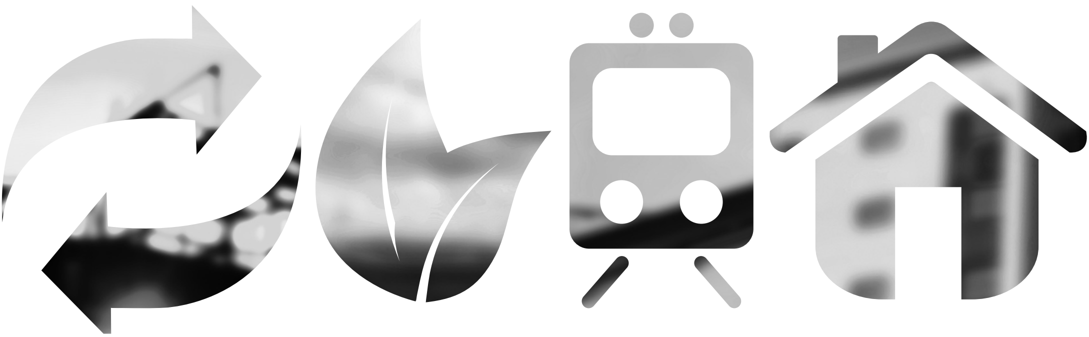
Delivering Engineering Services to UK Infrastructure



renew

Renew Holdings plc Interim Report and Accounts 2012

Delivering Engineering Services to UK Infrastructure

Contents

Chairman's statement

The first half of 2012 has seen record interim results with the Group achieving growth in revenue, operating profit and operating margin. Group operating profit, prior to amortisation and exceptional charges, more than doubled to £4.7m in the period (2011: £2.2m), on revenue up 18% to £183.7m (2011: £155.5m). Operating margin grew by 79% to 2.5% (2011: 1.4%). Adjusted earnings per share grew by 75% to 5.45p (2011: 3.11p).

The Board is increasing the interim dividend by 5% to 1.05p per share (2011: 1.00p) which will be paid on 9 July 2012 to shareholders on the register at 8 June 2012.

The Group's cash balance was £3.1m (2011: £4.7m) with net debt reduced to £6.9m (2011: £10.3m). The Board expects to reduce net debt further in the second half of the financial year.

Renew's established strategy is to grow its Engineering Services activities both organically and with selective acquisitions. The acquisition of Amco in February 2011 has contributed to an increase in Engineering Services revenue of almost 50% to £106.5m (2011: £71.3m) which now accounts for 58% of Group revenue (2011: 46%) and 82% (2011: 72%) of operating profits, prior to central costs. Amco continues to deliver financial performance in line with our expectations at the time of the acquisition.

The Group's order book at 31 March 2012 was £304m (2011: £334m). The reduction from one year ago is due to the Group's decision to exit from non-specialist building activities in the North. Our Specialist Building business is now concentrated on target markets in the South where we have both an established market position and expertise. The Engineering Services order book is 40% higher than one year ago at £229m (2011: £164m). In the last six months, the Group has increased its number of framework agreements by 20% to 75. Of these, 62 are in Engineering Services, with 43 of those being non-discretionary in nature. The value of potential future work which may arise from our 32 project frameworks is not included in the order book. The Group's revenue is fully secured for the remainder of the financial year.

The UK's infrastructure is supported by essential ongoing programmes of non-discretionary maintenance and enhancement, many underpinned by regulatory requirements. Renew's focus on these programmes in its target Engineering Services markets of Energy, Environmental and Infrastructure reinforces the Group's resilience in the current difficult economic climate. The Board remains confident that Renew's robust market position will enable operating profit to continue to improve, driven by growth in both revenue and margin.

R J Harrison OBE
Chairman
22 May 2012

Chief Executive's review

The Group has continued to grow its provision of Engineering Services which maintain and develop critical areas of UK infrastructure in the Energy, Environmental and Infrastructure markets and has increased both revenue and profitability. These Engineering Services are delivered by our multidisciplinary workforce employed by our strong local and independently branded operating businesses.

Our Specialist Building activities are concentrated on established, resilient and sustainable markets in the South and the Group has also increased profitability and improved operating margins in this business segment.

Engineering Services

Renew targets markets where non-discretionary spending is driven mainly by regulatory requirements giving good visibility of work and security of funding. During the first half of the year, Engineering Services revenue was £106.5m (2011: £71.3m), an increase of 49%. Operating profit increased by 88% to £4.5m (2011: £2.4m) with the operating margin up 24% at 4.2% (2011: 3.4%).

