framework delivers essential maintenance projects across the rail network. As the only contractor operating nationally on this framework we undertake a large number of projects including planned maintenance work on stations, bridges, tunnels and embankments as well as reactive maintenance works as they arise.

8
Individually branded UK subsidiary businesses

2,294
Dedicated multi-skilled employees throughout the UK



Subsidiary location

EXPANDING OUR ENGINEERING SERVICES AND DEVELOPING LONG TERM RELATIONSHIPS IN OUR TARGET REGULATED MARKETS MEANS WE ARE WELL POSITIONED FOR CONTINUED FUTURE GROWTH.

Our strategy is to expand our Engineering Services across stable regulated markets

Our strategy

Since establishing our strategy in 2006 we have grown our Engineering Services activities from 15% to 70% of revenue.

Expand

Goal:
Expand our Engineering Services both organically and by acquisition whilst **increasing Engineering Services business operating margins to 5%**.

Result:

Engineering Services operating margin

4.6% (2012: 4.5%)

Identify

Goal:
Focus on providing non-discretionary engineering maintenance and renewal services, **establishing further sustainable client relationships through responsiveness**.

Result:

Acquisition of Lewis gives us access to additional frameworks with Wessex and Welsh Water

Deliver

Goal:
Engineering Services accounting for at least 70% of Group revenue with turnover of over £500m by 2016, through a combination of acquisition and organic growth.

Result:

Engineering Services' contribution to ongoing Group revenue

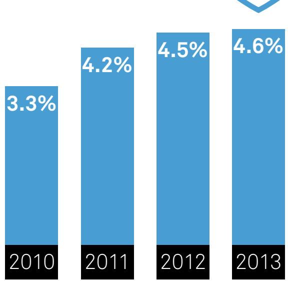
70% (2012: 63%)

Our 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.

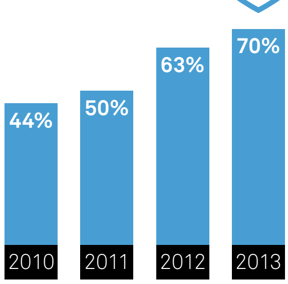
Engineering Services operating margin %

4.6%



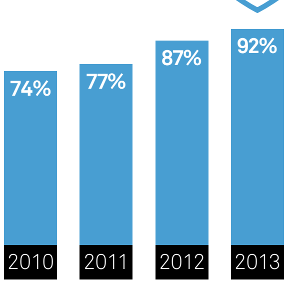
Engineering Services turnover as % of Group turnover

70%



Cumulative reduction in accident incidence rate %

92%



Renew promotes a culture within all its subsidiaries based on:

- ensuring the safety of all those involved in, and affected by, its activities;
- ensuring the consistent quality delivery of its services;
- the development of long term relationships through a proactive non-confrontational style; and
- ensuring risk management of all its activities from initial contract selectivity through to successful completion.

Through effective controls and management of the operating subsidiaries, we seek to deliver value to shareholders in the form of reliable capital growth and a progressive dividend policy.

Our business model

The role of Renew is to set overall standards and to promote synergies and best practice, providing advice to maximise the subsidiaries' and the Group's potential. This structure enables our subsidiaries to be more competitive and efficient in their individual marketplaces.

1

We target sustainable, regulated markets with strong potential for growth

Energy
Growth through: investment in nuclear new build, government energy targets, decommissioning and maintenance of existing assets >Full review on page 16

Environmental
Growth through: water infrastructure development and maintenance, increasing cost of dealing with contaminated land >Full review on page 18

Infrastructure
Growth through: continued maintenance of the rail network including enhancement and modernisation >Full review on page 20

Specialist Building
Growth through: government commitments to affordable housing and strong residential demand in London and the South >Full review on page 22

2

Our markets exist in secure and predictable environments

Our Engineering Services focus on the non-discretionary refurbishment and maintenance of essential operational assets critical to the UK economy. Consequently, **our Engineering Services activities have more predictable work streams. In Specialist Building, our work concentrates on key markets in the South** where we have a strong position with particular expertise.

3

We generate revenue based on long-term client relationships

Many of our existing maintenance framework agreements are renewals or extensions to previous agreements, **building on our long-term relationships with clients** such as Network Rail, Northumbrian Water and Sellafield Ltd.

R J Harrison OBE Chairman

RECORD RESULTS FOR THE YEAR: THE GROUP HAS ACHIEVED RECORD RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2013 AHEAD OF MARKET EXPECTATIONS.

Summary

- Engineering Services up 9% in revenue to £232.4m (2012: £214.1m).
- The Group's contracted order book at 30 September 2013 stood at £416m (2012: £331m), a 26% increase, with the Engineering Services order book up 28% to £301m (2012: £235m).
- The Group has returned to a net cash position of £2.8m (2012: net debt £5.5m).
- Lewis Civil Engineering acquired for £8.2m in cash.
- Full year dividend increased by 14%.

Results

The Group's record results for the year ended 30 September 2013 demonstrate its position as a leading provider of multidisciplinary Engineering Services supporting critical UK infrastructure. The Engineering Services business achieved strong growth in revenue, operating profit and forward order book.

Group operating profit prior to exceptional items and amortisation was up 9% to £11.2m (2012: £10.3m) on Group pre-exceptional revenue of £334.6m (2012: £337.4m). Group operating margin improved to 3.4% (2012: 3.0%). Earnings per share prior to exceptional items and amortisation increased by 7% to 14.81p (2012: 13.90p) with basic earnings per share on continuing activities increasing by 25% to 14.85p (2012: 11.87p).

There have been a number of exceptional items during the year. The net impact of these items in the year is a profit before taxation of £0.5m. An amortisation charge of £0.5m has also been recognised offsetting the exceptional profit. Full details of these items are set out in Note 3 of the financial statements.

The Engineering Services business has progressed well with a 9% increase in revenue to £232.4m (2012: £214.1m), together with a 10% increase in operating profit to £10.6m (2012: £9.6m). Operating margin improved to 4.6% (2012: 4.5%).

The Specialist Building activity remained focused on selective niche markets in the South with operating margin improving to 2.0% (2012: 1.7%). As expected, operating profit was maintained at £2.1m (2012: £2.1m) on revenue of £102.5m (2012: £123.1m).

The Group's contracted order book at 30 September 2013 stood at £416m (2012: £331m), a 26% increase, with the Engineering Services order book up 28% to £301m (2012: £235m).

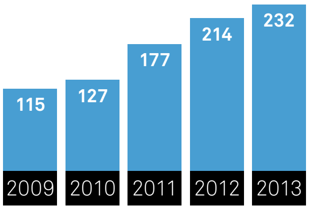
Cash performance has been strong and I am pleased to report that the Group has returned to a year end net cash position of £2.8m (2012: net debt £5.5m). This improvement has come through a strong working capital performance combined with the benefit of the sale of land at Rugby which has been recorded as an exceptional item.

Much of the cash generated from the Rugby sale was redeployed in acquiring Lewis Civil Engineering Limited ("Lewis") for a cash consideration including costs of £8.2m. Lewis, which is based near Cardiff, specialises in the construction and maintenance of infrastructure and assets within the water industry. Lewis has revenue of approximately £25m per annum with an operating profit margin of circa 5%. It is a well respected brand in its region and market with clients including Wessex Water and Dŵr Cymru Welsh Water. It provides its services through framework agreements and employs 175 highly skilled personnel. Lewis's financial performance is expected to be both cash generative and accretive to Renew's Engineering Services operating margin in the 2013/14 financial year.

> **The Group enters the 2013/14 financial year in a strong position.**

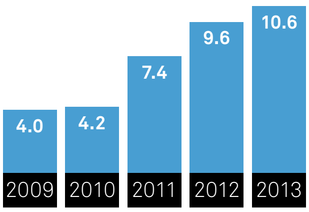
Engineering Services
revenue (£m)

£232m



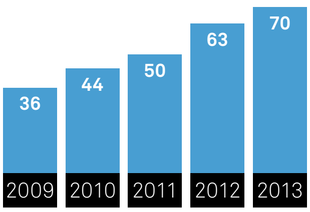
Engineering Services
operating profit (£m)

£10.6m



Engineering Services
% of Group revenue

70%



Dividend

The Board is proposing a final dividend of 2.50p per share, increasing the full year dividend by 14% to 3.60p (2012: 3.15p). The dividend will be paid on 3 March 2014 to shareholders on the register as at 31 January 2014. The Board intends to continue to grow dividends progressively.

Outlook

The Group enters the 2013/14 financial year in a strong position. In Specialist Building the Group operates in two discrete market sectors that have strong fundamentals and in which we have particular experience and expertise. In Engineering Services, the Group is expanding its position as a leading provider of engineering support services in the UK's Energy, Environmental and Infrastructure markets. These markets are mainly regulated and the critical assets are maintained by programmes of essential non-discretionary spending. The Group continues to focus its activities on these programmes which provide both good visibility of future opportunities and sustainable earnings streams.

It remains the Board's strategy to grow the business, both organically and by selective acquisitions, developing Renew's position as a leading medium sized engineering support services group. The Board's ambition is to grow Group revenue to over £500m, an achievement which continues to be likely to require further acquisitions. The Board continues to set challenging performance targets and believes that over the next three years the Group can increase its Engineering Services business operating margins to 5% whilst maintaining Specialist Building performance in line with that currently being achieved. The Group's successful acquisition record combined with these strong results and net cash position, together with the record forward order book indicate that Renew is well placed to achieve these targets.

R J Harrison OBE
Chairman
26 November 2013

B W May Chief Executive

OUR STRONG ORDER BOOK AND PROVEN STRATEGY OF DELIVERING GROWTH IN THE GROUP'S ENGINEERING SERVICES BUSINESS, BOTH ORGANICALLY AND BY ACQUISITION, ILLUSTRATES THAT WE ARE INCREASINGLY WELL PLACED IN OUR TARGET MARKETS, PROVIDING CONFIDENCE FOR FUTURE GROWTH.

Summary

- Engineering Services now accounts for 70% of Group revenue.
- Engineering Services operating margin improved to 4.6%.
- Engineering Services order book has grown in all three market sectors.

The Group has successfully grown its Engineering Services business both organically and by acquisition. This has increased both revenue and operating profit and strengthened its position as a provider of multidisciplinary integrated engineering support services to critical UK infrastructure. Our Specialist Building activities have increased operating margin and remain focused on niche sustainable markets in the South.

Engineering Services

Operating in the Energy, Environmental and Infrastructure markets, Renew undertakes essential asset support providing maintenance and renewal services through its directly employed multidisciplinary workforce operating from local, independently branded businesses.

Revenue in Engineering Services grew by 9%, including organic growth of 6%, to £232.4m (2012: £214.1m) and now accounts for 70% of Group revenue (2012: 63%) and 84% of Group operating profit (2012: 82%). Operating margin improved to 4.6% (2012: 4.5%).

The Engineering Services order book has seen strong growth of 28% to £301m (2012: £235m), securing 83% of 2014 budget revenue (2013: 66%). This growth has been achieved in all market sectors with Energy up 7% to £133m (2012: £124m), Environmental up 79% to £59m (2012: £33m) and Infrastructure up 40% to £109m (2012: £78m).

The Group continues to deliver its strategy of growing its Engineering Services business both organically and through selective earnings enhancing acquisitions. In the year under review, the Group acquired Lewis Civil Engineering Limited based near Cardiff. Lewis, which specialises in deep sewer and water main pipelines, waste water treatment and general water utility infrastructure works, further strengthens the Group's position in the Water sector adding two leading utility businesses as major clients in the Environmental market.

Energy

The Group operates in the nuclear, traditional and renewable power generation sectors nationally providing planned and reactive maintenance and asset renewal support for a range of clients mainly through long standing framework agreements.

The Group focuses its activity in the nuclear sector with the majority of work continuing to be undertaken across the Nuclear Decommissioning Authority's ("NDA") estate where we are active on nine sites that command around 70% of the NDA's £3bn annual expenditure. Work is concentrated at the Sellafield site on which the Group has been operational for over sixty years and where the Group provides engineering support for the care and maintenance of operational plant associated with waste treatment or processing, decommissioning, demolition and clean-up of redundant facilities. Sellafield continues to be allocated 55% of the NDA's annual budget.

Our position as the leading provider of mechanical and electrical services at Sellafield and the integrated service offering through our subsidiary businesses helped the Group achieve a 16% increase in our secured nuclear order book to £126m (2012: £109m). During the year, the Group became the first contractor to receive supply chain accreditation for service provision at the Sellafield site in recognition of our performance to the highest quality nuclear standards. Our continued attention to our safety performance was also recognised when we received the 2013 Sellafield Resident Engineers Safety Award for 'Outstanding Safety Performance'.

Work at Sellafield continues to be undertaken on the Multi Discipline Site Works framework which was renewed from 1 April 2013 and is valued at up to

> The Group's priority remains the safety of our employees and those working with us. Our commitment to this can be seen in the significant 92% reduction in our Accident Incidence Rate over the last 8 years.

£280m over a four year period. As one of the three participants on the framework, we continue to be aligned with the largest area of spend, delivering production operations support work packages.

One of the major areas of work at Sellafield is in high hazard risk reduction and includes the Evaporator D scheme, currently the UK's largest nuclear programme. Revenues on this project are now expected to exceed £60m over its three year duration with completion due in 2015. The £26m four year Decommissioning and Bulk Sludge Retrievals framework has also experienced a substantial increase in scope during the period. Work also continues on the £58m four year Site Wide Asset Care framework.

We continue to support Sellafield's major projects programmes and are the sole mechanical and electrical supply chain partner on the fifteen year £1.1bn Infrastructure Strategic Alliance framework.

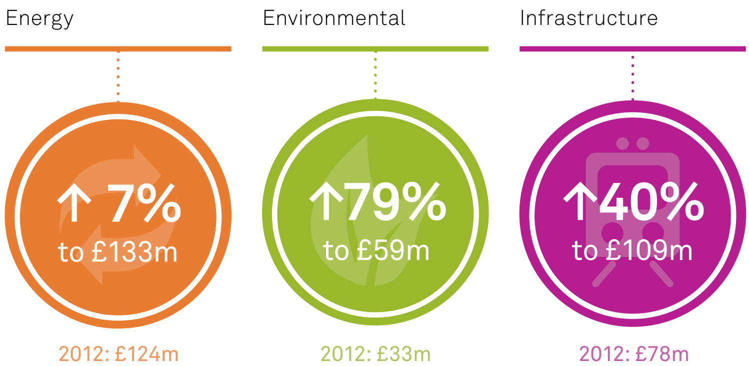
Elsewhere in the Energy market, the Group provides long term engineering support at five of the UK's traditional power generation sites through seven framework agreements. The ongoing maintenance and support of these sites is critical in ensuring provision of the UK's future energy needs.

In renewables, we have increased our service offering in the wind energy sector where we were commissioned by E.On to carry out a range of challenging repair works which successfully brought a number of turbines back on line on a remote site in Scotland. We are also engaged to supply a range of highly engineered components to one of the UK's largest offshore windfarms for the same client. Hydro generation schemes are also providing a number of opportunities with projects for Scottish and Welsh Water on track to commence in 2014 through our frameworks with these clients.

Engineering Services performance

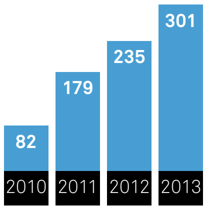
The development of our Engineering Services business has created a platform of sustainable revenue generated from over 60 framework agreements with major clients, most of which operate in regulated markets.

Engineering Services order book growth by market



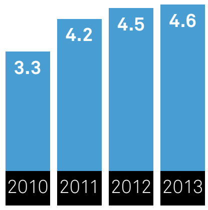
Engineering Services order book (£m)

£301m



Engineering Services operating margin (%)

4.6%



> "The Group's strong results are a testament to the skills and commitment of all our employees. The Board would like to express its gratitude for this ongoing effort which is vital to the continued success of the Group."

New Nuclear Power
HM Government's 'Strike Price' agreement with EDF Energy announced in October 2013 represents a crucial milestone in the role of new nuclear as part of the UK's future energy strategy. The final investment decision for the proposed new station at Hinkley Point is anticipated by the summer of 2014. The forecast costs of Hinkley Point 'C' are circa £16bn which is to be spent over a ten year construction period. This initial project as well as the anticipated increased momentum at other proposed new UK sites, which also have consents to develop, will present opportunities for Renew. An established and proven track record of service delivery to the highest standards within this highly regulated sector will be a prerequisite to participation. The Group has demonstrated its attainment of the necessary standards over many years and continues to be involved in supporting proposals for elements of the requirements at Hinkley Point, including the manufacture and supply of high integrity fabricated steel components which will be required early in the construction phase.

Environmental
The Group continues to provide operational support and maintenance to the water infrastructure, flood alleviation, river and coastal defence, land remediation and engineering renovation sectors where much of the work is undertaken through long term framework agreements with repeat clients.

Our progress in the Water sector has been enhanced by the acquisition of Lewis Civil Engineering Limited ("Lewis"). Our work for Northumbrian Water, Wessex Water and Welsh Water includes sewer maintenance, clean and waste water rehabilitation, strategic mains maintenance and general utility infrastructure services under the regulated AMP5 programme.

For Northumbrian Water, Seymour has been appointed a preferred supplier to deliver a number of accelerated flood prevention schemes in addition to having been awarded their third out of four Trunk Mains Cleaning projects and continuing to provide maintenance support under seven frameworks.

For Wessex Water, Lewis is sole supplier on the Networks 1 framework under their AMP5 investment programme. For Welsh Water, Lewis has positions on the Pressurised Pipelines and Major Civil Engineering Projects frameworks. Lewis also adds a particular specialism to the Group with their expertise in trenchless technology.

In Land Remediation, work continues for long standing client National Grid under a number of established national remediation framework agreements. The National Contaminated Land Remediation Contractor's framework delivered the award of a major remediation scheme for Blackpool Council. Recent project awards for Scotia Gas Networks have led to a five year framework appointment.

