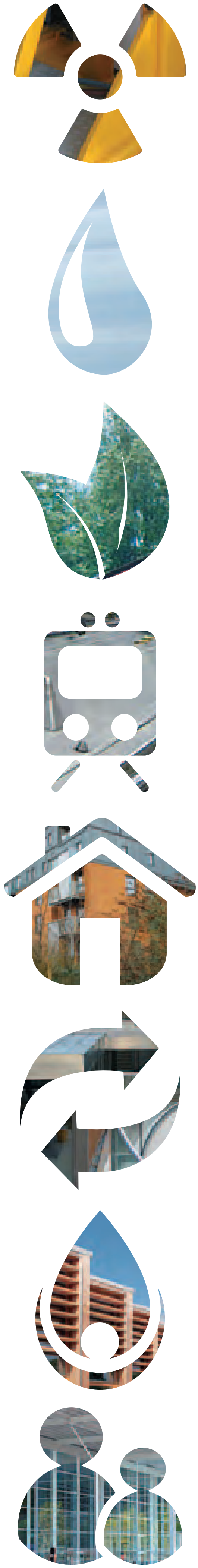


Delivering specialist engineering and construction services

renew

Corporate statement

We deliver specialist engineering and construction services through our branded businesses which operate in robust and sustainable markets

Turn over to find out more about our operations

Our specialist markets

Renew comprises a range of businesses operating in selected markets, where regional knowledge and specialist expertise sets us apart.

Find out more about our operations at **www.renewholdings.com**

1347
Employees

10
Regional offices

Specialist Engineering

Nuclear

Specialist Engineering within the nuclear sector is delivered through Shepley Engineers, a major mechanical, electrical and decommissioning contractor and its subsidiary businesses West Cumberland Engineering, PPS Electrical and Mothersill Engineering. Our integrated business model is unique in this sector and now provides a multidisciplined solution in line with the procurement strategies adopted by our key clients.

Read more on **page 14**

Water

Our activities in the water industry are principally supplied through Seymour Civil Engineers and its subsidiary C&A Pumps. Our businesses have extensive expertise in water infrastructure development and maintenance, flood alleviation, sea defences and land reclamation. Additionally we provide specialist services in mechanical and electrical installations, maintenance and pump sales and service.

Read more on **page 16**

Land remediation

Operating throughout the UK, the Group has had significant experience in brownfield development and contaminated land management since 1979. This expertise is principally delivered through VHE Construction, a civil engineering business with specialist land remediation skills. VHE utilises in-house designed and developed solutions which apply innovative and sustainable services such as specialist biophysical treatment, soil washing, solidification and stabilisation.

Read more on **page 18**

Rail

The Group has been active in the rail sector for more than 25 years. Subsidiary company, YJLi, has carried out construction and engineering works on every station and train depot on the London Underground network as well as many mainline rail stations and depots.

Read more on **page 20**

Specialist Building

Social housing

Specialist Building in the social housing sector is primarily delivered through our Allenbuild business in the South East of England. Traditional, design and build and partnering on mainly new build projects in the public sector form a large portion of the work undertaken.

Read more on **page 22**

High quality residential

Walter Lilly continues to lead in the restoration and refurbishment of high quality and prestigious residential properties in and around London and has particular expertise in the transformation of historic and listed buildings. Walter Lilly is experienced in the provision of substantial temporary works which proves invaluable for the complex nature and locations of a large number of their projects.

Read more on **page 24**

Science and education

A number of businesses in the Renew Group specialise in the science and education sectors delivering a range of projects nationwide. 2010 saw the award and commencement of the Kirklees College Waterfront Campus project in Huddersfield. The £45m project which is due for completion in July 2012 includes substantial engineering works.

Read more on **page 26**

Retail

A number of businesses in the Group have extensive experience in the retail sector. Work has been undertaken on a number of mixed use developments and retail stores during the year.