The Engineering Services order book at 31 March 2012 increased by 40% to £229m (2011: £164m) compared to one year ago and by 28% compared to 30 September 2011. Engineering Services represents 75% of the Group's order book with 61% generated through non-discretionary frameworks. The order book beyond the current financial year is over £120m which provides strong visibility of future revenue.

Energy

Renew operates nationally across the nuclear, gas, coal, wind, hydro and biomass energy generation sectors. Work is accessed mainly under the Group's 25 framework agreements, 18 of which are for non-discretionary engineering maintenance works.

Renew remains the largest mechanical and electrical contractor at Sellafield, where over 50% of the Nuclear Decommissioning Authority's annual budget of £3bn is deployed. Demand has increased in a number of areas at the site where work is delivered principally through 7 framework agreements including the Multi Discipline Site Wide framework, the Decommissioning framework and a number of service and spares support agreements.

In addition to these long standing arrangements, we have recently secured appointments to a number of new frameworks:

- The Sellafield Retrievals and Decommissioning framework provides multidisciplinary support to decommissioning operations.
- The Bulk Sludge Retrieval framework is associated with the high hazard reduction programme with revenue expected to be around £26m over 4 years.
- The Site Wide Asset Care contract is a 4 year agreement under which we provide a broad range of mechanical and electrical support services.
- The National Nuclear Laboratory 3 year framework for ME&I site services at Sellafield was confirmed earlier this year and work has now commenced.

On the major project programmes at Sellafield, work is ongoing on the Evaporator D, Encapsulated Product Store and Separation Area Ventilation schemes. Successfully completed projects include the Receipt and Storage facility, a critical project for Sellafield Ltd.

Additionally, the Group undertakes work currently at 8 other nuclear licenced sites across the UK. At Springfields, good progress is being made on a major decommissioning project. The framework contract for Magnox at Wylfa has been successfully renewed for a further 3 years. We also continue to support the consortia involved in the nuclear new build programme.

Long term maintenance and refurbishment works are undertaken at traditional and renewable energy sites across the UK. In renewables, a number of opportunities have been identified and we have been appointed to 2 hydroelectric generation framework agreements with Scottish Water and Welsh Water where design works are underway.

Environmental

Our operations in the Environmental sector are underpinned by 22 framework agreements.

In Water, we have 6 frameworks with Northumbrian Water. We continue to undertake schemes through our longstanding wastewater project framework and contracts at Kilton Beck and Longbenton have been successfully completed in the period. We are seeing increased workload from our 5 non-discretionary maintenance frameworks which cover sewer maintenance, strategic water mains maintenance and trunk mains cleansing.

In Land Remediation, we were reappointed to National Grid's frameworks for gasworks remediation on a national basis. These frameworks are for an initial period of 3 years with an option to extend for a further 2 years. They have an anticipated spend of more than £30m per annum and comprise both of the design and build frameworks, North and South, along with a nationwide small works framework.

Our work for the Environment Agency continues through 7 minor works and river maintenance framework agreements including 2 new appointments in the South East, providing civil, mechanical and electrical services. We were also recently appointed to the Environment Agency's National Contaminated Land Remediation Contractors framework.

Our ongoing maintenance works continue for Cleveland Potash and a new framework agreement for service provision has extended our long standing relationship with this client for whom we are also currently carrying out a major shaft repair project.

Infrastructure

The Group continues to provide civil, mechanical and electrical engineering services across the UK rail network through 11 framework agreements. Our focus is on infrastructure renewal, enhancements and maintenance and Amco is a leading provider of engineering maintenance works nationally to Network Rail.

In the period, works have been undertaken for Network Rail on the Building and Civils Delivery Partnership frameworks and the National Electrification & Plant framework. Our asset management frameworks with Network Rail have been renewed for a further 3 year period with 2 year extension options. In addition, we have secured a new framework appointment for Asset Management in Scotland.

Projects completed in the period for Network Rail include major repair works at the Ore Tunnel near Hastings, utilising Amco's market leading expertise in tunnel refurbishment.

Specialist Building

Specialist Building activity continues in the South where work is focused on New Build Social Housing, High Quality Residential and Retail markets which provide ongoing sustainable opportunities. Specialist Building revenue was £76.8m (2011: £83.1m) with an operating profit of £1.0m (2011: £0.9m) at an improved margin of 1.3% (2011: 1.1%). The forward order book stood at £75m (2011: £170m).