During the year, the Group has been appointed to the Environment Agency's minor works frameworks across all of its regions. The Group is the only contractor to have achieved this nationwide position.

In the Engineering Renovation sector, the Group has recently commenced work on a £9m project at the Palace of Westminster. This contract is associated with the repair and restoration of the cast iron roofs at this World Heritage Site where the Group has previously completed work on a similar project on the Speaker's Court section of the roof. This award provides continuity with a long established client in a market sector where the Group has renowned expertise and a proven delivery record. Previously, the

> **"The Group continues to deliver its strategy of growing its Engineering Services business both organically and through selective earnings enhancing acquisitions."**

Group has carried out all of the restoration work on both the undercroft and roof during the redevelopment of St Pancras Station, together with work on many of the country's principal glasshouse structures including Kibble Palace and Wentworth House.

Infrastructure
The Group operates mainly in the Rail sector delivering off-track asset renewal and refurbishment as well as a wide range of planned and reactive maintenance services critical to keeping the rail network operational.

For our largest client, Network Rail, we remain the sole provider of engineering maintenance services nationally which we deliver under both the Building and Civils Delivery Partnership ("BCDP") and Asset Management ("AM") frameworks. In addition to ongoing engineering support our local delivery teams respond nationally across the rail network providing 24 hour emergency services.

We have seen a substantial increase in activity during the year across our entire work portfolio. This increase is attributable to the responsiveness of our local teams which are aligned closely with the operational structure of Network Rail. During the year, we have carried out approximately 4,000 separate instructions in AM and been awarded almost 100 projects in BCDP.

The Group's specialist skills in tunnel and shaft refurbishment provide a differentiator in this market and were further enhanced in the year with the formation of our National Tunnel Delivery Team. We have recently been awarded the £12m Holme Tunnel project which has now started on site, together with further works to reline the crown of Whiteball Tunnel.

Our increased activity in Rail is reflected in a 36% uplift in our forward order book to £101m (2012: £74m). The recently announced funding plan for Network Rail over the next five years provides excellent visibility of future work opportunities in the Rail sector.

Specialist Building
Specialist Building activity remains focused on the High Quality Residential and New Build Affordable Housing markets in the South. Specialist Building showed an increased operating margin of 2.0% (2012: 1.7%) through maintaining an operating profit of £2.1m (2012: £2.1m) on revenue of £102.5m (2012: £123.1m). Our Specialist Building order book has grown by 20% to £115m (2012: £96m) and although we anticipate delivering growth in revenue during 2013/14, our focus in this segment will remain on delivering a consistent level of operating profit. The Group has specific expertise in these niche markets as well as many years' experience which combined with our strong relationships provides a sustainable environment for future opportunities.

In the High Quality Residential market in London and the Home Counties we remain a leading quality provider. Our extensive experience and expertise in innovative temporary works engineering solutions when carrying out complex structural remodelling and extending properties below ground provides a key differentiator. Over £60m of new opportunities have been secured in this strong market which has good visibility of future opportunities and the business has all of its budget revenue for 2013/14 already contracted.

The demand for New Build Affordable Housing remains high and the Group has established relationships with many of the leading Housing Associations in the South providing access to an advertised spend of £700m per annum for the next three years. Over £50m of awards have been contracted during the year including further projects for Peabody, One Housing Group and Notting Hill Housing securing 76% of the business' 2013/14 budget revenue.

People
The Group's priority remains the safety of our employees and those working with us. Our commitment to this can be seen in the significant 92% reduction in our Accident Incidence Rate over the last eight years. The Group has a number of safety related initiatives in place and is particularly focused on ensuring that all incidents, not only those which result in reportable accidents, are recorded and analysed to ensure all possible lessons are learned.

The Group's strong results are a testament to the skills and commitment of all our employees. The Board would like to express its gratitude for this ongoing effort which is vital to the continued success of the Group.

Summary
Renew provides essential engineering maintenance, refurbishment and renewal services to support the UK's critical assets in regulated markets underpinned by sustainable revenue.

Our strong order book and proven strategy of delivering growth in the Group's Engineering Services business, both organically and by acquisition, illustrates that we are increasingly well placed in our target markets, providing confidence for future growth.

B. W. May

B W May
Chief Executive
26 November 2013

AFTER TAX, EXCEPTIONAL ITEMS AND AMORTISATION, THE PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS WAS £8.9M.

Summary

- The Group recorded profit before tax of £10.7m (2012: £10.0m) prior to exceptional items and amortisation charges.
- The Group's outstanding term loan has been reduced to £2.5m (2012: £7.5m).
- The rate of corporation tax payable in each of the next few years is expected to remain below the headline rate.

Results

Group revenue from ongoing operations was £334.6m (2012: £337.4m) with a profit before tax of £10.7m (2012: £10.0m) prior to exceptional items and amortisation charges and the loss from the discontinued operation. A tax charge of £1.8m (2012: £1.7m) resulted in a profit after tax for the year of £8.9m (2012: £8.3m) prior to exceptional items and amortisation charges and the loss from the discontinued operation. After tax, exceptional items and amortisation, the profit for the year from continuing operations was £8.9m (2012: £7.1m).

Exceptional items

A number of exceptional items have been recognised during the year, the most notable of which was the realisation of land at Rugby which recorded exceptional revenue of £14.4m and a gain of £9.2m.

In the USA, the Group has three remaining property assets where delays due to economic conditions have led to detailed planning and zoning agreements expiring. Outline permissions remain, however forthcoming changes to state and county regulations will require new applications to be made with the expectation of reductions in allowable building density. The Board commissioned an independent review of the Group's US property assets and decided to write down the carrying value of two of these assets in the light of these new requirements and current market conditions by $8m (£4.9m).

In relation to the running down of certain regional non-specialist building activities, revenue of £1m and losses of £2.8m were recorded together with £0.3m of redundancy costs. These losses are due primarily to the insolvency of certain subcontractors.

A charge of £0.5m has been made following costs arising from exceptional storm damage on a Specialist Building contract. Costs incurred with the acquisition of Lewis Civil Engineering Limited amounted to £0.2m.

In total, exceptional items amounted to revenue of £15.4m and a gain of £0.5m. Additionally, £0.5m (2012: £0.5m) of amortisation charges relating to the Amco acquisition were incurred. Amortisation charges relating to the Lewis acquisition will commence from 1 October 2013.

Discontinued operation

In 2012, the Board decided to close the business of C&A Pumps Ltd. It had become increasingly difficult for this small business to trade profitably following changes to Water industry framework arrangements in AMP5. C&A was accounted for as a discontinued operation in the year to 30 September 2012 and in 2013 a further loss of £0.3m has been recorded due to writing off work in progress and debtors which have proven to be irrecoverable.

Cash

In 2011, the Group arranged a £15m three year term loan to fund the acquisition of Amco, also using £7.2m of its own cash resources. During the year, £5.0m of repayments have been made reducing the loan balance to £2.5m at the year end. The cash inflow of £9.2m from the sale of the Rugby land was largely deployed in the £8.2m cost of acquiring Lewis. Together with improved working capital, this cash inflow has led to our reporting a cash balance of £5.3m (2012: £2.0m) at the year end. As a result, the Group's net cash position as at 30 September 2013 was £2.8m (2012: net debt of £5.5m). The Group has complied with the covenants associated with this loan throughout the year.

> **The distributable profits of Renew Holdings plc stood at £20.5m (2012: £11.2m) enabling the Board to recommend a final dividend of 2.5p (2012: 2.1p) per share bringing the total for the year to 3.6p (2012: 3.15p), an increase of 14.3%.**

Pension schemes

The IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, has resulted in an increase in the accounting deficit to £2.8m (2012: £0.4m) after accounting for deferred taxation. In 2011, the Board, in conjunction with the Trustees of the Lovell Scheme, completed a buy-in of part of the pensioner liabilities of the scheme. This measure, which was completed without any further cash contribution to the scheme by the Group, has reduced the risks associated with those liabilities and, at the year end, the annuities purchased represented 33% of the scheme's total liabilities. In accordance with the scheme specific funding requirements of the Pensions Act 2005 and, following the triennial valuation of the scheme which was carried out as at 31 March 2012, the Board has an agreement with the Trustees of the scheme on the level of future contributions which are currently approximately £3.2m per annum inclusive of costs. The next triennial valuation is due as at 31 March 2015.

The IAS 19 valuation of the Amco Pension Scheme shows a surplus of £0.8m (2012: £1.4m) after accounting for deferred taxation. In 2013, the Board, in conjunction with the Trustees of the Amco Scheme, completed a buy-in of part of the pensioner liabilities of the scheme. This measure, which was completed without any further cash contribution to the scheme by the Group, has reduced the risks associated with those liabilities and, at the year end, the annuities purchased represented 55% of the scheme's total liabilities. In accordance with the scheme specific funding requirements of the Pensions Act 2005 and, following the triennial valuation of the scheme which was carried out as at 31 December 2010, the Board has an agreement with the Trustees of the scheme on the level of future contributions which are currently £0.3m per annum inclusive of costs. The next triennial valuation will be carried out as at 31 December 2013.

Due to the impact of actuarial losses measured in these schemes in the year, most of which relates to adopting actuarial assumptions which assume increased life expectancy of scheme members, £5.5m (2012: £2.6m), net of deferred tax, has been charged to the statement of comprehensive income, reducing the Group's net assets accordingly.

Taxation

A deferred tax asset included in non-current assets of £3.1m (2012: £2.9m) is carried in the balance sheet, which principally relates to the likely future utilisation of tax losses. A deferred tax liability related to the Amco defined benefit pension scheme of £0.2m (2012: £0.4m) is shown in non-current liabilities. The remaining deferred tax liability of £0.8m (2012: £0.6m) relates to fair value adjustments arising on acquisitions.

The UK tax charge on profits for the year is £0.8m (2012: £0.3m). The deferred tax charge of £1.0m (2012: £1.2m) is attributable primarily to the defined benefit pension schemes. The total tax charge for the year of £1.8m (2012: £1.3m) represents an effective Group tax rate of 17% (2012: 16%). Only the £0.8m current year charge is payable in cash. The Group has material tax losses to carry forward and the rate of corporation tax payable in each of the next few years is expected to remain below the headline rate.

Distributable profits

The distributable profits of Renew Holdings plc stood at £20.5m (2012: £11.2m) enabling the Board to recommend a final dividend of 2.5p (2012: 2.1p) per share bringing the total for the year to 3.6p (2012: 3.15p), an increase of 14.3%.

J Samuel
Group Finance Director
26 November 2013

REVIEW OF OPERATIONS

THIS SECTION LOOKS AT THE GROUP'S TARGET MARKETS AND HIGHLIGHTS OUR ACHIEVEMENTS DURING THE YEAR.

IN ENGINEERING SERVICES, THE GROUP DELIVERS MULTIDISCIPLINARY CIVIL, MECHANICAL AND ELECTRICAL ENGINEERING SERVICES NATIONWIDE, CONCENTRATING ON CRITICAL PLANNED AND REACTIVE MAINTENANCE AND ASSET RENEWAL PROGRAMMES. OUR INTEGRATED OFFERING PROVES A DIFFERENTIATOR IN OUR THREE TARGET MARKETS OF ENERGY, ENVIRONMENTAL AND INFRASTRUCTURE.

In this section

ENERGY

RENEW, WITH ITS RANGE OF INTEGRATED ENGINEERING SERVICES, IS IDEALLY POSITIONED TO ACCESS ESSENTIAL MAINTENANCE AND RENEWAL SPENDING ACROSS THE ENERGY MARKET.

How we target the Energy market

The Group operates in the nuclear, traditional and renewable power generation sectors nationally providing planned and reactive maintenance and asset renewal support for a range of clients mainly through long standing framework agreements.

Expertise	Opportunity	How we respond to our Energy opportunities
Nuclear • Nuclear operational support and asset care • Nuclear dismantling • Nuclear decommissioning	Decommissioning and clean-up operations remain a large part of the UK nuclear market. We are engaged on 9 nuclear licenced sites that command around 70% of the NDA's £3bn 2013/14 planned expenditure with 55% of total expenditure allocated to Sellafield.[1] Significant investment is planned in nuclear new build in the UK as most of the existing fleet of nuclear power stations are set to retire by 2023.	In nuclear our operations focus on high hazard risk reduction, providing engineering support on the care and maintenance of operational plant associated with waste treatment or processing, decommissioning, demolition and clean-up of redundant facilities. Our directly employed multi-skilled operatives undertake all aspects of mechanical and electrical project support, outage management and working in line processes. The Group is also a supplier of high integrity fabrications to the nuclear industry.
Renewables • Civil, mechanical and electrical engineering services • Critical planned and reactive maintenance • Feasibility and solution development	Renew targets the ongoing investment in the renewable energy market required to help meet the energy targets set by the European Union. Generation necessary to meet these targets is likely to be delivered from technologies including biomass, hydro and wind.	In the renewables market the Group is experienced in providing design and procurement as well as asset care and maintenance. Our expertise in the newer forms of renewable energy includes specialist capabilities in biomass materials handling, hydroelectric development and the fabrication of components for the wind energy sector.
Traditional • Mechanical/electrical supply and installation • Design and design management	Traditional fuels will continue to play an important role in the UK's future energy provision. Opportunities remain in the maintenance of existing generation assets and in the capital investment required to meet emission control and environmental improvements.	At many of the traditional UK power generation plants we provide engineering services where our capabilities include mechanical and electrical as well as civil engineering services delivered in partnership with our clients mainly through embedded support teams.

Our work in Energy

- At Sellafield, where we have been active for over 60 years, we remain the principal provider of mechanical and electrical services.
- Working as one of three preferred strategic partners on the Multi Discipline Site Works 2 framework to deliver work packages worth a potential £280 million over four years at Sellafield.
- Expansion of service provision on Evaporator D, the UK's largest current nuclear project, will provide over £60m of work through to completion in 2015.
- Frameworks at Sellafield include the £26m 4 year Bulk Sludge Retrievals Framework and as sole M&E partner on the £58m 4 year Site Wide Asset Care framework.
- We continue to support the ongoing major project programmes at the Sellafield site including as sole mechanical and electrical supply chain partner on the 15 year £1.1bn Infrastructure Strategic Alliance framework.
- Awarded supply chain accreditation for service provision at the Sellafield site in recognition of our performance to the highest quality standards and the 2013 Sellafield Resident Engineers Safety Award for 'Outstanding Safety Performance'.
- Over 4 years and 4 million man hours of operations since a Lost Time Accident at Sellafield.
- We continue to work on the decommissioning and demolition contract at Springfields for Westinghouse.
- Continue to develop our position supporting proposals within the nuclear new build market including the manufacture and supply of high integrity fabricated steel components required early in the construction phase.
- Continue to differentiate ourselves by integrating our generation, grid and decommissioning skills.
- Continue to provide long term engineering support at 5 of the UK's traditional power generation sites through 7 framework agreements.
- Increased service offering in the wind energy sector including the supply of a range of highly engineered components to one of the UK's largest offshore wind farms.
- Increasing opportunities in biomass and hydro generation with schemes for Scottish and Welsh Water expected to commence in 2014.

Sources

1 Nuclear Decommissioning Authority, Business Plan 2012 – 2015.

ENVIRONMENTAL

WE DELIVER SUSTAINABLE SOLUTIONS IN OUR ENVIRONMENTAL MARKETS UTILISING INTEGRATED ENGINEERING SERVICES CAPABILITIES FROM ACROSS THE RENEW GROUP.

How we target the Environmental market

Renew continues to deliver a range of multidisciplinary engineering services providing operational support and maintenance in water infrastructure development and maintenance, flood alleviation, river and coastal defence, land remediation and engineering renovation sectors where much of the work is undertaken through long term framework agreements with repeat clients.

Expertise

Water

- Main drainage, roads and sewer maintenance
- Flood alleviation and attenuation
- Clean and waste water rehabilitation
- Strategic mains maintenance and utility infrastructure
- Port, harbour and sea defences

Opportunity

The UK water industry continues to spend on infrastructure development and operational maintenance. 2013 has seen major programmes of work in sewer maintenance, clean and waste water rehabilitation, strategic mains maintenance and general utility infrastructure services under the regulated AMP5 programme.[2]

How we respond to our Environmental opportunities

The Group has extensive expertise in water infrastructure development and maintenance, flood alleviation, river and coastal defences and land reclamation. A large portion of work in this sector is procured under long term framework agreements, many of these with repeat clients. The Group has developed specialist capabilities in trunk mains cleaning using innovative and specialist techniques to clean large sections of the underground water pipe network.

Expertise

Land Remediation

- Soil and groundwater remediation and associated earthworks
- Soil treatments including biophysical treatments, soil washing, solidification and stabilisation
- Development of remedial strategies
- Groundwater treatment and management
- Site surveys and the assessment of potential risk

Opportunity

The removal of the Landfill Tax exemptions for waste soils arising from historically contaminated land means the cost of disposing of any actively contaminated soils continues to rise increasing the importance on retaining, remediating and reusing excavated materials on site.[3]

How we respond to our Environmental opportunities

Renew is a leading provider of sustainable land remediation services nationwide. In-house capabilities include soil washing, biophysical treatment, solidification and stabilisation, enhanced segregation and geotechnical improvements. Our ability to recover up to 100% of soils and excavated materials, including manufacturing high value aggregates, on site can provide a sustainable and cost effective solution for our clients.