In New Build Social Housing, opportunities remain strong in the South East where the Group has 13 frameworks with a number of leading housing associations. Recent awards include projects for Notting Hill Home Ownership, The Peabody Trust and London & Quadrant Housing Association.

High Quality Residential work is undertaken in London and the surrounding counties most of which requires the provision of technically challenging temporary engineering works. Major projects in Mayfair and Belgravia have been successfully completed in the period. Opportunity levels remain good with awards recently received for projects in Wentworth, Wimbledon and Chelsea.

In Retail, we continue to carry out projects for longstanding clients Tesco and Cine-UK. In addition, further work has been secured for new clients including Odeon Cinemas.

Strategy

The Group's growth strategy is to increase revenue in Engineering Services and concentrate activities on the renewal, refurbishment and maintenance of operational assets in markets with strong regulatory drivers which provide good visibility of sustainable earnings. We continue to explore opportunities to increase the skills and expertise of the Group in Engineering Services through acquisitions with attractive and sustainable margins.

B. W. May

Brian May
Chief Executive
22 May 2012

Group income statement

for the six months ended 31 March 2012

	Note	Before exceptional items and amortisation of intangible assets 2012 Unaudited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2012 Unaudited £000	Six months ended 31 March 2012 Unaudited £000	Six months ended 31 March *2011 Unaudited £000	Before exceptional items and amortisation of intangible assets 2011 Audited £000	Exceptional items and amortisation of intangible assets (see Note 3) 2011 Audited £000	Year ended 30 September 2011 Audited £000
Group revenue from continuing activities	2	**183,709**	**—**	**183,709**	155,477	356,667	—	356,667
Cost of sales		**(162,482)**	**—**	**(162,482)**	(137,762)	(322,679)	—	(322,679)
Gross profit		**21,227**	**—**	**21,227**	17,715	33,988	—	33,988
Administrative expenses		**(16,570)**	**(250)**	**(16,820)**	(17,174)	(26,187)	(5,651)	(31,838)
Operating profit	2	**4,657**	**(250)**	**4,407**	541	7,801	(5,651)	2,150
Finance income		**35**	**—**	**35**	114	167	—	167
Finance costs		**(307)**	**—**	**(307)**	(99)	(387)	—	(387)
Other finance income – defined benefit pension schemes		**59**	**—**	**59**	23	530	—	530
Profit before income tax	2	**4,444**	**(250)**	**4,194**	579	8,111	(5,651)	2,460
Income tax expense	4	**(1,180)**	**63**	**(1,117)**	(280)	(2,375)	1,220	(1,155)
Profit for the period attributable to equity holders of the parent company		**3,264**	**(187)**	**3,077**	299	5,736	(4,431)	1,305
Basic earnings per share	5			**5.14p**	0.50p			2.18p
Diluted earnings per share	5			**4.95p**	0.48p			2.10p
Proposed dividend	6			**1.05p**	1.00p			2.00p

* Operating profit for the six months ended 31 March 2011 is after charging £1,547,000 exceptional costs and £154,000 of amortisation cost. (See Note 3)

Group statement of comprehensive income

for the six months ended 31 March 2012

	Six months ended 31 March		Year ended 30 September
	2012 Unaudited £000	2011 Unaudited £000	2011 Audited £000
Profit for the period attributable to equity holders of the parent company	**3,077**	299	1,305
Exchange movement in reserves	**(317)**	(200)	123
Movements in actuarial deficit	**—**	—	(5,265)
Movement on deferred tax relating to the defined benefit pension schemes	**—**	—	1,382
Total comprehensive income for the period attributable to equity holders of the parent company	**2,760**	99	(2,455)

Group statement of changes in equity

for the six months ended 31 March 2012

	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 Unaudited £000
At 1 October 2010	5,990	5,893	3,896	1,059	217	(3,893)	13,162
Transfer from income statement for the period						299	299
Dividends paid						(1,196)	(1,196)
Recognition of share based payments					36		36
Exchange differences				(200)			(200)
At 31 March 2011	5,990	5,893	3,896	859	253	(4,790)	12,101
Transfer from income statement for the period						1,006	1,006
Dividends paid						(601)	(601)
Recognition of share based payments					30		30
Exchange differences				323			323
Actuarial losses recognised in pension schemes						(5,265)	(5,265)
Movement on deferred tax relating to the pension schemes						1,382	1,382
At 30 September 2011	5,990	5,893	3,896	1,182	283	(8,268)	8,976
Transfer from income statement for the period						3,077	3,077
Dividends paid						(1,196)	(1,196)
Recognition of share based payments					(10)		(10)
Exchange differences				(317)			(317)
At 31 March 2012	**5,990**	**5,893**	**3,896**	**865**	**273**	**(6,387)**	**10,530**

Group balance sheet

at 31 March 2012

	31 March 2012 Unaudited £000	31 March 2011 (Restated*) Unaudited £000	30 September 2011 (Restated*) Audited £000
Non-current assets			
Intangible assets – goodwill	**27,727**	27,727	27,727
– other	**2,500**	3,000	2,750
Property, plant and equipment	**4,567**	4,817	4,805
Retirement benefit assets	**2,925**	3,284	1,089
Deferred tax assets	**2,909**	3,547	3,069
	40,628	42,375	39,440
Current assets			
Inventories	**8,744**	8,464	8,918
Trade and other receivables	**86,912**	94,814	84,901
Current tax assets	**906**	295	906
Cash and cash equivalents	**3,063**	4,670	5,688
	99,625	108,243	100,413
Total assets	**140,253**	150,618	139,853
Non-current liabilities			
Borrowings	**(5,000)**	(10,000)	(7,500)
Obligations under finance leases	**(345)**	(246)	(369)
Retirement benefit obligations	**(119)**	—	(119)
Deferred tax liabilities	**(1,469)**	(1,581)	(1,091)
Provisions	**(566)**	(424)	(566)
	(7,499)	(12,251)	(9,645)
Current liabilities			
Borrowings	**(5,000)**	(5,000)	(5,000)
Trade and other payables	**(115,862)**	(119,916)	(115,544)
Obligations under finance leases	**(386)**	(125)	(291)
Current tax liabilities	**(810)**	(217)	(231)
Provisions	**(166)**	(1,008)	(166)
	(122,224)	(126,266)	(121,232)
Total liabilities	**(129,723)**	(138,517)	(130,877)
Net assets	**10,530**	12,101	8,976
Share capital	**5,990**	5,990	5,990
Share premium account	**5,893**	5,893	5,893
Capital redemption reserve	**3,896**	3,896	3,896
Cumulative translation adjustment	**865**	859	1,182
Share based payments reserve	**273**	253	283
Retained earnings	**(6,387)**	(4,790)	(8,268)
Total equity	**10,530**	12,101	8,976

* Details of the restated balance sheets are set out in Note 7.

Group cashflow statement

for the six months ended 31 March 2012

	Six months ended 31 March 2012 Unaudited £000	Six months ended 31 March 2011 Unaudited £000	Year ended 30 September 2011 Audited £000
Profit for the period	**3,077**	299	1,305
Amortisation of intangible assets	**250**	154	404
Depreciation	**530**	527	1,159
(Profit)/loss on sale of property, plant and equipment	**(98)**	25	(25)
Increase in inventories	**(48)**	(16)	(244)
(Increase)/decrease in receivables	**(2,151)**	(1,958)	8,100
Increase/(decrease) in payables	**398**	5,064	(41)
Current service cost in respect of defined benefit pension schemes	**28**	38	56
Cash contribution to defined benefit schemes	**(1,836)**	(1,562)	(4,039)
(Credit)/expense in respect of share options	**(10)**	36	66
Financial income	**(94)**	(137)	(697)
Financial expenses	**307**	99	387
Interest paid	**(307)**	(99)	(387)
Income taxes paid	**—**	(417)	(523)
Income tax expense	**1,117**	280	1,155
Net cash inflow from operating activities	**1,163**	2,333	6,676
Investing activities			
Interest received	**35**	114	167
Proceeds on disposal of property, plant and equipment	**139**	1,689	1,782
Purchases of property, plant and equipment	**(333)**	(186)	(849)
Acquisition of subsidiary net of cash acquired	**—**	(29,319)	(29,319)
Net cash outflow from investing activities	**(159)**	(27,702)	(28,219)
Financing activities			
Dividends paid	**(1,196)**	(1,196)	(1,797)
New loan	**—**	15,000	15,000
Loan repayments	**(2,500)**	—	(2,500)
Inception of new leases	**240**	—	396
Repayment of obligations under finance leases	**(169)**	(8)	(115)
Net cash (outflow)/inflow from financing activities	**(3,625)**	13,796	10,984
Net decrease in cash and cash equivalents	**(2,621)**	(11,573)	(10,559)
Cash and cash equivalents at beginning of the period	**5,688**	16,245	16,245
Effect of foreign exchange rate changes	**(4)**	(2)	2
Cash and cash equivalents at end of period	**3,063**	4,670	5,688
Bank balances and cash	**3,063**	4,670	5,688