Our work in Environmental

- Strengthened our capabilities with the acquisition of Lewis Civil Engineering Limited which undertakes construction and maintenance of infrastructure and assets in the water sector. Lewis gives us access to additional frameworks with Wessex and Welsh Water.
- Appointed as preferred supplier to deliver a number of accelerated flood prevention schemes for Northumbrian Water.
- Awarded third out of four Trunk Mains Cleaning projects delivering cleaning and general maintenance services to the trunk mains network.
- We have positions on 7 non-discretionary maintenance frameworks with Northumbrian Water where we are seeing increasing workload for services including sewer maintenance and strategic water mains maintenance.
- Working for Northumbrian Water, Wessex Water and Welsh Water delivering sewer maintenance, clean and waste water rehabilitation and strategic mains maintenance and general utility infrastructure services under the regulated AMP5 programme.
- We have extended our 16 year relationship with National Grid working on a number of remediation frameworks nationally.
- Working under the Environment Agency's National Contaminated Land Remediation Contractors Framework, which runs to 2016, led to us delivering a major remediation scheme for Blackpool County Council.
- Recent project awards for Scotia Gas Networks have led to a five year framework appointment.
- We are the only contractor to have secured a position on the Environment Agency's minor works frameworks across all of its regions.
- Ongoing work for the Environment Agency delivered through 7 minor works and river maintenance frameworks.
- Continue to develop strong relationships with clients responsible for delivering infrastructure renewal and enhancement programmes.

Sources

[2]OFWAT, Future water and sewerage charges 2010-15: Final determinations.

[3]Department for Environment, Food and Rural Affairs, Environmental Protection Act 1990: Part 2A, Contaminated Land Statutory Guidance (April 2012).

INFRASTRUCTURE

WE DELIVER INTEGRATED AND SUSTAINABLE SOLUTIONS ACROSS THE RAIL NETWORK FOR A RANGE OF CLIENTS INCLUDING NETWORK RAIL, WHERE OUR SERVICE IS ENHANCED BY OUR MARKET LEADING EXPERTISE IN TUNNEL REFURBISHMENTS AND OUR 24/7 EMERGENCY CALL-OUT PROVISION.

How we target the Infrastructure market

The Group provides a range of civil, mechanical and electrical engineering and maintenance services nationally operating mainly in the Rail sector delivering off-track asset renewal and refurbishment as well as a wide range of planned and reactive maintenance services critical to keeping the rail network operational.

Expertise

Rail

- Off track asset renewal and refurbishment
- Planned and reactive maintenance services
- Tunnel and shaft refurbishment
- Bridges, structures and earthworks

4,000

instructions on our Asset Management frameworks

10

We currently deliver works along all 10 major Network Rail routes

Opportunity

As part of the UK's transport strategy, current investment in the rail network is the largest since the Victorian era to ensure that future transport challenges are met. Network Rail undertakes a programme of renewals and enhancements on the rail network which has planned expenditure from committed funding over the long term.

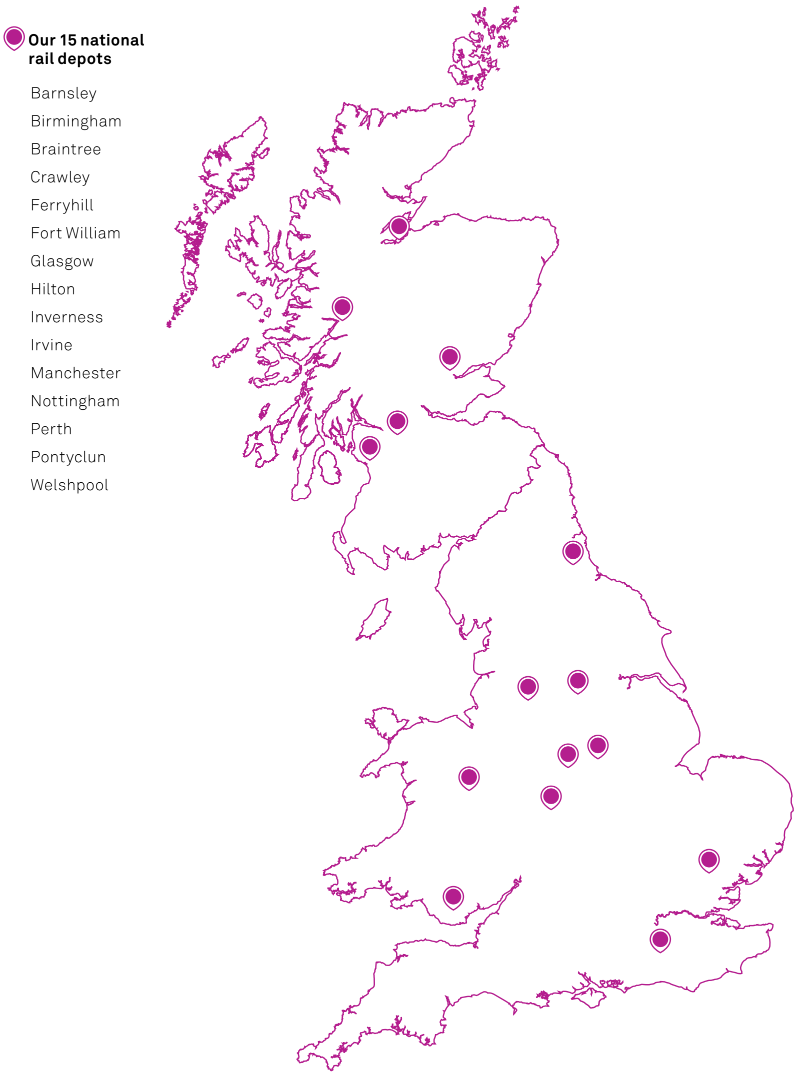
How we respond to our Infrastructure opportunities

Our work in rail is underpinned by framework agreements and is focused on essential maintenance and renewal works including off-track civil engineering works, tunnel and shaft refurbishment and enhancement, structural renewal and maintenance, refurbishment and build of lineside structures, renewal and maintenance of mechanical and electrical installations and delivery of a wide range of planned and reactive maintenance and asset management services.

We deliver integrated and sustainable solutions across the rail network for a range of clients including Network Rail, where our service is enhanced by our directly employed, skilled workforce and our market leading expertise in tunnel refurbishment. Our engineering service currently delivers works along all 10 major Network Rail routes.

Our work in Rail

- A record year for our work in Rail with a substantial increase in activity across the entire work portfolio for Network Rail.
- Our excellent record for safe and effective delivery has been maintained.
- Increasing opportunities with Network Rail as a result of our close alignment with their operational structure.
- We remain the sole provider of engineering maintenance services nationally to Network Rail, delivered under both the Building & Civils Delivery Partnership and Asset Management frameworks.
- Existing Asset Management frameworks with Network Rail renewed for up to 5 years and extended by a new framework appointment in Scotland.
- We provide ongoing engineering support through local delivery teams responding nationally across the rail network providing 24 hour emergency services.
- Our specialist skills in tunnel and shaft refurbishment have been enhanced with the formation of a National Tunnel Delivery Team; recent awards include the £12m Holme Tunnel project which has now started on site.
- Awarded a second phase of works at Whiteball Tunnel to reline the crown.



SPECIALIST BUILDING

IN SPECIALIST BUILDING OUR WORK TARGETS SUSTAINABLE MARKETS IN THE SOUTH THAT HAVE GOOD VISIBILITY OF EARNINGS. IN THESE MARKETS, OUR ACTIVITIES CONCENTRATE ON OPPORTUNITIES WHERE THE GROUP HAS EXPERTISE AND EXPERIENCE.

How we target the Specialist Building market

Our Specialist Building operations are focused on High Quality Residential and New Build Affordable Housing in the South of England.

Expertise	Opportunity
High Quality Residential • New build, fit out and refurbishment of prestigious private residential projects • Innovative temporary works design and engineering solutions	The High Quality Residential market in London remains strong. Space restrictions in the South and the complex nature of developments mean this market has high barriers to entry with specialist engineering and temporary works skills required.
New Build Affordable Housing • New build affordable housing units • Working with many of the larger Housing Associations in the South	The need for new build affordable remains high and the Group has established relationships with many of the leading Housing Associations in the South.

How we respond to our Specialist Building opportunities

We are recognised as a leading quality provider with expertise in new build, fit out and refurbishment of prestigious private residential projects in and around London. Our particular skills in listed and historical buildings and challenging structural works provide a differentiator in this market. Our in-house specialist temporary works design and engineering capabilities are able to provide innovative solutions when extending properties below ground. Our services include design management, planning, traffic management and logistics support as well as expertise in specialist finishes.

The Group has extensive expertise in delivering new build affordable housing schemes in the south where most of the work is undertaken for repeat clients in this market. We deliver new build contracts for Housing Association clients under a number of framework agreements, accessing a £700m annual spend.

Our work in Specialist Building

- Over £50m of New Build Affordable Housing awards during the year including further projects for Peabody, One Housing Group and Notting Hill Housing.
- Continuing to work for some of the largest Housing Associations in the South East including a new framework secured with Catalyst Housing and a negotiated first project.
- Continuing to develop our relationship with Notting Hill Housing Trust where we are ranked as 'Best Contractor' with two further awards.
- We have framework agreements with leading Housing Associations including London & Quadrant, Notting Hill Home Ownership, Hyde Housing Association and One Housing Group.
- Secured in excess of £60m of High Quality Residential projects.
- Continuing to assist our clients and their teams in achieving statutory consents for complex structural engineering projects.

"Our particular skills in listed and historical buildings and challenging structural works provide a differentiator in this market."

CORPORATE GOVERNANCE

THIS SECTION DETAILS THE GROUP'S CORPORATE GOVERNANCE PROCEDURES INCLUDING CORPORATE SOCIAL RESPONSIBILITY AND THE DIRECTORS' REPORTS.

In this section

THE GROUP IS COMMITTED TO ITS SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES, ENSURING OUR ACTIVITIES LEAVE A LASTING POSITIVE IMPACT ON THE COMMUNITIES IN WHICH WE OPERATE.

Our commitments

Renew's corporate social responsibility in 2013

We strive to ensure our activities are carried out with sensitivity, limiting their impact whilst seeking to maximise the benefits of our work, beyond compliance with minimum legal requirements. Our responsibility to our employees, the communities in which we operate as well as our clients, consultants and supply chain is an integral part of any work we undertake.

Awards

Among other awards, Renew was recognised by RoSPA and the Considerate Constructors Scheme in 2013.

The Royal Society for the Prevention of Accidents ("RoSPA")

The 2013 RoSPA Occupational Health and Safety Awards saw many of our businesses recognised for their safe working practices. Shepley Engineers received an "Order of Distinction" for achieving 17 gold awards, recognising 17 consecutive years of safe working in the challenging nuclear environment.

PPS Electrical and VHE both received their second President's Awards in recognition of their 10th and 11th respective Gold awards. Britannia achieved a Gold award for the fourth consecutive year.

Considerate Constructors Scheme

All our sites register with the Considerate Constructors Scheme which concentrates on assessing how sites consider the general public, its workforce and the environment whilst carrying out its operations.

During the year Walter Lilly, Allenbuild and Britannia all received a number of "Performance Beyond Compliance" certificates under the scheme.

Other awards

Seymour received a "Highly Commended Award" in the Infrastructure category at the prestigious Royal Institute of Chartered Surveyors ("RICS") Renaissance Awards 2013 for the Longbenton Flood Alleviation Scheme in Newcastle for Northumbrian Water. Seymour also received a Commendation Award at the Civil Engineering Contractors Association (North East) ("CECA") "Project of the Year 2012" for the Longbenton scheme.

Shepley Engineers was recognised with the award of a "2013 Resident Engineers Contractors Safety Award" for continually delivering an excellent health and safety performance at the Sellafield nuclear site in Cumbria.

Walter Lilly received a silver medal at the Chartered Institute of Building ("CIOB") Construction Manager of the Year 2012 Awards in the New Build & Refurbishment £17-£23m category for works to a residence in Regent's Park, London. Walter Lilly were also highly commended in the Premier Guarantee 'Refurb/conversion development of the year' awards for works to form apartments in Knightsbridge, London.

Allenbuild
Considerate Constructors "Performance Beyond Compliance" certificates

Britannia
RoSPA Gold Award fourth in four years

Considerate Constructors "Performance Beyond Compliance" certificates

PPS Electrical
RoSPA President's Award

Seymour
"Highly Commended Award" in the Infrastructure category at the RICS Renaissance Awards 2013.

Commendation at the CECA (North East) "Project of the Year 2012" awards

Shepley Engineers
RoSPA 'Order of Distinction' award

2013 Sellafield Resident Engineers Contractors Safety Award

VHE
RoSPA President's Award

Walter Lilly
Silver Medal at the CIOB Construction Manager of the Year Awards 2012

Considerate Constructors "Performance Beyond Compliance" certificates

Cumulative reduction in Group Accident Incidence Rate

92%

over last 8 years

4 years

since a Lost Time Accident at Sellafield

Safety

The Group's priority remains the safe working of its employees and those who work with us.

Whilst our aim is always to strive to achieve no accidents, we further improved our safety performance in the year alongside the continued development of a responsible safety culture. 2013 saw a record reduction in the Group's Accident Incidence Rate which is now at its lowest ever figure, an improvement of 92% over the last eight years.

A number of our businesses continue to be accredited and approved with various health and safety schemes including the Contractors Health and Safety Assessment Scheme or CHAS, Constructionline and SAFEContractor.

Our businesses' initiatives reflect the unique characteristics and challenges of the markets in which they operate, with the Renew Safety and Environmental Management Group coordinating safety activities across the Group. One of the most challenging areas of work is in the nuclear environment where the Group, through its subsidiary Shepley Engineers, has undertaken over 4 million man hours of operations and it is now more than 4 years since a lost time event at Sellafield. Elsewhere AMCO Engineering has achieved 10 years without a Lost Time Accident on Magnox nuclear sites as well as achieving a similar milestone of fourteen years without a Lost Time Accident on E ON UK sites, which cover a diverse blend of coal, gas, wind and CHP generation stations.

We continue to implement initiatives to support our safety culture and ensure safety remains at the forefront of our working practices. Examples include promotion of the behavioural safety programme in the workplace alongside our robust systems and management. A variety of Group safety initiatives are undertaken including cross business safety audits, tool box talks and warning card systems. Each of our businesses also implements safety schemes which reflect the environment in which they operate. Walter Lilly and Amco also present annual safety awards designed to raise awareness of new initiatives across the businesses. Walter Lilly also runs an occupational health scheme where posters and other literature help raise awareness.

> **"Sustainable solutions are integral to the design process and can help towards achieving environmental objectives."**

Environment and sustainability

Commitment to the environment includes accreditation for all our subsidiary businesses to the ISO 14001 standard demonstrating their commitment to closely monitoring the impact of their operations on the environment.

Consideration of the environment and the impact of any work we undertake begins in the planning stages of our work. Schemes designed to encourage our employees and subcontractors to adopt sound environmental understanding and practices use a mixture of training and awareness programmes. One example is Amco's established 'carbon strategy' which looks to reduce emissions both on site and in the office through initiatives such as the hire, lease and procurement of more efficient plant, equipment and motor vehicles, and through the use of energy from renewable sources in their offices.

Our ability to deliver sustainable schemes on site benefits from the Group's specialist skills including land remediation techniques which were recognised when VHE, as part of a team alongside National Grid, won the Constructing Excellence 2012 CL:AIRE Award for the Best Use of the Waste Code of Practice. The CL:AIRE Award was presented for the UK's first multiple site "Hub and Cluster" project where contaminated waste from four separate former gas manufacturing stations in the North West was remediated at a single 'Hub' site.

Employment and training

An integral part of developing our business is providing a range of training and employment opportunities through our subsidiary businesses in the form of apprenticeship schemes, scholarships and work experience in partnership with the local communities in which we operate.

Walter Lilly and Seymour are training providers to the Engineering Construction Industry Training Board delivering their Supervisory Management Training and Development programme. Other examples include Amco's ongoing Graduate Training Programme approved by the Institute of Civil Engineering which was introduced last year and has a number of trainees registered as well as a bespoke supervisor development programme.

Shepley Engineers continues to invest significantly in its craft apprenticeship training programme which supports over 50 trainees. Amco Engineering also invests in craft apprenticeship schemes to ensure that the traditional electrical and mechanical engineering skills base is maintained for the future.

Allenbuild has seen further success through its mentor and trainee programme "Achieve with Allenbuild", which provides placements, trainee positions and employment.

Amco
Graduate Training Programme approved by the Institute of Civil Engineering

Bespoke Supervisor Development Programme

Allenbuild
Mentor and trainee programme "Achieve with Allenbuild"

Shepley
Craft Apprenticeship training programme supporting over 50 trainees

Walter Lilly and Seymour
Training providers to the Engineering Construction Industry Training Board delivering supervisory management training and development programme

Community engagement and charitable giving

Ensuring our work leaves a positive impact on the communities in which we operate is a key part of our operations on site.

Consideration of those affected by our works is paramount and clear communication as well as work to engage the local community is undertaken where possible. Recent recognition of such work included an award for Seymour at Northumbrian Water's "Going the Extra Mile Awards" in the Customer Focus category. The awards scheme recognises excellence in delivery by organisations, teams or individuals that have gone the extra mile.

Britannia continues to support The Milestone School in Gloucester as one of its nominated charities with a variety of initiatives including earlier this year when work was undertaken to construct a new outdoor soft surface learning area which was integrated into their existing Sensory Garden. Britannia also supports Gear Projects, a charity which helps homeless and vulnerable people in the Gloucester area.

Many of our businesses participate in fundraising events for their chosen charities.

For the third year running employees at Walter Lilly took part in the Cyclothon UK event at Brands Hatch where they achieved a silver award. The event is a 12 hour endurance challenge raising money for a variety of charitable causes. Seymour supports its local hospice and lifeboat station with employees undertaking a range of fundraising activities in the year. Shepley Engineers continues to support the Calvert Trust on a range of projects, the Lake District charity provides outdoor activity adventure holidays for all ages and abilities.