Notes to the accounts

1. Basis of preparation

(a) This consolidated interim financial report for the six months ended 31 March 2012 and the equivalent period in 2011 have not been audited or reviewed by the Group's auditor. They do not comprise statutory accounts within the meaning of Section 435 of the Companies Act 2006. They have been prepared under the historical cost convention and on a going concern basis in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. This interim financial report does not comply with IAS 34 "Interim Financial Reporting", which is not currently required to be applied for AIM companies. This interim report was approved by the Directors on 22 May 2012.

(b) The accounts for the year ended 30 September 2011 were prepared under IFRS and have been delivered to the Registrar of Companies. The report of the auditor on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Section 498(2) or (3) of the Companies Act 2006. In this report, the comparative figures for the year ended 30 September 2011 have been audited. The comparative figures for the period ended 31 March 2011 are unaudited.

(c) For the year ending 30 September 2012, there are no new accounting standards which have been adopted by the EU, applied or implemented for this interim financial report.

(d) The Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

(e) The balance sheets at 31 March 2011 and 30 September 2011 have been restated to reflect hindsight adjustments relating to the acquisition made in the year ended 30 September 2011. These adjustments affect retirement benefit assets, accruals, current tax assets, deferred tax and goodwill.

This interim statement is being sent to all shareholders and is also available upon request from the Company Secretary, Renew Holdings plc, Yew Trees, Main Street North, Aberford, West Yorkshire LS25 3AA, or via the website www.renewholdings.com.

2. Segmental analysis

Operating segments have been identified based on the internal reporting information provided to the Group's Chief Operating Decision Maker. From such information, Engineering Services and Specialist Building have been determined to represent operating segments.

	Six months ended 31 March 2012 Unaudited £000	Six months ended 31 March 2011 Unaudited £000	Year ended 30 September 2011 Audited £000
Revenue is analysed as follows:			
Engineering Services	**106,549**	71,338	176,715
Specialist Building	**76,751**	83,079	178,902
Inter segment revenue	**(11)**	(60)	(61)
Segment revenue	**183,289**	154,357	355,556
Central activities	**420**	1,120	1,111
Group revenue from continuing operations	**183,709**	155,477	356,667

	Before exceptional items and amortisation of intangible assets 2012 Unaudited £000	Exceptional items and amortisation of intangible assets 2012 Unaudited £000	Six months ended 31 March 2012 Unaudited £000	Six months ended 31 March *2011 Unaudited £000	Before exceptional items and amortisation of intangible assets 2011 Audited £000	Exceptional items and amortisation of intangible assets 2011 Audited £000	Year ended 30 September 2011 Audited £000
Analysis of operating profit							
Engineering Services	**4,495**	**—**	**4,495**	2,397	7,401	(482)	6,919
Specialist Building	**985**	**—**	**985**	938	1,907	(3,332)	(1,425)
Segment operating profit	**5,480**	**—**	**5,480**	3,335	9,308	(3,814)	5,494
Central activities	**(823)**	**(250)**	**(1,073)**	(2,794)	(1,507)	(1,837)	(3,344)
Operating profit	**4,657**	**(250)**	**4,407**	541	7,801	(5,651)	2,150
Net financing income	**(213)**	**—**	**(213)**	38	310	—	310
Profit before income tax	**4,444**	**(250)**	**4,194**	579	8,111	(5,651)	2,460

* Operating profit for the six months ended 31 March 2011 is after charging £1,547,000 exceptional costs and £154,000 of amortisation cost.

3. Exceptional items and amortisation of intangible assets

	Six months ended 31 March 2012 Unaudited £000	Six months ended 31 March 2011 Unaudited £000	Year ended 30 September 2011 Audited £000
Redundancy and restructuring costs	**—**	—	3,680
Amco acquisition costs	**—**	1,347	1,357
Additional provision in respect of OFT fine	**—**	200	200
Legal fees in connection with OFT fine	**—**	—	10
Total exceptional items	**—**	1,547	5,247
Amortisation of intangible assets	**250**	154	404
	250	1,701	5,651

4. Income tax expense

	Six months ended 31 March 2012 Unaudited £000	Six months ended 31 March 2011 Unaudited £000	Year ended 30 September 2011 Audited £000
Current tax:			
UK corporation tax on profits for the period	**(579)**	(75)	—
Adjustments in respect of previous periods	**—**	—	417
Total current tax	**(579)**	(75)	417
Deferred tax	**(538)**	(205)	(1,572)
Income tax expense	**(1,117)**	(280)	(1,155)

5. Earnings per share

	Six months ended 31 March						Year ended 30 September		
	2012 Unaudited			2011 Unaudited			2011 Audited		
	Earnings £000	**EPS Pence**	**DEPS Pence**	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional costs and amortisation	**3,264**	**5.45**	**5.25**	1,865	3.11	2.97	5,736	9.58	9.24
Exceptional costs and amortisation	**(187)**	**(0.31)**	**(0.30)**	(1,566)	(2.61)	(2.49)	(4,431)	(7.40)	(7.14)
Basic earnings per share	**3,077**	**5.14**	**4.95**	299	0.50	0.48	1,305	2.18	2.10
Weighted average number of shares		**59,899**	**62,127**		59,899	62,803		59,899	62,093

The dilutive effect of share options is to increase the number of shares by 2,228,000 (March 2011: 2,904,000; September 2011: 2,194,000) and reduce basic earnings per share by 0.19p (March 2011: 0.02p; September 2011: 0.08p).

6. Dividends

The proposed interim dividend is 1.05p per share (2011: 1.00p). This will be paid out of the Company's available distributable reserves to shareholders on the register on 8 June 2012, payable on 9 July 2012. In accordance with IAS 1, dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the income statement.

7. Acquisition of subsidiary

On 23 February 2011, the Company acquired the whole of the issued share capital of Amco Group Holdings Limited ("Amco") for a consideration of £27.1m, of which £20.9m was paid in cash and £6.2m in deferred consideration.

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

	Book value £000	Adjustments £000	Fair value as reported at 31 March 2011 £000	Hindsight adjustments £000	Fair value as restated at 31 March 2011 £000
Non-current assets					
Intangible assets – goodwill	—	15,247	15,247	2,922	18,169
Intangible assets – other	—	3,000	3,000	—	3,000
Property, plant and equipment	1,571	611	2,182	—	2,182
Retirement benefit assets	2,628	—	2,628	(1,966)	662
Deferred tax assets	212	52	264	—	264
	4,411	18,910	23,321	956	24,277
Current assets					
Inventories	10	—	10	—	10
Trade and other receivables	22,945	—	22,945	—	22,945
Current tax assets	—	—	—	260	260
	22,955	—	22,955	260	23,215
Total assets	27,366	18,910	46,276	1,216	47,492
Non-current liabilities					
Obligations under finance leases	(248)	—	(248)	—	(248)
Deferred tax liabilities	(736)	—	(736)	(216)	(952)
	(984)	—	(984)	(216)	(1,200)
Current liabilities					
Borrowings	(2,266)	—	(2,266)	—	(2,266)
Trade and other payables	(15,561)	(201)	(15,762)	(1,000)	(16,762)
Obligations under finance leases	(125)	—	(125)	—	(125)
Current tax liabilities	(86)	—	(86)	—	(86)
	(18,038)	(201)	(18,239)	(1,000)	(19,239)
Total liabilities	(19,022)	(201)	(19,223)	(1,216)	(20,439)
Net assets	8,344	18,709	27,053	—	27,053

Fair value adjustments arising from the acquisition

In accordance with IFRS 3, the Board has reviewed the fair value of assets and liabilities using information available up to 12 months after the date of acquisition.

Retirement benefit assets

The Directors have reviewed the actuarial assumptions adopted by the previous Board of Amco and decided to adjust the assumptions used to value pension scheme liabilities. Additionally, more reliable estimates of the mortality characteristics of the scheme's membership have been adopted. These assumptions were set out in Note 24 of the Renew Holdings plc Annual Report 2011. The impact of this review has been to increase goodwill and reduce the carrying value of the retirement benefit assets by £2.2m after accounting for deferred tax. These adjustments have required the restatement of the Group balance sheet as at 31 March 2011.

Accruals

The Directors have reviewed the expected financial outcome in respect of contracts subsisting at the date of the acquisition and have accrued an additional £1.0m in respect of additional costs on one contract. The effect of this is to increase goodwill, accruals and current tax assets by a net £0.7m. These adjustments have required the restatement of the Group balance sheets as at 31 March 2011 and 30 September 2011.

Goodwill impairment review

The Board has also reviewed the goodwill arising on acquisition for impairment as required by IFRS 3. No such impairment has been identified.

Directors, officers and advisors

Directors

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

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