Amco took part in Breast Cancer Campaign's "Wear it Pink" day and Shepley Engineers works with West Cumbria's "Hospice at Home" as well as pledging support to other local Cumbrian causes in the year. Many other charities, both national and local, were supported throughout the year including the British Heart Foundation, The Guide Dogs, The Royal National Lifeboat Institution, the Yorkshire Air Ambulance, the Bradford Toy Library and Ilkley Candlelighters.

> "Many of our businesses participate in fundraising events for their chosen charities."

The Directors present their report and the audited accounts for the year ended 30 September 2013.

Principal activities

For the year ended 30 September 2013 the principal activity of the Group was as contractors in Engineering Services and Specialist Building. The main 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 of the Group as at 30 September 2013 appears on page 74.

Results and dividends

The Group profit for the year was £8,597,000 (2012: £4,741,000). The Directors recommend the payment of a final dividend on the Ordinary Shares of 2.50p (2012: 2.10p) giving a total for the year of 3.60p (2012: 3.15p).

Business review

Information that fulfils the business review requirements applicable to the Group can be found in this report, the Chief Executive's Review and the Review of Operations and is incorporated into this report by cross reference.

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 Engineering Services segment targets have been established as part of the Board's drive to grow both revenue and profitability in that segment of the business. 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.

	2016	2015	2014	2013	2012	2011
Engineering Services revenue as a percentage of Group revenue						
Target – not less than	70%	70%	70%	70%		
Actual performance				70%	64%	50%
Engineering Services operating profit as a percentage of revenue						
Target – not less than	5.0%					
Actual performance				4.6%	4.5%	4.2%
Reduction in accident incidence rate						
Cumulative target since 2005	76%	69%	63%	57%	52%	47%
Cumulative actual performance since 2005				92%	87%	77%

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 contracting 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.

The Group has two closed final salary pension schemes, details of which are disclosed in Note 24. Should the actuarial deficit relating to one or both of these schemes materially deteriorate then the Group could be required to make substantial payments into the schemes in accordance with the requirements of the Pensions Act 1995. The Group has taken steps to mitigate this risk by working with the schemes' Trustees to develop liability matching investment strategies. These have included both schemes entering into annuity policies which match the liabilities in respect of certain of the schemes' beneficiaries. At 30 September 2013, these policies are equivalent to 35% of the combined scheme liabilities.

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 receivables and trade payables that arise directly from its 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, credit risk and foreign currency risk.

Interest rate risk
Interest bearing assets comprise cash and bank deposits and earn interest at floating rates. The Group's bank loan and overdraft facility bear 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, when necessary, 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 and the Company's balance sheet. As at 30 September 2013, £4,325,000 (2012: £9,506,000) 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 receivables, 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 receivables.

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.

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 35 days (2012: 42 days).

Donations
Charitable donations made by the Group during the year amounted to £49,243 (2012: £34,606).

The Group made no political donations during the year (2012: £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 Group produces a quarterly in-house publication, Renews, which provides information to its employees about the activities and performance of the Group.

The Group continues to be committed to the health, safety and welfare of its employees and to observe the terms of the Health and 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 and safety management
B W May continues as the designated Board Director of Health and Safety with Group responsibility for safety and environmental management. Health, safety and environmental management issues and reports are reviewed at every Group Board meeting 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. Health, 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 bespoke business Safety and Environmental Management Systems. This system is based on Group activities and provides specific standards, procedures, information, forms and advice which accommodate changes in legislation expected during the coming financial year. Management advice is provided by the Group Health, Safety and Environmental Department consisting of the Group Health, Safety and Environmental Director, an administrator and regional 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 and locally based construction safety groups. All safety and environmental department personnel hold membership with the Institution of Occupational Safety and Health. Attendance on the five day Construction Industry Training Board 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 is used to introduce new systems and detail changes to construction legislation. Short duration 'tool box talks' and 'safety briefings' are 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 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 year ended 30 September 2013, measured on the standard base line of 100,000 persons at work, is a key area where the Group measures its performance.

Corporate social responsibility and the environment
The Group's Corporate Social Responsibility Report, which includes its report on the environment, is on pages 26 to 29.

Directors
The Directors of the Company who served throughout the year and their brief biographical details are set out below.

Non-executive Directors
John Bishop - Director, 68, was 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 twelve years at Morgan Sindall Plc as Development Director and latterly as Finance Director.

David Forbes – Director, 53, was appointed to the Board as a non-executive Director in June 2011. He qualified as a Chartered Accountant in 1984 and has over 20 years' experience in corporate advisory services with N M Rothschild & Son Limited. He is a non-executive director of Vertu Motors plc.

Roy Harrison OBE - Director, 66, was appointed to the Board as a non-executive Director in November 2003. Subsequently, he was 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, a former director of BSS Group PLC and has a number of investing director positions in private construction materials companies. He is governor and chairman of a number of City Academies and a non-executive director of Fox Marble Holdings plc.

Executive Directors

Brian May - Director, 62, was appointed to the Board as Chief Executive Officer in June 2005. He is a Chartered Civil Engineer. He 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, 57, 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. He 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.

John Samuel retires by rotation at the 2014 Annual General Meeting ("AGM") and will offer himself for reappointment. The Board recommends his reappointment as it considers that he continues to perform his role well.

The Articles of Association provide that each Director 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. The Company has purchased and maintained throughout the year directors' and officers' liability insurance in respect of its Directors.

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 36. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on page 35.

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
Octopus Investments Nominees Limited	9,574,560	15.59%
Hargreave Hale Limited	9,208,481	15.00%
Brewin Dolphin Limited	2,800,783	4.56%

Share capital

As at the date of this report, the total number of shares in issue (being ordinary shares of 10p each) is 61,403,668.

During the year, the Company has not bought back any of its own shares. 1,504,741 new ordinary shares of 10p each were issued at par during the year to satisfy the exercise of share options.

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm the following:

- so far as each Director is aware, there is no relevant audit information of which the Group's Auditor is 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 audit information and to establish that the Group's Auditor is aware of that information.

Auditor

Resolutions will be proposed at the forthcoming AGM to appoint KPMG LLP (in place of KPMG Audit Plc) as Auditor to the Group and to authorise the Directors to determine their remuneration.

Approval

The Board approved the Report of the Directors on 26 November 2013.

By Order of the Board

J Samuel FCA
Company Secretary
26 November 2013

Company number 650447

The Directors present the Directors' Remuneration Report (the "Remuneration Report") for the financial year ended 30 September 2013.

As an AIM listed company, Renew is not required to prepare the Report in accordance with the Directors' Remuneration Report Regulations 2002 or the recently enacted Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (together "the Regulations"). 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. However the Regulations are new and market practice as to the extent to which AIM companies will follow these Regulations has not yet evolved. There are improved disclosures in the report presented below and the Remuneration Committee will continue to monitor market practice to ensure that, in future, this report will include disclosures at least as good as market practice for AIM companies. The Auditor is not required to report to the shareholders on the Directors' Remuneration Report.

Remuneration Committee

On his appointment as a Director on 1 June 2011, D M Forbes assumed the Chairmanship of the Remuneration Committee which also comprises R J Harrison and J Bishop. The Committee held four meetings during the financial year to discuss remuneration arrangements.

The Remuneration Committee's 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;

(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; and

(e) to ensure contractual terms and payments made on termination are fair to the individual and the 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 his 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;
- equity incentive plans; and
- pension arrangements.

Basic salary

Basic salaries are reviewed annually by the Remuneration Committee, and adjusted where the Committee believes that adjustments are appropriate to reflect performance, changed 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. At the beginning of each year, the Remuneration Committee sets targets for operating profit before exceptional items for the Group. If the Group meets those targets then the executive directors receive an annual bonus equal to 50 per cent of their salary. The level of over and under performance causes the level of annual bonus to vary with the maximum bonus of 100 percent of salary being paid if the performance exceeds the target by 30 per cent. The Remuneration Committee make such adjustments to the target and or results to remove distortions such as acquisitions, disposals and other items as they believe are justified.

Equity incentive plans

The Remuneration Committee has ceased to use the Renew Holdings plc 2004 Executive Share Option Scheme ("ESOS") and implemented a new long term incentive plan ("LTIP") which was approved at an Extraordinary General Meeting ("EGM") held on 25 January 2012. The LTIP has been designed so as to comply with ABI guidelines in all material respects. The Remuneration Committee does not intend to grant any further options under the ESOS which has been terminated save in respect of options previously granted under it.

The performance criteria to be achieved by the Company in respect of the LTIP are as follows:

Vesting of one half of the options is dependent on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half dependent on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a 30 day period prior to the commencement and end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to have grown by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There is no vesting if TSR growth is 25% or less.

In the event of a material correction of any accounts of the Company used to assess satisfaction of any performance conditions, or in the event of a participant's gross misconduct, options may be reduced, adjusted or cancelled as determined by the Remuneration Committee. To the extent that options have already been exercised, the Remuneration Committee may (having considered all the circumstances) require the participant to return any shares received, or the amounts of any proceeds of the sale of such shares (net of tax).

There are 400,000 options outstanding under the LTIP which may be exercised between 2 March 2015 and 1 March 2022 and a further 400,000 options which may be exercised between 21 December 2015 and 20 December 2022.

The ESOS was approved at an EGM held on 11 March 2004. There are 114,280 options outstanding under the scheme all of which have now vested and may be exercised between now and 6 June 2016.

The Renew Savings Related Share Option Scheme 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 has established individual stakeholder plans for each employee who elects to join into which the Group makes contributions; B W May and J Samuel receive a sum equivalent to 10% of their basic salary in lieu of pension contributions from the Company.

Following the adoption of new Articles of Association at the AGM on 28 January 2009, the restriction on the retirement age of the Executive Directors was removed.

Service contracts and letters of appointment

The Company's policy is for all of the Directors to have twelve month rolling service contracts that provide for a twelve month notice period. 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 Directors are indemnified to the full extent permitted by statute under the Articles of Association.

The service contracts of the Directors, who served during the year ended 30 September 2013, include the following terms:

Directors	Executive/Non-executive	Date of contract	Unexpired term	Notice period (months)
R J Harrison	Non-executive	1 February 2009	Rolling one year	12
J Bishop	Non-executive	1 September 2008	Rolling one year	12
D M Forbes	Non-executive	1 June 2011	Rolling one year	12
B W May	Executive	20 June 2005	Rolling one year	12
J Samuel	Executive	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 2013:

	Notes	Salary/fees £000	Bonuses £000	Benefits £000	Total emoluments 2013 £000	Total emoluments 2012 £000
Executive Directors						
B W May	1,2,3,4	295	204	57	556	510
J Samuel	1,2,3,4	227	169	43	439	393
					995	903
Non-executive Directors						
R J Harrison		57	—	—	57	56
J Bishop		31	—	—	31	30
D M Forbes		31	—	—	31	30
					1,114	1,019

Notes:

1. The highest paid Director for 2013 and 2012 was B W May who received emoluments of £556,000 (2012: £510,000).
2. Benefits include car allowances and certain medical cover for the Director and immediate family.
3. B W May and J Samuel received payments in lieu of Company pension contributions, which are paid through payroll and taxed as salary and are included in Benefits above.
4. Bonuses were earned by B W May and J Samuel during the current financial year and will be paid in the year ending 30 September 2014.

Equity incentive plans

Directors' share options under the ESOS

Options have been granted to B W May and J Samuel under the ESOS as set out in the table below. The market price of the Company's shares at 30 September 2013 was 146p and the range of market prices during the year was between 76.5p and 146p.

Information is provided below for Directors who served during the financial year and as at 30 September 2013:

		Cumulative total	
	2006 Award	**30 September 2013**	1 October 2012
B W May	57,140	**57,140**	1,384,338
J Samuel	57,140	**57,140**	810,148
Date of award	7 June 2006		
Exercise price (£)	0.525		
Earliest exercise date	7 June 2009		
Expiry of exercise period	7 June 2016		

Directors' share options under the LTIP

Pursuant to the LTIP, the Board has granted the following options to the Executive Directors which are exercisable at a nominal cost subject to the achievement of performance criteria as follows:

B W May 240,000	J Samuel 160,000	Exercisable between 2 March 2015 and 1 March 2022
B W May 228,560	J Samuel 171,440	Exercisable between 21 December 2015 and 20 December 2022.

Performance criteria for the vesting of the share options under both the ESOS and the LTIP are set out in Note 20 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 2013 as follows:

	Ordinary Shares of £0.10 each	
	30 September 2013	30 September 2012
R J Harrison	**150,000**	150,000
J Bishop	**10,000**	10,000
D M Forbes	**20,000**	20,000
B W May	**844,193**	505,000
J Samuel	**240,548**	50,000

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 26 November 2013 and signed on its behalf by:

D M Forbes
Chairman of the Remuneration Committee
26 November 2013

R J Harrison OBE
Non-executive Chairman

John Bishop
Non-executive Director

David Forbes
Non-executive Director

As an AIM listed company, Renew is not required to follow the provisions of the UK Corporate Governance 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. The Directors normally seek to follow the Code to the extent considered relevant for an AIM listed company but are 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 Officer, the non-executive Chairman, one Executive Director and two independent non-executive Directors. Brief biographies of the Directors are given on pages 32 and 33. The Company is not compliant with the requirement of the Code that more than half of the Board should be comprised of independent non-executive Directors because, although the Board believes that he acts as an independent director, Mr Harrison is not regarded as such by the Code due to the period in 2004/2005 when he acted as Executive Chairman.

The composition of the Board is reviewed regularly. 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 ten times in the year with all Directors in attendance. Committee meetings dealing with the daily business of the Company were 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, procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Board committees

The Board operates with a number of Board Committees. J Bishop, the senior independent non-executive Director, acts as Chairman of the Audit Committee and D M Forbes, an independent non-executive Director, acts as Chairman of the Remuneration Committee. The Nominations Committee is chaired by R J Harrison.

The Board delegates clearly defined powers to its Audit, Remuneration and Nominations Committees. Each of the Board's Committees has carefully drafted terms of reference.

The Remuneration Committee, which comprises all of the non-executive Directors, 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 34 to 36.

The Nominations Committee, which comprises the entire Board, monitors the composition of the Board and recommends the appointment of new Directors. The Nominations Committee, with all Directors present, has held two meetings during the year to discuss nomination matters.

The Nominations 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 Audit Committee has held three meetings to consider Audit Committee business. The Audit Committee consists of all three non-executive Directors. The Executive Directors are invited to attend Audit Committee meetings but at least two meetings are held each year with the external Auditor at which the Executive Directors are not present. 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 Auditor. The Audit Committee monitors the non-audit work performed by the Auditor to help ensure that the independence of the Auditor is maintained. The Audit Committee also reviews the interim statement, the preliminary announcement and accounting policies.

The Board forms a General Purposes Committee from time it time as it deems necessary. This Committee comprises the two Executive Directors and considers individual business matters, which have been specifically delegated to it by the Board.

Internal controls
Throughout the financial year ended 30 September 2013 and up to the date of approval of the Annual 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 Group 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 and 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 a separate internal audit function is necessary. For the last six years and including 2013, the Group has carried out a programme of internal audit conducted by the Group Commercial Director and by members of the various subsidiaries' finance teams. This system of peer review promotes best practice as well as ensuring that Group minimum requirements as to procedures and internal controls are being complied with. The reports from these internal audits are made available both to the Board and to the external Auditor.

Going concern
The Directors have reviewed the budgets and forecasts prepared by the Group and its trading subsidiaries and 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 provide 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 Group 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 Asset Services.

Annual General Meeting
The AGM will be held on 29 January 2014, the Notice for which accompanies this Report and Accounts. The Notice contains special business relating to the renewal of the Board's power to allot equity shares together with other special resolutions proposing amendments to service requirements and resolution amendments to bring the Articles of Association into line with modern practice. Brief details of the purpose and effect of the proposed resolutions are enclosed with 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 26 November 2013.

By Order of the Board

John Samuel
Company Secretary
26 November 2013

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

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the parent company's transactions and 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 2006. 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ACCOUNTS

THIS SECTION DETAILS THE GROUP'S ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 2013.

In this section

We have audited the financial statements of Renew Holdings plc for the year ended 30 September 2013 set out on pages 43 to 74. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 30 September 2013 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Robert Iain Moffatt (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
26 November 2013

Group income statement for the year ended 30 September

	Note	Before exceptional items and amortisation of intangible assets 2013 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2013 £000	Total 2013 £000	Before exceptional items and amortisation of intangible assets 2012 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2012 £000	Total 2012 £000
Group revenue from continuing activities	2	334,649	15,412	350,061	337,423	—	337,423
Cost of sales		(296,232)	(14,408)	(310,640)	(301,040)	—	(301,040)
Gross profit		38,417	1,004	39,421	36,383	—	36,383
Administrative expenses		(27,185)	(968)	(28,153)	(26,115)	(1,620)	(27,735)
Operating profit	3	11,232	36	11,268	10,268	(1,620)	8,648
Finance income	4	25	—	25	45	—	45
Finance costs	4	(362)	—	(362)	(518)	—	(518)
Other finance (expense)/ income - defined benefit pension schemes	4	(232)	—	(232)	246	—	246
Profit before income tax		10,663	36	10,699	10,041	(1,620)	8,421
Income tax expense	6	(1,778)	(9)	(1,787)	(1,713)	405	(1,308)
Profit for the year from continuing activities		8,885	27	8,912	8,328	(1,215)	7,113
Loss for the year from discontinued operation	3			(315)			(2,372)
Profit for the year attributable to equity holders of the parent company				8,597			4,741
Basic earnings per share from continuing activities	8			14.85p			11.87p
Diluted earnings per share from continuing activities	8			14.70p			11.38p
Basic earnings per share	8			14.33p			7.91p
Diluted earnings per share	8			14.18p			7.59p

Group statement of comprehensive income for the year ended 30 September

	Note	2013 £000	2012 £000
Profit for the year attributable to equity holders of the parent company		**8,597**	4,741
Items that will not be reclassified to profit or loss:			
Movement in actuarial valuation of the defined benefit pension schemes	24	**(6,895)**	(3,442)
Movement on deferred tax relating to the defined benefit pension schemes		**1,429**	847
Total items that will not be reclassified to profit or loss		**(5,466)**	(2,595)
Items that are or may be reclassified subsequently to profit or loss:			
Exchange movement in reserves		**(24)**	(407)
Total items that are or may be reclassified subsequently to profit or loss		**(24)**	(407)
Total comprehensive income for the year attributable to equity holders of the parent company		**3,107**	1,739

Group statement of changes in equity for the year ended 30 September

	Called up share capital £000	Share premium account £000	Capital redemption reserve £000	Cumulative translation adjustment £000	Share based payments reserve £000	Retained earnings £000	Total equity £000
At 1 October 2011	5,990	5,893	3,896	1,182	283	(8,268)	8,976
Transfer from income statement for the year						4,741	4,741
Dividends paid						(1,827)	(1,827)
Recognition of share based payments					6		6
Exchange differences				(407)			(407)
Actuarial losses recognised in pension schemes						(3,442)	(3,442)
Movement on deferred tax relating to the pension schemes						847	847
At 1 October 2012	5,990	5,893	3,896	775	289	(7,949)	8,894
Transfer from income statement for the year						8,597	8,597
Dividends paid						(1,917)	(1,917)
New shares issued	150						150
Recognition of share based payments					101		101
Exchange differences				(24)			(24)
Actuarial losses recognised in pension schemes						(6,895)	(6,895)
Movement on deferred tax relating to the pension schemes						1,429	1,429
At 30 September 2013	**6,140**	**5,893**	**3,896**	**751**	**390**	**(6,735)**	**10,335**

Group balance sheet at 30 September

	Note	2013 £000	2012 £000
Non-current assets			
Intangible assets – goodwill	9	33,060	26,918
– other	9	3,959	2,250
Property, plant and equipment	10	8,680	4,690
Retirement benefit assets	24	962	1,820
Deferred tax assets	6	3,051	2,929
		49,712	38,607
Current assets			
Inventories	11	3,195	9,109
Trade and other receivables	12	75,868	73,958
Current tax assets		1,007	834
Cash and cash equivalents	14	5,348	2,040
		85,418	85,941
Total assets		135,130	124,548
Non-current liabilities			
Borrowings	16	—	(2,500)
Obligations under finance leases	17	(1,984)	(676)
Retirement benefit obligations	24	(3,545)	(569)
Deferred tax liabilities	6	(1,036)	(1,039)
Provisions	18	(628)	(566)
		(7,193)	(5,350)
Current liabilities			
Borrowings	16	(2,500)	(5,000)
Trade and other payables	15	(112,329)	(104,302)
Obligations under finance leases	17	(1,509)	(570)
Current tax liabilities		(1,160)	(266)
Provisions	18	(104)	(166)
		(117,602)	(110,304)
Total liabilities		(124,795)	(115,654)
Net assets		10,335	8,894
Share capital	20	6,140	5,990
Share premium account	21	5,893	5,893
Capital redemption reserve	21	3,896	3,896
Cumulative translation adjustment	21	751	775
Share based payments reserve	21	390	289
Retained earnings	21	(6,735)	(7,949)
Total equity		10,335	8,894

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
26 November 2013

Group cashflow statement for the year ended 30 September

	2013 £000	2012 £000
Profit for the year from continuing operating activities	8,912	7,113
Amortisation of intangible assets	500	500
Depreciation	1,288	905
Profit on sale of property, plant and equipment	(110)	(17)
Decrease/(increase) in inventories	6,466	(501)
Decrease in receivables	2,093	10,081
Increase/(decrease) in payables	1,936	(10,969)
Current service cost in respect of defined benefit pension scheme	53	54
Cash contribution to defined benefit pension schemes	(3,346)	(3,477)
Expense in respect of share options	101	6
Finance income	(25)	(291)
Finance expenses	594	518
Interest paid	(362)	(518)
Income taxes paid	(429)	(333)
Income tax expense	1,787	1,308
Net cash inflow from continuing operating activities	19,458	4,379
Net cash outflow from discontinued operating activities	(220)	(794)
Net cash inflow from operating activities	19,238	3,585
Investing activities		
Interest received	25	45
Proceeds on disposal of property, plant and equipment	1,854	191
Purchases of property, plant and equipment	(705)	(270)
Acquisition of subsidiaries net of cash acquired	(9,384)	—
Net cash outflow from continuing investing activities	(8,210)	(34)
Net cash inflow from discontinued investing activities	—	36
Net cash (outflow)/inflow from investing activities	(8,210)	2
Financing activities		
Dividends paid	(1,917)	(1,827)
Issue of Ordinary Shares	150	—
Loan repayments	(5,000)	(5,000)
Repayments of obligations under finance leases	(958)	(396)
Net cash outflow from continuing financing activities	(7,725)	(7,223)
Net cash outflow from discontinued financing activities	—	—
Net cash outflow from financing activities	(7,725)	(7,223)
Net increase/(decrease) in continuing cash and cash equivalents	3,523	(2,878)
Net decrease in discontinued cash and cash equivalents	(220)	(758)
Net increase/(decrease) in cash and cash equivalents	3,303	(3,636)
Cash and cash equivalents at beginning of year	2,040	5,688
Effect of foreign exchange rate changes on cash and cash equivalents	5	(12)
Cash and cash equivalents at end of year	5,348	2,040
Bank balances and cash	5,348	2,040

1 Accounting policies

Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") as adopted by the EU ("adopted IFRSs"). The financial statements are presented in sterling since this is the currency in which the majority of the Group's transactions are denominated.

Accounting estimates and judgements

In the preparation of these financial statements the Board has made certain judgements and estimates which impact the measurement of various assets and liabilities in the Group balance sheet, the value of transactions recorded in the Group income statement and the movements in equity as shown in the Group statement of changes in equity. The actual financial outcomes may ultimately differ from that which is indicated by these judgements and estimates. Estimates and judgements are reviewed by management and the Board on an ongoing basis and changes which may arise in them are reflected in the financial statements for the period in which such changes are made.

The Board has determined that the following areas are those in which estimates and judgements have been made and where material impacts could arise in the financial statements were such estimates and judgements to be varied.

a) Accounting for construction contracts in accordance with IAS 11 "Construction Contracts"

IAS 11 requires management to estimate the total expected costs on a contract and the stage of contract completion in order to determine both the revenue and profit to be recognised in an accounting period. The Group has control and review procedures in place to monitor, and evaluate regularly, the estimates being made to ensure that they are consistent and appropriate. This includes reviewing the independent certification of the value of work done, the progress of work against contracted timescales and the costs incurred against plan.

b) Impairment of goodwill in accordance with IAS 36 "Impairment of Assets"

In accordance with IAS 36, goodwill is tested annually for impairment by comparing the carrying value of goodwill with the recoverable amount which is determined by an estimation of the value in use of the related cash generating unit to which the goodwill is attributed. The calculation of the value in use requires estimates to be made of the future cash flows of the cash generating unit and the timescale over which they will arise. Estimated growth rates and discount factors are also used in the calculation to estimate the net present value of the cash flows. More information is given in Note 9 to these financial statements.

c) Accounting for the defined benefit pension schemes in accordance with IAS 19 "Employee Benefits"

The independent actuaries calculate the Group's liability in respect of the defined benefit schemes. The actuaries make assumptions as to discount rates, salary escalations, expected returns on scheme assets, future pension increases, mortality rates applicable to members and future rates of inflation. These assumptions are made under the Board's direction. The Board determines the appropriateness of these assumptions by benchmarking them against those used by other schemes and by taking advice from the independent actuaries. If the actual experience of the schemes is different from the assumptions used then the pension liability may differ from that shown in these financial statements. More information is given in Note 24 to these financial statements.

d) Accounting for provisions in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

The Group makes provisions where the Board determines that liabilities exist but where judgements have to be made as to the quantification of such liabilities. A provision has been made for onerous lease contracts in respect of property leases where the Board has determined that the expected economic benefits to be derived from the leases are less than the unavoidable cost of meeting the Group's obligations under the lease contract. This arises where the Group is the head lessee for a property lease contract where the property is not used by the Group and where the Group has not been able to sublet the property or has only been able to do so on terms which are less favourable than those of the head lease.

e) Accounting for deferred taxation in accordance with IAS 12 "Income Taxes"

The Group provides for deferred taxation using the balance sheet liability method. Deferred tax assets are recognised in respect of tax losses where the Directors believe that it is probable that future profits will be relieved by the benefit of tax losses brought forward. The Board considers the likely utilisation of such losses by reviewing budgets and medium term plans for each taxable entity within the Group. If the actual profits earned by the Group's taxable entities is different from the budgets and forecasts used then the value of such deferred tax assets may differ from that shown in these financial statements.

(i) Basis of accounting and preparation

The accounts have been prepared on the going concern basis and in accordance with applicable accounting standards under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets, including cashflow forecasts, and concluded that Group has adequate cash resources to continue trading for the foreseeable future.

The consolidated financial statements have been prepared in accordance with IFRSs as adopted for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Committee relevant to its operations and which are effective in respect of these financial statements.

(ii) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings. The results and net assets of undertakings acquired are included in the Group income statement and balance sheet using the acquisition method of accounting. The results of undertakings acquired/disposed of are included from the date the Group obtains/loses control.

(iii) Revenue

Revenue, which excludes intra-group revenue and Value Added Tax, comprises:

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

1 Accounting policies continued

(iv) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. Contract revenue and expenses are recognised in accordance with the stage of completion of the contract. The stage of completion is determined by surveys of work performed. Contract costs incurred that relate to future activities are deferred and recognised as amounts recoverable on contracts. When it is probable that the total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately. To the extent that progress billings exceed costs incurred plus recognised profits (less recognised losses) they are recognised as amounts due to construction contract customers.

(v) Segment reporting

The operating segments are based on the components that the Board, the Group's principal decision-making body (the Chief Operating Decision Maker ("CODM")), monitors in making decisions about operating matters. Such components are identified on the basis of information that is provided internally in the form of monthly management account reporting, budgets and forecasts to formulate allocation of resource to segments and assess performance. Revenue from reportable segments is measured on a basis consistent with the income statement. Revenue is principally generated from within the UK, the Group's country of domicile. Segment results show the contribution directly attributable to each segment in arriving at the Group's operating profit. Segment assets and liabilities comprise those assets and liabilities directly attributable to each segment. Group eliminations represent such consolidation adjustments that are necessary to determine the Group's assets and liabilities.

(vi) Intangible assets

a) Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or jointly-controlled entity at the date of acquisition. Goodwill is recognised as an asset and is tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired.

On disposal of a subsidiary undertaking, the attributable amount of unamortised goodwill which has not been subject to impairment is included in the determination of the profit or loss on disposal.

b) Other intangible assets are stated at cost less accumulated amortisation and impairment losses. The cost of other intangible assets is amortised over their expected useful lives. These intangibles relate to customer relationships and contractual rights and are amortised over the period over which the Board has determined that future cash flows are likely to arise from these relationships and rights.

(vii) Property, plant and equipment

Property, plant and equipment are recorded at cost less provision for impairment if required. Depreciation is provided on all property, plant and equipment, 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 and buildings	- no depreciation charge
Long leasehold land and buildings	- shorter of fifty years and period of lease
Plant, vehicles & equipment	- three to ten years

(viii) Impairments

Goodwill arising on acquisitions and other assets that have an indefinite useful life and are therefore not subject to amortisation, are reviewed at least annually for impairment. Other intangible assets and property, plant and equipment are reviewed for impairment whenever there is any indication that the carrying amount of the asset may not be recoverable. If the recoverable amount of any asset is less than its carrying amount, a loss on impairment is recognised. Recoverable amount is the higher of the fair value of the asset less any costs which would be incurred in selling the asset and its value in use. Value in use is assessed by discounting the estimated future cash flows that the asset is expected to generate. For this purpose, assets are grouped into cash generating units which represent the lowest level for which there are separately identifiable cash flows. Impairment losses in respect of goodwill are not reversed in future accounting periods. Reversals of other impairment losses are recognised in income when they arise.

(ix) Inventories

Inventories comprise developments, 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 inventories.

(x) Trade receivables

Trade receivables do not carry any interest and are initially recognised at their fair value and then at amortised cost.

(xi) Trade payables

Trade payables on normal terms are not interest bearing and are initially recognised at their fair value and then at amortised cost.

(xii) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts. Bank overdrafts are included within borrowings within current liabilities in the balance sheet.

(xiii) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and where it is probable that an outflow will be required to settle that obligation and where the amount can be reliably estimated.

1 Accounting policies continued

(xiv) 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 lease term if shorter. The interest element of the rental obligation is charged to the income statement and represents a constant proportion of the balance of capital repayments outstanding. Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

(xv) Defined benefit pension schemes
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 schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the period in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the Group statement of comprehensive income. Pension scheme surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the Group balance sheet.

(xvi) Defined contribution pension plans
Contributions to defined contribution pension plans are charged to the income statement as incurred.

(xvii) Taxation
The tax charge is composed of current tax and deferred tax, calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to equity, in which case the relevant tax is also dealt with in equity.

Current tax is based on the profit for the year. Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax on such assets and liabilities is not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current assets and liabilities on a net basis.

(xviii) Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. The income statements of overseas subsidiary undertakings are translated at the average rate of exchange ruling throughout the financial year. The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Exchange differences arising from this policy and arising on the retranslation of the opening net assets are taken directly to reserves. All other exchange differences are taken to the income statement.

(xix) Financial instruments
Financial assets are divided into the following categories: trade receivables and financial assets at fair value. The Board assigns financial assets to each category on initial recognition dependant on the purpose for which the asset was acquired. The categorisation of these assets is reconsidered at each reporting date at which a choice of categorisation or accounting treatment is available. All financial assets are recognised whenever the Group becomes party to the contractual provisions of the financial instrument. All such assets are initially recognised at fair value. Derecognition of such assets occurs when the Group's right to receive cash flows from the asset ceases or the rights and rewards of ownership have been transferred. All such assets are reviewed for impairment at least annually. Interest and other cash flows which arise from holding a financial asset is recognised in the income statement in accordance with IAS39. Financial assets at fair value include assets classified as held for trading, and changes in fair value are recognised through the income statement. Trade receivables are non-derivative financial assets with expected receipts which are not quoted in an active market and they arise when the Group provides goods or services. A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying value amount, and the present value of the estimated cash flows discounted at the original effective interest rate. All impairment losses are recognised in the income statement. Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. All interest related charges are recognised as an expense in the income statement. Bank loans and hire purchase liabilities are entered into to provide financing for the Group's operations and are recognised as funds are received. Financial liabilities are measured at amortised cost.

(xx) Share based payments
IFRS 2 "Share Based Payment" requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using either a Black Scholes or a Monte Carlo valuation model as was deemed appropriate by the Directors for the relevant options' conditions. 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 Directors' estimate of shares that will eventually vest.

(xxi) Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding in the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

1 Accounting policies continued

(xxii) Rental income

Rental income from property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(xxiii) Finance income and expense

Finance income comprises interest income on funds invested and gains on hedging instruments that are recognised in income or expense. Interest income is recognised as it accrues in income or expense, using the effective interest method. Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions and losses on hedging instruments that are recognised in income or expense. All borrowing costs are recognised in income or expense using the effective interest method.

2 Segmental analysis

The Chief Operating Decision Maker ("CODM") is responsible for the overall resource allocation and performance assessment of the Group. The Board approves major capital expenditure and its authority is required prior to the Group entering into any development projects. The Board assesses the performance of the Group and its progress against the strategic plan through monitoring of key performance indicators. The Board also determines key financing decisions such as raising equity, all loan or bank borrowing arrangements and the granting of security over the Group's assets. As such the Group considers that the Board is the CODM.

Operating segments have been identified based on the internal reporting information provided to the CODM. From such information Engineering Services and Specialist Building have been determined to represent operating segments. Following the identification of the operating segments the Group has assessed the similarity of the characteristics of the operating segments. Given the different performance targets and markets operated within each operating segment it is not appropriate to aggregate the operating segments for reporting purposes and therefore both of the identified operating segments are disclosed as reportable segments. The information received by the CODM shows results both pre and post exceptional items. The Group had one customer within the Engineering Services sector which represented 31.1% (2012: 21.4%) of Group revenue. No other customer represented more than 10% of the Group's revenue.

These segments are:

Engineering Services, which comprises the Group's engineering activities which are characterised by the use of the Group's skilled engineering workforce, supplemented by specialist subcontractors where appropriate, in a range of civil, mechanical and electrical engineering applications and;

Specialist Building, which comprises the Group's building activities which are characterised by the use of a supply chain of subcontractors to carry out building works under the control of the Group as principal contractor and;

Central activities, which include the sale of land for development, the leasing and sub-leasing of some UK properties and the provision of central services to the operating subsidiaries.

(a) Business analysis

Revenue is analysed as follows:

	2013 £000	2012 £000
Engineering Services	232,371	214,102
Specialist Building	102,521	123,070
Inter segment revenue	(246)	(179)
Segment revenue	334,646	336,993
Central activities	3	430
Group revenue before exceptional items	334,649	337,423
Exceptional revenue	15,412	—
Group revenue from continuing activities	350,061	337,423

Analysis of operating profit from continuing activities

	Before exceptional items and amortisation of intangible assets 2013 £000	Exceptional items and amortisation of intangible assets 2013 £000	Total 2013 £000	Before exceptional items and amortisation of intangible assets 2012 £000	Exceptional items and amortisation of intangible assets 2012 £000	Total 2012 £000
Engineering Services	10,646	(500)	10,146	9,639	(986)	8,653
Specialist Building	2,083	(3,539)	(1,456)	2,134	(634)	1,500
Segment operating profit	12,729	(4,039)	8,690	11,773	(1,620)	10,153
Central activities	(1,497)	4,075	2,578	(1,505)	—	(1,505)
Operating profit	11,232	36	11,268	10,268	(1,620)	8,648
Net financing expense	(569)	—	(569)	(227)	—	(227)
Profit on ordinary activities before income tax	10,663	36	10,699	10,041	(1,620)	8,421

2 Segmental analysis continued

(a) Business analysis continued

Balance sheet analysis of business segments

	2013 Assets £000	2013 Liabilities £000	2013 Net assets £000	2012 Assets £000	2012 Liabilities £000	2012 Net assets £000
Engineering Services	140,967	(86,560)	54,407	116,600	(76,749)	39,851
Specialist Building	115,303	(135,736)	(20,433)	106,061	(123,577)	(17,516)
Central activities	172,525	(195,128)	(22,603)	189,352	(202,130)	(12,778)
Discontinued operation	28	(1,064)	(1,036)	686	(1,349)	(663)
Group eliminations	(293,693)	293,693	—	(288,151)	288,151	—
Group net assets	135,130	(124,795)	10,335	124,548	(115,654)	8,894

Other information

	2013 Capital additions £000	2013 Depreciation £000	2013 Amortisation £000	2012 Capital additions £000	2012 Depreciation £000	2012 Amortisation £000
Engineering Services	1,318	1,138	500	1,147	710	500
Specialist Building	84	138	—	102	183	—
Central activities	4	12	—	4	12	—
Discontinued operation	—	—	—	6	183	—
	1,406	1,288	500	1,259	1,088	500

(b) Geographical analysis

Revenue is analysed as follows:

	2013 £000	2012 £000
UK	350,061	337,423
USA	—	—
Group revenue from continuing activities	350,061	337,423

Non-current asset analysis of geographical segments

	Assets £000	Assets £000
UK	49,712	38,607

3 Operating profit

	2013 £000	2012 £000
Operating profit is arrived at after charging/(crediting):		
Auditor's remuneration - audit services	200	208
Depreciation of owned assets	738	695
Depreciation of assets held under finance leases	550	210
Operating lease rentals - plant and machinery	834	976
Operating lease rentals - motor vehicles	574	868
Operating lease rentals - other	3,467	3,146
Rental income	(1,006)	(1,183)
Profit on sale of property, plant and equipment	(110)	(17)

During the year, the following services were provided by the Group auditor:

	2013 £000	2012 £000
Fees payable to the Company's auditor for the audit of the financial statements	51	54
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	149	154
Other services related to tax advice	14	29
	214	237

3 Operating profit continued

Exceptional items and amortisation of intangible assets

	2013 £000	2012 £000
Redundancy and restructuring costs	272	1,120
Provision against amounts recoverable on old building contracts	2,767	—
Costs related to exceptional storm damage on a building contract	500	—
Lewis acquisition costs	196	—
Profit arising from sale of land	(9,190)	—
Write down of land stock in the USA	4,919	—
Total (gains)/losses arising from exceptional items	(536)	1,120
Amortisation of intangible assets (see Note 9)	500	500
	(36)	1,620

The Board has determined that certain charges to the income statement should be separately identified for better understanding of the Group's results.

During the year the Group has incurred £272,000 (2012: £1,120,000) of exceptional redundancy and restructuring costs in closing a regional non-specialist building office. Additionally revenue of £1,028,000 was recorded and provisions amounting to £2,767,000 have been made against old building contracts in previously closed regional non-specialist building offices, primarily resulting from the insolvency of certain subcontractors which arose in the year.

A Specialist Building subsidiary has recognised a charge in respect of costs arising from exceptional storm damage resulting in a charge of £500,000.

On 9 August 2013 the Company acquired Lewis Civil Engineering Ltd and incurred £196,000 of costs associated with the acquisition.

On 21 August 2013 the Company sold 71 acres of land near Rugby for a gross sum of £14,384,000 resulting in a profit of £9,190,000.

As a result of changes to detailed planning and zoning agreements in respect of land owned by the Group in the USA, the Board has written down the carrying value of these assets by £4,919,000.

The Board has also separately identified the charge of £500,000 (2012: £500,000) for the amortisation of the fair value ascribed to certain intangible assets, other than goodwill, arising from the acquisition of Amco Group Holdings Ltd. Further details are given in Note 9.

Discontinued operation analysis

	2013 £000	2012 £000
Revenue	(364)	1,816
Expenses	92	(3,216)
Write off of goodwill and fair value adjustment	—	(904)
Loss before income tax	(272)	(2,304)
Income tax expense - deferred tax	(43)	(68)
Loss for the year from discontinued operation	(315)	(2,372)

The discontinued operation, C&A Pumps Ltd, was sold on 14 November 2012 for a nominal consideration.

4 Finance income and costs

Finance income

Finance income of £25,000 (2012: £45,000) has been earned during the year on bank deposits.

	2013 £000	2012 £000
Interest payable:		
On bank loans and overdrafts	(282)	(484)
Other interest payable	(80)	(34)
	(362)	(518)

Other finance (expense)/income - defined benefit pension schemes

	2013 £000	2012 £000
Expected return on scheme assets	5,805	6,834
Interest on scheme liabilities	(6,037)	(6,588)
	(232)	246

Further information on the defined benefit pension schemes is set out in Note 24 to the accounts.

5 Employee numbers and remuneration

	2013 Number	2012 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	2,006	1,890
At 30 September:	2,294	1,889
Production	1,328	1,212
Administrative	678	678
	2,006	1,890

Cost of staff, including Executive Directors, during the year amounted to:

	2013 £000	2012 £000
Wages and salaries	82,658	77,141
Social security costs	8,589	7,910
Other pension costs	2,933	2,835
Share based payments	101	6
	94,281	87,892

Directors' emoluments

	2013 £000	2012 £000
Aggregate emoluments	1,114	1,019
Highest paid Director: aggregate emoluments	556	510

Details of individual Directors' emoluments can be found in the Directors' Remuneration Report.

6 Income tax expense

(a) Analysis of expense in year

	2013 £000	2012 £000
Current tax:		
UK corporation tax on profits of the year	(858)	(266)
Adjustments in respect of previous periods	10	86
Total current tax	(848)	(180)
Deferred tax - defined benefit pension schemes	(612)	(893)
Deferred tax - other timing differences	(370)	(302)
Total deferred tax from continuing activities	(982)	(1,195)
Income tax expense	(1,830)	(1,375)
Deferred tax in respect of discontinued operation	43	67
Income tax expense in respect of continuing activities	(1,787)	(1,308)

(b) Factors affecting income tax expense for the year

	2013 £000	2012 £000
Profit before income tax	10,699	8,421
Profit multiplied by standard rate of corporation tax in the UK of 23.5% (2012:25%)	(2,514)	(2,105)
Effects of:		
Expenses not deductible for tax purposes	(116)	(198)
Timing differences not provided in deferred tax	217	304
Change in tax rate	(94)	(96)
Net credit in respect of tax losses	527	286
Tax losses surrendered by discontinued operation	140	348
Deferred tax in respect of discontinued operation	43	67
Adjustments to tax charge in respect of previous years	10	86
	(1,787)	(1,308)

6 Income tax expense continued

(b) Factors affecting income tax expense for the year continued

The Group has available further unused UK tax losses of £48m (2012: £61m) to carry forward against future taxable profits. The Group also has unused USA tax losses of $16m (£10.2m) (2012: $16m (£9.9m)) to carry forward against future taxable profits in the USA. 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 these losses amounts to £11.6m (2012: £16.3m).

(c) Deferred tax asset

	2013 £000	2012 £000
Defined benefit pension scheme	709	137
Accelerated capital allowances	441	551
Other timing differences	122	136
Future tax losses	1,779	2,105
	3,051	2,929

(d) Deferred tax liabilities

	2013 £000	2012 £000
Defined benefit pension scheme	(192)	(437)
Fair value adjustments	(844)	(602)
	(1,036)	(1,039)

(e) Reconciliation of deferred tax asset

	2013 £000	2012 £000
As at 1 October	2,929	3,329
Acquisition of Amco Group Holdings Ltd	—	(250)
Acquisition of Lewis Civil Engineering Ltd	113	—
Origination of timing differences	(105)	(43)
Change of deferred tax rate	(481)	(179)
Defined benefit pension scheme - income statement	(549)	(880)
Defined benefit pension scheme - SOCI	1,144	952
At 30 September	3,051	2,929

(f) Reconciliation of deferred tax liability

	2013 £000	2012 £000
As at 1 October	(1,039)	(1,091)
Arising on fair value adjustments	(341)	149
Change of deferred tax rate	92	58
Defined benefit pension scheme - income statement	40	(50)
Defined benefit pension scheme - SOCI	212	(105)
At 30 September	(1,036)	(1,039)

7 Dividends

	2013 Pence/share	2012 Pence/share
Interim (related to the year ended 30 September 2013)	1.10	1.05
Final (related to the year ended 30 September 2012)	2.10	2.00
Total dividend paid	3.20	3.05

	£000	£000
Interim (related to the year ended 30 September 2013)	658	628
Final (related to the year ended 30 September 2012)	1,259	1,199
Total dividend paid	1,917	1,827

Dividends are recorded only when authorised and are shown as a movement in equity rather than as a charge in the income statement. The Directors are proposing that a final dividend of 2.50p per Ordinary Share be paid in respect of the year ended 30 September 2013. This will be accounted for in the 2013/14 financial year.

8 Earnings per share

	2013			2012		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional items and amortisation charges	**8,885**	**14.81**	**14.66**	8,328	13.90	13.33
Earnings before exceptional items and amortisation charges	**27**	**0.04**	**0.04**	(1,215)	(2.03)	(1.95)
Basic earnings per share - continuing activities	**8,912**	**14.85**	**14.70**	7,113	11.87	11.38
Loss for the year from discontinued operation	**(315)**	**(0.52)**	**(0.52)**	(2,372)	(3.96)	(3.79)
Basic earnings per share	**8,597**	**14.33**	**14.18**	4,741	7.91	7.59
Weighted average number of shares		**59,998**	**60,624**		59,899	62,493

The dilutive effect of share options is to increase the number of shares by 626,000 (2012: 2,594,000) and reduce basic earnings per share by 0.15p (2012: 0.32p).

9 Intangible assets

	Goodwill £000	Contractual rights and customer relationships £000
Cost:		
At 1 October 2011	27,726	4,072
Additions	—	—
At 1 October 2012	27,726	4,072
Additions	6,142	2,209
At 30 September 2013	**33,868**	**6,281**
Impairment losses/amortisation:		
At 1 October 2011	—	1,322
Charge for year	808	500
At 1 October 2012	808	1,822
Charge for year	—	500
At 30 September 2013	**808**	**2,322**
Carrying amount:		
At 30 September 2013	**33,060**	**3,959**
At 30 September 2012	26,918	2,250
At 1 October 2011	27,726	2,750

The carrying amounts of goodwill by operating segment are as follows:

	2013 £000	2012 £000
Specialist Building	**2,503**	2,503
Specialist Engineering	**30,557**	24,415
	33,060	26,918

Goodwill of £6,142,000 was acquired on the acquisition of Lewis Civil Engineering Ltd ("Lewis") and will be reviewed for impairment one year after the acquisition and then on an ongoing basis as required by IFRS 3.

Amortisation charges in respect of intangible assets with a finite life are recorded within administrative expenses in the income statement. The amortisation policy is disclosed in the accounting policies and approximates to a period of six years.

Amortisation charges in respect of intangible assets arising from the acquisition of Lewis will commence from 1 October 2013.

In order to test goodwill for impairment the Group performs value in use calculations by preparing cash flow forecasts for each cash generating unit derived from the most recent financial budgets and strategic plans approved by management going forward three years, and then extrapolates cash flows based on conservative estimated growth rates which do not exceed GDP growth in the longer term according to management's view of longer term prospects for each cash generating unit. The cash generating units are deemed to be the subsidiaries to which the goodwill relates. Management used growth rates deemed to be appropriate to each cash generating unit after reviewing the particular market conditions related to the sector in which the cash generating unit operates. The growth rate of 3% per annum has been used. The rate used to discount the forecast cash flows is 8% as the Board considers the rate appropriate in the current financial market as an approximation to the cost of funds to the Group. The calculation shows that there is substantial headroom, and the impairment calculations are not particularly sensitive to changes in the discount rate applied.

10 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:				
At 1 October 2011	1,826	75	5,455	7,356
Additions	—	—	1,259	1,259
Disposals	—	—	(1,703)	(1,703)
At 1 October 2012	1,826	75	5,011	6,912
Additions	8	—	1,398	1,406
Asset reclassification	(187)	—	187	—
Disposals	(1,613)	—	(1,445)	(3,058)
Acquisition of subsidiary	1,679	—	3,937	5,616
At 30 September 2013	**1,713**	**75**	**9,088**	**10,876**
Depreciation:				
At 1 October 2011	56	75	2,420	2,551
Charge for year	19	—	1,069	1,088
Disposals	—	—	(1,417)	(1,417)
At 1 October 2012	75	75	2,072	2,222
Charge for year	14	—	1,274	1,288
Disposals	—	—	(1,314)	(1,314)
At 30 September 2013	**89**	**75**	**2,032**	**2,196**
Net book value:				
At 30 September 2013	**1,624**	**—**	**7,056**	**8,680**
At 30 September 2012	1,751	—	2,939	4,690
At 30 September 2011	1,770	—	3,035	4,805

The net book value of assets under finance leases at 30 September 2013 was £3,947,000 (2012: £1,429,000) of which £2,275,000 relates to Lewis Civil Engineering Ltd and its subsidiaries.

During the year £550,000 (2012: £210,000) of depreciation was charged against assets held under finance leases.

11 Inventories

	2013 £000	2012 £000
Developments and undeveloped land	**3,057**	8,999
Raw materials	**138**	110
	3,195	9,109

£0.2m (2012: £1.1m) of inventories are pledged as security for liabilities.

12 Trade and other receivables

	2013 £000	2012 £000
Trade receivables	**110**	262
Amounts due from construction contract customers	**69,652**	67,942
Other receivables	**4,638**	4,278
Prepayments and accrued income	**1,468**	1,476
	75,868	73,958

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Included in trade and other receivables are debtors with a carrying value of £2.8m (2012: £2.5m) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the Group believes that the amounts are still considered recoverable since there is no objective evidence that these financial assets are impaired. The Group does not hold any collateral over these balances. The average age of these receivables is 328 days (2012: 350 days).

Ageing of past due but not impaired receivables:

	2013 £000	2012 £000
30–180 days	**705**	574
180–365 days	**748**	448
Greater than 1 year	**1,386**	1,498
	2,839	2,520

13 Construction contracts

	2013 £000	2012 £000
Contracts in progress at balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	69,652	67,942
Amounts due to construction contract customers included in trade and other payables	(4,831)	(1,936)
	64,821	66,006
Contract costs incurred plus recognised profits less recognised losses to date	2,649,406	3,367,214
Less: progress billings	(2,584,585)	(3,301,208)
	64,821	66,006

At 30 September 2013 retentions held by customers amounted to £11.6m (2012: £15.3m). Advances received from customers for contract work amounted to £4.8m (2012: £1.9m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £2.8m (2012: £2.5m).

This amount includes retention balances of £2.1m (2012: £2.0m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £335.9m (2012: £337.0m).

14 Cash and cash equivalents

	2013 £000	2012 £000
Cash at bank	5,339	2,036
Cash in hand	9	4
	5,348	2,040

15 Trade and other payables

	2013 £000	2012 £000
Amounts due to construction contract customers	4,831	1,936
Trade payables	28,959	35,052
Other taxation and social security	4,093	2,500
Other payables	7,127	6,026
Accruals and deferred income	67,319	58,788
	112,329	104,302

16 Borrowings

	2013 £000	2012 £000
Bank loans and overdrafts repayable:		
Within one year	2,500	5,000
Within two to five years	—	2,500
	2,500	7,500

The bank loans and overdrafts are secured by a fixed and floating charge over the Group's assets.

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2013 £000	2012 £000	2013 £000	2012 £000
Amounts payable under finance leases:				
Within one year	1,633	598	1,509	570
Within two to five years	2,147	700	1,984	676
	3,780	1,298	3,493	1,246
Less: future finance charges	(287)	(52)	—	—
Present value of lease obligations	3,493	1,246	3,493	1,246
Less: amount due for settlement within twelve months			(1,509)	(570)
Amount due for settlement after twelve months			1,984	676

It is the Group's policy to lease certain of its plant, vehicles and equipment under finance leases. The average outstanding lease term is 3 years (2012: 3 years). For the year ended 30 September 2013, the average effective borrowing rate was 3% (2012: 3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

All lease obligations are denominated in sterling. The fair value of the Group's lease obligations approximates to their carrying amount. The Group's obligations under finance leases are secured on the asset to which the lease relates.

18 Provisions

	Property obligations £000
At 1 October 2012	732
Provision utilised during the year	(254)
Amount provided during the year	254
At 30 September 2013	**732**
Non-current liabilities	628
Current liabilities	104
At 30 September 2013	**732**

Property obligations represent commitments on leases for properties which the Group does not occupy where the Group does not expect to receive income sufficient to cover the full commitment. The provision represents outflows which are expected to occur over the next five years.

19 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 receivables and trade payables that arise directly from its 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 disclosures below provide information about the contractual terms of the Group's interest bearing deposits, loans and borrowings.

Interest rate profile of financial assets and liabilities

		Financial assets/(liabilities)		
	Fixed rate interest rate %	Fixed rate £000	Floating rate £000	Total £000
2013				
Assets				
Sterling	**—**	**—**	**5,127**	**5,127**
Dollar	**—**	**—**	**212**	**212**
		—	**5,339**	**5,339**
Liabilities				
Sterling	**3.0**	**(3,493)**	**(2,500)**	**(5,993)**
		(3,493)	**(2,500)**	**(5,993)**
	%	£000	£000	£000
2012				
Assets				
Sterling	—	—	1,667	1,667
Dollar	—	—	369	369
		—	2,036	2,036
Liabilities				
Sterling	3.0	(1,246)	(7,500)	(8,746)
		(1,246)	(7,500)	(8,746)

The interest bearing assets accrue interest at prevailing market rates. Generally the Group holds deposits which are repayable on demand.

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

The maturity of the fixed rate financial liabilities is disclosed in Note 17. The fixed rate liabilities have a weighted average period of 3 years (2012: 3 years).

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.

Financial risks

The Group has exposure to a number of financial risks through the conduct of its operations. Risk management is governed by the Group's operational policies, guidelines and authorisation procedures which are outlined in the Corporate Governance statement. The key financial risks resulting from financial instruments are credit, liquidity, currency and market risk.

19 Other financial instruments continued

Financial risks continued

a) Credit risk

Credit risk is the risk of loss if a customer fails to meet its financial obligations and results primarily from the Group's trade and other receivables. The degree to which the Group is exposed to this risk depends on the individual financial situation of each specific customer. The Group does not have any risk from a concentration of trade or other receivables in any customer or group of customers. The Group assesses the credit worthiness of every customer prior to entering into any contract and requires appropriate evidence of financial capability on a case by case basis. The Group reviews trade and other receivables for impairment on a regular basis and information relating to the ageing of receivables is provided in Note 12.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due and does so by monitoring cashflow forecasts and budgets. The Board has considered the cashflow forecasts for the next twelve months which show that the Group expects to operate within its working capital facilities throughout the year.

The Board aims to maintain a strong capital base so as to ensure investor and market confidence and to sustain the future of the business. The capital structure of the Group consists of equity attributable to equity holders of the Company as disclosed in Note 20 and reserves as disclosed in Note 21. The Group arranges loans and short term overdraft facilities and hire purchase facilities as the Board deems necessary. The Group does not have any derivative or non-derivative financial liabilities other than those disclosed in Notes 15 to 17 and the retirement benefit obligations disclosed in Note 24. An analysis of the maturity profile for finance lease liabilities is given in Note 17.

c) Currency risk

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 income statement) is in respect of the unhedged portion of an inter-company loan. At 30 September 2013 the unhedged portion of the inter-company loan was $771,000 (2012: $270,000). The dollar closing exchange rate was $1.62: £1 (2012: $1.61: £1) resulting in a foreign exchange loss of £23,000 (2012: £12,000) being charged to finance costs. Consequently, to the extent that the inter-company loan is not fully hedged, the income statement may be impacted by exchange rate movements. Exchange rate movement on translation of Lovell America, Inc.'s net assets are charged to the cumulative translation adjustment within total equity. The exchange loss arising on the translation of Lovell America Inc.'s net assets was £24,000. The total equity statement would be impacted by £63,000 for each $0.01 movement in exchange rates.

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.

d) Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the carrying amount of its holding of financial instruments. The principal risk relates to interest rates where the Group's risk is limited to the rates applying to its interest bearing short-term deposits and its bank loan. A reduction in market interest rates could lead to a reduction in the Group's interest income and a reduction in its interest costs. Consequently a 1% decrease in market interest rates would reduce annual finance costs by £10,000 for every £1m of outstanding loan.

The Group's hire purchase financial liabilities are all at fixed rates of interest.

20 Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid:		
61,403,668 (2012: 59,898,927) Ordinary Shares of 10p each	6,140	5,990

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year 1,504,741 Ordinary Shares were issued at par value following the exercise of options under the Unapproved element of the Renew Holdings plc Executive Share Option Scheme (2012: Nil).

Share options

Renew Holdings 2004 Executive Share Option Scheme

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 HMRC 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 ten years from the date of grant.

All options granted under the Unapproved element have vested and have been exercised.

Vesting of options is dependant on the achievement of certain performance criteria which are established by the Remuneration Committee at the point of grant. 114,280 of the options granted under the Approved element in the 2006 financial year have vested. These are the only remaining options outstanding under the scheme.

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 21.

20 Share capital continued

Share options continued

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved a new long term incentive plan ("LTIP") which replaced the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

On 2 March 2012, the Company granted options to subscribe for 400,000 Ordinary Shares pursuant to the LTIP. On 20 December 2012 options to subscribe for a further 400,000 Ordinary Shares were granted.

The options are exercisable at a nominal cost from 2 March 2015 in respect of those granted on 2 March 2012 and from 20 December 2015 in respect of those granted on 20 December 2012, subject to the achievement of certain performance criteria.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is dependant on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of twelve companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a thirty day period prior to the commencement and the end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the three year performance period against the TSR of a group of twelve companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

21 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
At 1 October 2011	5,893	3,896	1,182	283	(8,268)
Transfer from income statement for the year					4,741
Dividends paid					(1,827)
Recognition of share based payments				6	
Exchange differences			(407)		
Actuarial loss recognised in pension schemes					(3,442)
Movement on deferred tax relating to the pension schemes					847
At 1 October 2012	5,893	3,896	775	289	(7,949)
Transfer from income statement for the year					8,597
Dividends paid					(1,917)
Recognition of share based payments				101	
Exchange differences			(24)		
Actuarial loss recognised in pension schemes					(6,895)
Movement on deferred tax relating to the pension schemes					1,429
At 30 September 2013	**5,893**	**3,896**	**751**	**390**	**(6,735)**

There is no available analysis of goodwill written off against reserves in respect of subsidiaries that were acquired prior to 1989 and therefore, in accordance with the guidance of IFRS 3, the Directors are not able to state this figure.

Capital redemption reserve

This reserve represents the combined impact of share buy-backs in previous years.

Cumulative translation reserve

This reserve represents the foreign exchange movement on translating the opening net assets of Lovell America Inc.

Share based payments reserve

Renew Holdings 2004 Executive Share Option Scheme

IFRS 2 "Share Based Payment" 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 Board's estimate of shares that will eventually vest.

Nil has been charged (2012: £30,000 credited) to administrative expenses.

1,504,741 options were exercised during the year (2012: Nil). 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.

21 Reserves continued

Options granted under the Renew Holdings 2004 Executive Share Option Scheme over the Company's Ordinary Shares at 30 September 2013 were as follows:

Date of grant	7 June 2006
Awards outstanding at 30 September 2013	
- Directors	114,280
Exercise price and price at date of grant	52.5p
Maximum option life	10 years
Assumed option life for purposes of valuation	3 years
Expected volatility	47%
Dividend yield	1.0%
Risk free interest rate	4.67%
Value per option	20.5p

The outstanding options have vested in full but have not yet been exercised.

Renew Holdings plc Long Term Incentive Plan

Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology. 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 Board's estimate of shares that will eventually vest.

£101,000 has been charged (2012: £36,000) to administrative expenses. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. No options were exercised during the year. The value per option represents the fair value of the option less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK government bonds as at the date of grant.

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary Shares at 30 September 2013 were as follows:

Date of grant	2 March 2012	20 December 2012	Total
Awards outstanding at 30 September 2013			
- Directors	400,000	400,000	800,000
Exercise price	0.0p	0.0p	—
Price at date of grant	75.0p	87.0p	—
Maximum option life	10 years	10 years	—
Assumed option life for purposes of valuation	3 years	3 years	—
Expected volatility	46%	36%	—
Dividend yield	4.0%	3.6%	—
Risk free interest rate	0.43%	0.48%	—
Value per option	40.0p	30.0p	—

22 Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2013 £000	Total 2012 £000
Commitments under non-cancellable operating leases:				
Under one year	1,716	1,046	2,762	3,418
Two to five years	5,016	1,188	6,204	6,974
Five or more years	15,795	—	15,795	16,790
	22,527	2,234	24,761	27,182

With regard to the operating leases held by the Group as lessor, the Group recognised £1,006,000 (2012: £1,183,000) of rental income in the income statement for 2013, relating to sub-letting of surplus premises.

The future minimum sub-lease receipts expected to be received under non-cancellable operating leases are as follows:

	Land and buildings £000	Other £000	Total 2013 £000	Total 2012 £000
Receivables under non-cancellable operating leases:				
Under one year	195	—	195	1,009
Two to five years	400	—	400	596
Five or more years	95	—	95	143
	690	—	690	1,748

The Group had capital commitments at 30 September 2013 of £229,000 (2012: £24,000).

23 Contingent liabilities

Under the terms of the Group's banking agreement, security over the Group's assets has been granted to the Group's bankers.

24 Employee benefits: Retirement benefit obligations

Defined benefit pension schemes

The Group operates two defined benefit pension schemes, the Lovell Pension Scheme and the Amco Pension Scheme. Both schemes have been closed to new members and to further benefits accrual for several years.

IAS 19 "Employee Benefits"

The Directors have adopted the accounting required by IAS 19 with effect from the transition date. 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 Lovell scheme's valuation at 30 September 2013 shows a deficit of £3,545,000 based on the assumptions set out below. The Amco scheme shows a surplus of £962,000 based on the assumptions used in its valuation which are similar to those used for the Lovell scheme except where the Directors, in consultation with the scheme's advisors, consider it appropriate to vary them due to the different characteristics of the Amco scheme and its membership profile. The Directors have determined that it is appropriate to recognise this surplus as, having reviewed the rules of the Amco scheme, they are of the view that the employer, Amalgamated Construction Ltd, has an unconditional right to that surplus.

The following disclosures required by IAS 19 have been based on the most recent actuarial valuation as at 30 September 2013 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, in respect of the Lovell scheme and Capita Employee Benefits (Consulting) Ltd in respect of the Amco scheme using the following assumptions:

	As at 30 September 2013	As at 30 September 2012	As at 30 September 2011
Lovell Pension Scheme			
Rate of increase in salaries	**4.0%**	4.0%	4.0%
LPI increases to pensions in payment	**3.1%**	2.7%	3.2%
Discount rate	**4.5%**	4.4%	5.2%
Inflation assumption (CPI)	**2.2%**	2.0%	2.5%
Inflation assumption (RPI)	**3.2%**	2.7%	3.2%
Increases in deferred pensions	**2.2%**	2.7%	3.1%
Amco Pension Scheme			
Rate of increase in salaries	**3.2%**	4.0%	4.1%
LPI increases to pensions in payment	**2.7%**	2.7%	3.2%
Discount rate	**4.5%**	4.4%	5.2%
Inflation assumption (CPI)	**2.2%**	2.0%	2.5%
Inflation assumption (RPI)	**3.2%**	2.7%	3.2%
Increases in deferred pensions	**2.2%**	2.7%	3.2%

The mortality tables adopted for the valuation of the Lovell scheme are the S1NA tables with future improvements in line with the Continuing Mortality Investigations 2010 model with long term improvement rates of 1% per annum for both males and females. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 60 year old male pensioner is forecast to live for a further 26.6 years and the life expectancy of a male aged 60 in 2033 is 28.2 years.

The mortality tables adopted for the valuation of the Amco scheme are the S1PA Mortality tables based on the mortality experience of pension scheme members with projected longevity improvements and with an additional allowance for future longevity improvements known as the long cohort adjustment. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. Under these assumptions, a 65 year old male pensioner is forecast to live for a further 23.7 years and the life expectancy of a male aged 65 in 2033 is 25.8 years.

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

	Value as at 30 September 2013 £000	**Expected rate of return**	Value as at 30 September 2012 £000	Expected rate of return	Value as at 30 September 2011 £000	Expected rate of return
Annuities	**43,136**	**4.5%**	44,797	5.1%	44,556	4.3%
Diversified portfolio	**84,631**	**4.5%**	83,187	4.6%	72,549	6.2%
Bonds	**—**	**—**	—	—	—	—
Cash	**(19)**	**0.5%**	(158)	0.5%	1,248	0.5%
Total	**127,748**		127,826		118,353	

During 2011, the Trustees of the Lovell scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

24 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

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

	Value as at 30 September 2013 £000	Expected rate of return	Value as at 30 September 2012 £000	Expected rate of return	Value as at 30 September 2011 £000	Expected rate of return
Annuities	6,950	4.5%	—	—	—	—
Diversified portfolio	5,951	4.5%	6,358	6.5%	6,262	7.5%
Gilts	—	—	3,556	2.2%	3,000	2.9%
Bonds	—	—	4,195	4.0%	3,392	5.2%
Cash	594	0.5%	406	0.5%	391	0.5%
Total	13,495		14,515		13,045	

During 2013, the Trustees of the Amco scheme, in consultation with the Directors, used scheme assets to purchase annuities which match certain pension liabilities in a transaction known as a "buy in". This asset provides protection against falls in gilt yields and risks in the performance of other asset classes.

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Lovell Pension Scheme

	2013 £000	2012 £000
Movements in scheme assets and liabilities		
Total fair value of scheme assets brought forward	127,826	118,353
Expected return on scheme assets	5,262	6,229
Employer contributions	3,145	3,330
Benefits paid	(7,172)	(6,977)
Actuarial (loss)/gain on scheme assets	(1,293)	6,891
Total fair value of scheme assets carried forward	127,768	127,826
Present value of scheme obligations brought forward	128,395	118,472
Interest costs	5,494	5,983
Current service costs	53	54
Benefits paid	(7,172)	(6,977)
Actuarial increase in scheme obligations	4,543	10,863
Total fair value of scheme obligations carried forward	131,313	128,395
Deficit in the scheme	(3,545)	(569)
Deferred tax	709	137
Net deficit	(2,836)	(432)
Amount charged to operating profit:		
Current service cost	(53)	(54)
	(53)	(54)
Amount (charged)/credited to other financial income:		
Expected return on scheme assets	5,262	6,229
Interest on scheme liabilities	(5,494)	(5,983)
	(232)	246
Amounts recognised in the statement of comprehensive income:		
Actual less expected return on scheme assets	(1,293)	6,891
Effect of change in assumptions on scheme liabilities	(4,543)	(10,863)
Actuarial loss	(5,836)	(3,972)
Movement in the net scheme deficit during the year:		
Net scheme deficit brought forward	(569)	(119)
Current service cost	(53)	(54)
Cash contribution	3,145	3,330
Other finance (costs)/income	(232)	246
Actuarial loss	(5,836)	(3,972)
Net scheme deficit carried forward	(3,545)	(569)

24 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

The following amounts at 30 September were measured in accordance with the requirements of IAS 19.

Amco Pension Scheme

	2013 £000	2012 £000
Movements in scheme assets and liabilities		
Total fair value of scheme assets brought forward	**14,515**	13,045
Expected return on scheme assets	**543**	605
Employer contributions	**201**	201
Benefits paid	**(797)**	(682)
Actuarial (loss)/gain on scheme assets	**(967)**	1,346
Total fair value of scheme assets carried forward	**13,495**	14,515
Present value of scheme obligations brought forward	**12,695**	11,956
Interest costs	**543**	605
Benefits paid	**(797)**	(682)
Actuarial increase in scheme obligations	**92**	816
Total fair value of scheme obligations carried forward	**12,533**	12,695
Surplus in the scheme	**962**	1,820
Deferred tax	**(192)**	(437)
Net surplus	**770**	1,383
Amount credited to other financial income:		
Expected return on scheme assets	**543**	605
Interest on scheme liabilities	**(543)**	(605)
	—	—
Amounts recognised in the statement of comprehensive income:		
Actual less expected return on scheme assets	**(967)**	1,346
Effect of change in assumptions on scheme liabilities	**(92)**	(816)
Actuarial (loss)/gain	**(1,059)**	530
Movement in the net scheme surplus during the year:		
Net scheme surplus brought forward	**1,820**	1,089
Cash contribution	**201**	201
Actuarial (loss)/gain	**(1,059)**	530
Net scheme surplus carried forward	**962**	1,820

24 Employee benefits: Retirement benefit obligations continued

IAS 19 "Employee Benefits" continued

Lovell Pension Scheme

	2013	2012	2011	2010	2009
Difference between the expected and actual return on scheme assets	**£(1,293,000)**	£6,891,000	£(10,685,000)	£13,114,000	£8,548,000
As a percentage of the assets at the end of the year	**(1.0%)**	5.4%	(9.0%)	10.4%	7.70%
Experience gains on scheme liabilities	**—**	—	£1,349,000	£2,100,000	—
As a percentage of the liabilities at the end of the year	**—**	—	1.1%	1.7%	—
Total amount recognised in the statement of comprehensive income	**£(5,836,000)**	£(3,972,000)	£(5,151,000)	£1,164,000	£(2,895,000)
As a percentage of the liabilities at the end of the year	**(4.4%)**	(3.1%)	(4.3%)	0.9%	(2.6)%

The Lovell 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 IAS 19, the Group has taken advantage of the multi-employer exemption and the deficit of the scheme is accounted for as an unallocated consolidation adjustment.

Amco Pension Scheme

	2013	2012	2011
Difference between the expected and actual return on scheme assets	**£(967,000)**	£1,346,000	£(58,000)
As a percentage of the assets at the end of the year	**(7.2)%**	9.3%	(0.4)%
Experience gains on scheme liabilities	**—**	—	£490,000
As a percentage of the liabilities at the end of the year	**—**	—	4.1%
Total amount recognised in the statement of comprehensive income	**£(1,059,000)**	£530,000	£(114,000)
As a percentage of the liabilities at the end of the year	**(8.4)%**	4.2%	(1.0)%

The Amco scheme's sole employer is the Company's wholly owned subsidiary, Amalgamated Construction Ltd.

Defined contribution pension scheme

The Group operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees. The Group made contributions of £2,933,000 (2012: £2,835,000) into these plans during the year. There are also £117,000 (2012: £123,000) of accruals relating to these plans.

25 Related parties

The Group has a related party relationship with its key management personnel who are the Main Board Directors: B W May, J Samuel, R J Harrison, J Bishop and D M Forbes, whose total compensation amounted to £1,114,000 all of which was represented by short-term employment benefits.

There were no other transactions with key management personnel in the year.

26 Acquisition of subsidiary undertaking

On 9 August 2013, the Company acquired the whole of the issued share capital of Lewis Civil Engineering Ltd ("Lewis") for a consideration of £10.9m, of which £8.0m was paid in cash and £2.9m in deferred consideration. Immediately following the acquisition, the deferred consideration was satisfied by transferring non-cash assets to the value of £2.9m to the vendors.

The value of the assets and liabilities of Lewis at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets - goodwill	260	5,882	6,142
Intangible assets - other	—	2,209	2,209
Property, plant and equipment	5,616	—	5,616
Deferred tax assets	113	—	113
	5,989	8,091	14,080
Current assets			
Inventories	591	—	591
Trade and other receivables	4,063	—	4,063
Cash and cash equivalents	1,703	—	1,703
	6,357	—	6,357
Total assets	12,346	8,091	20,437
Non-current liabilities			
Obligations under finance leases	(1,511)	—	(1,511)
Deferred tax liabilities	—	(442)	(442)
	(1,511)	(442)	(1,953)
Current liabilities			
Borrowings	(188)	—	(188)
Trade and other payables	(6,105)	—	(6,105)
Obligations under finance leases	(992)	—	(992)
Current tax liabilities	(300)	—	(300)
	(7,585)	—	(7,585)
Total liabilities	(9,096)	(442)	(9,538)
Net assets	3,250	7,649	10,899

Fair value adjustments arising from the acquisition

In accordance with IFRS3, the Board will review the fair value of assets and liabilities using information available up to 12 months after the date of acquisition.

Goodwill impairment review
The Board has reviewed the goodwill arising on acquisition for impairment as required by IFRS3. No such impairment was identified.

The current year end of Lewis is 31 July and this will be changed to 30 September in due course to bring it into line with that of the Group. If the acquisition of Lewis had occurred on 1 October 2012, Group revenue would have been approximately £358m and profit for the year ended 30 September 2013 would have been approximately £9m.

Company balance sheet at 30 September

	Note	2013 £000	2012 £000
Fixed assets			
Tangible assets	E	659	668
Investments	F	69,560	79,191
		70,219	79,859
Current assets			
Stocks and work in progress	G	91	1,213
Debtors: due within one year	H	27,228	20,878
		27,319	22,091
Creditors: amounts falling due in less than one year	I	(60,719)	(72,191)
Net current liabilities		(33,400)	(50,100)
Total assets less current liabilities		36,819	29,759
Creditors: amounts falling due after more than one year	J	-	(2,500)
Net assets		36,819	27,259
Capital and reserves			
Share capital	L	6,140	5,990
Share premium account	M	5,893	5,893
Capital redemption reserve	M	3,896	3,896
Share based payments reserve	M	390	289
Profit and loss account	M	20,500	11,191
Equity shareholders' funds	N	36,819	27,259

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
26 November 2013

A Accounting policies

(i) Basis of accounting

The accounts have been prepared on the going concern basis and in accordance with UK applicable accounting standards under the historical cost convention. In determining that the going concern basis is appropriate the Directors have reviewed budgets, including cashflow forecasts, and concluded that Company has adequate cash resources to continue trading for the foreseeable future.

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

(ii) Investments in subsidiaries

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

(iii) 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:

Freehold land and buildings	– no depreciation charge
Long leasehold land and buildings	– shorter of fifty years and period of lease
Plant, vehicles & equipment	– three to ten years

(iv) Leasing commitments

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

(v) 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 either a Black Scholes or a Monte Carlo valuation model as was deemed appropriate by the Directors for the relevant options’ conditions. 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 Directors’ estimate of shares that will eventually vest.

(vi) 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; and

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.

(vii) 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. Exchange differences are taken to the profit and loss account.

(viii) Defined benefit pension scheme

The Company has adopted the requirements of FRS 17 “Retirement Benefits”. The Directors have determined that it is not possible to allocate the assets and liabilities of the scheme between the various Group companies. Accordingly the scheme is not accounted for in the Company’s balance sheet. However, any increase in the present value of liabilities within the defined benefit scheme expected to arise from employee service in the period is charged to operating profit in respect of the Company’s employees.

(ix) Defined contribution pension plans

Contributions to defined contribution pension plans are charged to the profit and loss account as incurred.

(x) Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

(xi) Stocks and work in progress

Stocks comprise land held for development 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.

B Profit and loss account

As permitted by Section 408 of the Companies Act 2006, 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 £11,226,000 (2012: £1,402,000).

The audit fee charged within the profit and loss account amounted to £51,000 (2012: £54,000).

C Employee numbers and remuneration

	2013 Number	2012 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	**26**	31
At 30 September:	**26**	30

Cost of staff, including Executive Directors, during the year amounted to:

	£000	£000
Wages and salaries	**1,940**	2,376
Social security costs	**254**	285
Other pension costs	**194**	131
Share based payments	**101**	6
	2,489	2,798

Directors' emoluments

	£000	£000
Aggregate emoluments	**1,114**	1,019
Highest paid Director: aggregate emoluments	**556**	510

Details of individual Directors' emoluments and pension contributions can be found in the Directors' Remuneration Report.

D Dividends

	2013 Pence/share	2012 Pence/share
Interim (related to the year ended 30 September 2013)	**1.10**	1.05
Final (related to the year ended 30 September 2012)	**2.10**	2.00
Total dividend paid	**3.20**	3.05

	£000	£000
Interim (related to the year ended 30 September 2013)	**658**	658
Final (related to the year ended 30 September 2012)	**1,259**	1,199
Total dividend paid	**1,917**	1,857

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 2.50p per Ordinary Share be paid in respect of the year ended 30 September 2013. This will be accounted for in the 2013/14 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles & equipment £000	Total £000
Cost:				
At 1 October 2012	701	75	311	1,087
Additions	—	—	3	3
At 30 September 2013	**701**	**75**	**314**	**1,090**
Depreciation:				
At 1 October 2012	37	75	307	419
Charge for year	10	—	2	12
At 30 September 2013	**47**	**75**	**309**	**431**
Net book value:				
At 30 September 2013	**654**	**—**	**5**	**659**
At 30 September 2012	664	—	4	668

F Investments

	Subsidiary undertakings £000
Shares at cost:	
At 1 October 2012	215,070
Additions	10,899
Disposals	(22,430)
At 30 September 2013	**203,539**
Provisions:	
At 1 October 2012	135,879
Provided during the year	(1,900)
At 30 September 2013	**133,979**
Net book value:	
At 30 September 2013	**69,560**
At 30 September 2012	79,191

On 9 August 2013, the Company acquired the whole of the issued share capital of Lewis Civil Engineering Ltd for a consideration of £10.9m.

During the year Britannia Construction Ltd and Walter Lilly & Co Ltd were transferred to a subsidiary undertaking at net book value.

During the year the Company reorganised its investments in subsidiary undertakings resulting in a net loss of £1,032,000.

Details of the principal subsidiary undertakings are included in Note R.

The investment in subsidiaries is supported by their net asset values and their discounted expected future cash flows.

G Stock and work in progress

	2013 £000	2012 £000
Undeveloped land	**91**	1,213

H Debtors

	2013 £000	2012 £000
Due within one year:		
Trade debtors	**42**	194
Due from subsidiary undertakings	**25,660**	19,561
Other debtors	**981**	412
Deferred tax	**24**	18
Prepayments and accrued income	**521**	693
	27,228	20,878

I Creditors: amounts falling due within one year

	2013 £000	2012 £000
Bank loans and overdrafts	**24,290**	22,641
Trade creditors	**519**	921
Other taxation and social security	**1,450**	546
Due to subsidiary undertakings	**28,806**	40,302
Other creditors	**546**	602
Accruals and deferred income	**5,108**	7,179
	60,719	72,191

J Creditors falling due after more than one year

	2013 £000	2012 £000
Bank loan	**—**	2,500
Bank loans and overdrafts repayable:		
Within one year	**24,290**	22,641
Within two to five years	**—**	2,500
	24,290	25,141

K Derivatives and other financial instruments

Currency exposures

The only exposure of the Company 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 unhedged portion of an inter-company loan. At 30 September 2013 the unhedged portion of the inter-company loan was $771,000 (2012: $270,000).

The Company's operations are denominated in sterling.

Fair value of financial assets and liabilities

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

L Share capital

	2013 £000	2012 £000
Allotted, called up and fully paid:		
61,403,668 (2012: 59,898,927) Ordinary Shares of 10p each	**6,140**	5,990

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year 1,504,741 Ordinary Shares were issued at par value following the exercise of options under the Unapproved element of the Renew Holdings plc Executive Share Option Scheme (2012: Nil).

Share options

Renew Holdings 2004 Executive Share Option Scheme

The Company 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 HMRC 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 ten years from the date of grant.

All options granted under the Unapproved element have vested and have been exercised.

Vesting of options is dependant on the achievement of certain performance criteria which are established by the Remuneration Committee at the point of grant. 114,280 of the options granted under the Approved element in the 2006 financial year have vested. These are the only remaining options outstanding under the scheme.

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 M.

Renew Holdings plc Long Term Incentive Plan

At the Annual General Meeting held on 25 January 2012 the shareholders approved a new long term incentive plan ("LTIP") which replaced the Renew Holdings plc 2004 Executive Share Option Scheme as the Directors believed that the LTIP was a more effective method of aligning executive and shareholder interests.

On 2 March 2012, the Company granted options to subscribe for 400,000 Ordinary Shares pursuant to the LTIP. On 20 December 2012 options to subscribe for a further 400,000 Ordinary Shares were granted.

The options are exercisable at a nominal cost from 2 March 2015 in respect of those granted on 2 March 2012 and from 20 December 2015 in respect of those granted on 20 December 2012, subject to the achievement of certain performance criteria.

Vesting of one half of the options is dependant on absolute growth in the Company's Total Shareholder Return ('TSR'), and the other half is dependant on the Company's TSR performance as compared to the TSR achieved by other companies in a comparator group of twelve companies selected by the Remuneration Committee. All TSR calculations are based on the average of the opening and closing share price over a thirty day period prior to the commencement and the end of the performance period.

The absolute TSR growth target requires the Company's TSR over the three year performance period to grow by more than 25%. For TSR growth between 25% and 100%, the half of the option which is subject to the absolute TSR growth target vests on a straight-line basis from nil vesting at 25% growth, to 100% vesting at 100% growth. There will be no vesting if TSR growth is 25% or less.

The comparator group TSR performance target measures the Company's TSR over the three year performance period against the TSR of a group of twelve companies selected by the Remuneration Committee. If the Company's TSR performance falls below the median performance of the comparator group then the options lapse forthwith. If the Company is ranked within the top decile of the comparator group the options shall vest in full. If the Company's TSR performance is ranked between the median position and the top decile of the comparator group then the options shall vest on a straight line basis from nil, at or below the median position, to 100% at the top decile.

M Reserves

	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Profit & loss account £000
At 1 October 2012	5,893	3,896	289	11,191
Transfer from profit and loss account for the year				11,226
Recognition of share based payments			101	
Dividends paid				(1,917)
At 30 September 2013	**5,893**	**3,896**	**390**	**20,500**

Share based payments reserve

FRS 20 "Share Based Payment" 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 Board's estimate of shares that will eventually vest.

Nil has been charged (2012: £30,000 credited) to administrative expenses.

1,504,741 options were exercised during the year (2012: Nil). 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 2013 were as follows:

Date of grant	7 June 2006
Awards outstanding at 30 September 2013	
- Directors	114,280
Exercise price and price at date of grant	52.5p
Maximum option life	10 years
Assumed option life for purposes of valuation	3 years
Expected volatility	47%
Dividend yield	1.0%
Risk free interest rate	4.67%
Value per option	20.5p

The outstanding options have vested in full but have not yet been exercised.

Renew Holdings plc Long Term Incentive Plan
Fair value has been independently measured by PricewaterhouseCoopers LLP using a Monte Carlo model methodology.

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 Board's estimate of shares that will eventually vest.

£101,000 has been charged (2012: £36,000) to administrative expenses. There is no impact on net assets since an equivalent amount has been credited to the share based payments reserve. No options were exercised during the year. The value per option represents the fair value of the option less the consideration payable.

The expected volatility has been calculated based on weekly historical volatility of the Company's share price over the three years prior to the date of grant. The risk free rate of return has been based on the yields available on three year UK government bonds as at the date of grant.

M Reserves continued

Options granted under the Renew Holdings plc Long Term Incentive Plan over the Company's Ordinary shares at 30 September 2013 were as follows:

Date of grant	2 March 2012	20 December 2012	Total
Awards outstanding at 30 September 2013			
- Directors	400,000	400,000	800,000
Exercise price	0.0p	0.0p	—
Price at date of grant	75.0p	87.0p	—
Maximum option life	10 years	10 years	—
Assumed option life for purposes of valuation	3 years	3 years	—
Expected volatility	46%	36%	—
Dividend yield	4.0%	3.6%	—
Risk free interest rate	0.43%	0.48%	—
Value per option	40.0p	30.0p	—

N Reconciliation of movements in equity shareholders' funds

	2013 £000	2012 £000
Profit for the year	11,226	1,402
Dividends paid	(1,917)	(1,827)
Issue of Ordinary Shares	150	—
Recognition of share based payments	101	6
At 1 October 2012	27,259	27,678
At 30 September 2013	36,819	27,259

O Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2013 £000	Total 2012 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	210	—	210	968
Two to five years	125	20	145	359
Five or more years	741	—	741	741
	1,076	20	1,096	2,068

The Company had no capital commitments at 30 September 2013 (2012: £nil).

P Contingent liabilities

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

Under the terms of the Group's banking agreement, security over the Company's assets has been granted to the Group's bankers.

The Company is a participant together with a number of subsidiary undertakings in the Group banking arrangements and as a result has risks associated with the financial status and performance of the other companies within the Group.

Q Defined contribution pension scheme

The Company operates a number of defined contribution pension schemes and individual stakeholder pension plans for its employees.

The Company made contributions of £194,000 (2012: £131,000) into these plans during the year. There are also £10,000 (2012: £10,000) of accruals relating to these plans.

R Principal subsidiary undertakings
Renew Holdings plc acts as the holding company of the Group. The principal activity of the Group during the year was as contractors in Engineering Services and Specialist Building.

The principal subsidiary undertakings are shown below.

		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Subsidiary undertakings			
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%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
Amalgamated Construction Ltd	Owned by subsidiary	England and Wales	100%
V.H.E. Construction Plc	Owned by Renew Holdings plc	England and Wales	100%
Shepley Engineers Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lewis Civil Engineering Ltd	Owned by Renew Holdings plc	England and Wales	100%
Lovell America, Inc	Owned by Renew Holdings plc	USA	100%

S Related parties
The Company has a related party relationship with its key management personnel who are the Main Board Directors: B W May, J Samuel, R J Harrison, J Bishop and D M Forbes, whose total compensation amounted to £1,114,000 all of which was represented by short-term employment benefits.

There were no other transactions with key management personnel in the year.

Directors, officers and advisors

Directors

R J Harrison OBE	(Non-executive Chairman)
B W May	(Chief Executive)
J Samuel FCA	(Group Finance Director)
J Bishop FCA	(Independent Non-executive)
D M Forbes	(Independent Non-executive)

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

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

Financial PR
Walbrook PR Ltd
4 Lombard Street
London
EC3V 9HD

Nominated advisor and broker
Numis Securities Limited
London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT

Company Secretary
J Samuel FCA

Company number
650447

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

Website address
www.renewholdings.com

Shareholder information

Annual General Meeting	29 January 2014
Results	Announcement of interim results – May 2014
	Preliminary announcement of full year results – November 2014

Dividend re-investment plan

For any shareholders who wish to re-invest dividend payments in the Company, a facility is provided by Capita Asset Services, a trading name of Capita IRG Trustees Ltd. Under this facility, cash dividends are used to purchase additional shares. Any shareholder requiring further information should contact Capita on 0871 664 0381 (calls cost 10p per minute plus any network extras from within the UK; lines are open from 9am to 5.30pm Monday to Friday). If calling from overseas +44(0)208 639 3402. Fax 0208 639 1023. Email shareholderenquiries@capita.co.uk or visit www.capitaassetservices.com.

Boiler room fraud

In recent years many companies have become aware that their shareholders have received unsolicited phone calls or correspondence concerning investment matters. These are typically from overseas based "brokers" who target UK shareholders, offering to sell them what turn out to be worthless or high risk shares in US or UK investments. These operations are commonly known as "boiler rooms". Shareholders are advised to be wary of any unsolicited advice, offers to buy shares at a discount or offers of free company reports.
If you receive any unsolicited investment advice:

- Check that they are properly authorised by the FCA by visiting www.fca.org.uk/register/
- Report the matter to the FCA by calling 0800 111 6768

If you deal with an unauthorised firm, you will not be eligible to receive payment under the Financial Services Compensation Scheme. The FCA can be contacted by completing an online form at www.fca.org.uk/scams. More detailed information on this or similar activity can be found on the FCA website www.fca.org.uk.

Amco
Whaley Road
Barugh
Barnsley
South Yorkshire
S75 1HT
Tel: 01226 243413

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

Seymour
30–34 Navigation Point
Hartlepool
TS24 0UQ
Tel: 01429 223 521

VHE
Whaley Road
Barugh
Barnsley
South Yorkshire
S75 1HT
Tel: 01226 320150

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

Lewis Civil Engineering
Mwyndy Cross Industries
Cardiff Road
Pontyclun
Rhondda Cynon Taff
CF72 8PN
Tel: 01443 449200

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

Allenbuild (South East)
Unecol House
819 London Road
North Cheam
Surrey
SM3 9BN
Tel: 020 8335 4800

Renew Holdings plc
Yew Trees
Main Street North
Aberford
Leeds
LS25 3AA
tel: 0113 281 4200
fax: 0113 281 4210
web: www.renewholdings.com

Company Number: 650447
Registered in England & Wales

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