Read more on **page 28**

Highlights

- Specialist Engineering now accounts for 44% of Group revenue
- Group's order book at 30 September increased by 50% to £304m (2009: £202m)
- 87% of orders received were in specialist sectors
- 63% of Specialist Engineering forward orders are in regulated sectors
- 70% of 2011 planned revenue secured
- Cash increased by 11% to £16.2m (2009: £14.6m)

Read our financial results in full on **page 45**

Revenue:
£290.4m
(2009: £316.6m)

Profit before income tax*:
£4.6m
(2009: £5.5m)
*Prior to exceptional items and amortisation charges

Full year dividend:
3.0p
(2009: 3.0p)

Net cash balance:
£16.2m
(2009: £14.6m)

Order book:
£304m
(2009: £202m)

In this report

Our performance

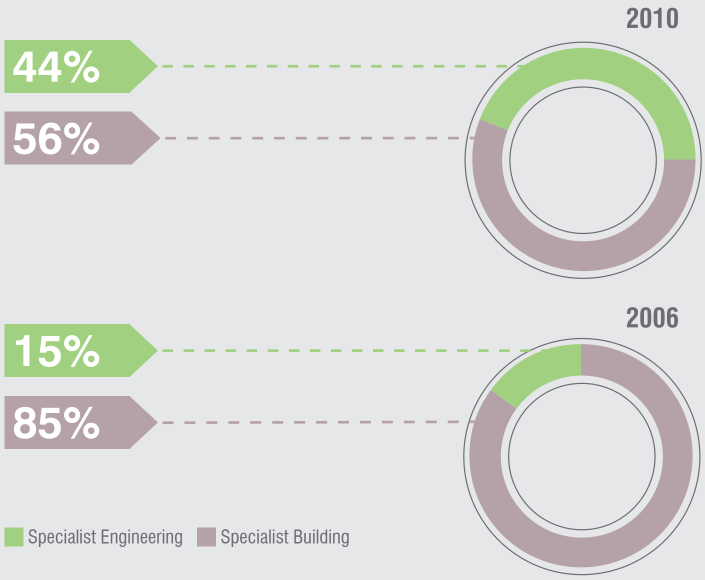
A resilient performance

Renew enters the new financial year with a strong, contracted order book, a debt free balance sheet and substantial cash resources providing a resilient platform from which to grow in 2011 and beyond.

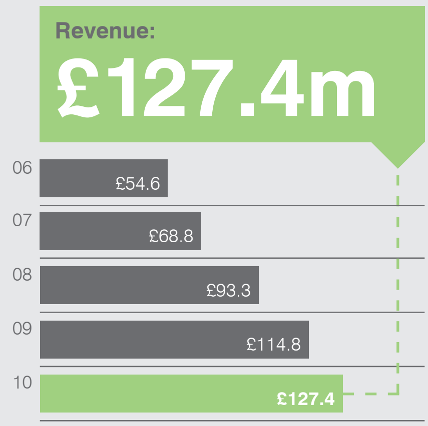
A position of strength

Of the Group's £304m contracted order book, 87% is in our specialist sectors.

Balance of Group revenue



Specialist Engineering



Specialist Building

Orders in projects with funding from private sources:

75%

Read more in the specialist engineering review on **page 14**

Percentage of Group revenue:

44%

(2009: 36%)

Operating profit*:

£4.2m

(2009: £4.0m)

*Prior to exceptional items and amortisation charges

What we've achieved

- Specialist Engineering revenue increased by 11%
- 44% of Group revenue in Specialist Engineering
- Specialist Engineering margins within target range at 3.3%
- Specialist Engineering 69% of Group construction operating profits
- 63% of Specialist Engineering orders in regulated sectors

What's next

- Engineering to be at least 50% of Group revenue in 2012
- Expand Specialist Engineering activities both organically and by acquisition
- Complete a suitable, complementary acquisition of a specialist engineering business operating in a stable market in regulated industries
- Develop current position in long term sustainable sectors with regulatory drivers and non discretionary spend characteristics

Read more in the specialist building review on **page 22**

Social housing 2011 and 2012 revenue secured:

100%

High quality residential 2011 revenue secured:

75%

What we've achieved

- Specialist Building margins stabilised at 1.1%
- Operating profit prior to exceptional items and amortisation charges of £1.8m
- Strong forward order book
- £94m of orders received in the year for our social housing business
- Business appropriately sized for current market conditions

What's next

- Limited impact of Comprehensive Spending Review with 75% of orders with private funding
- Continue to selectively access opportunities in targeted markets where we have knowledge and experience both of our client and of similar projects
- Maintain profitability of at least 1%
- Work towards target of 2% profitability as and when markets improve

Chairman's statement

"It is our well established strategy to move the balance of Group revenue to Specialist Engineering, which now accounts for 44% compared with 15% four years ago. This strategy remains valid with both revenue and profit from Specialist Engineering having increased annually over the past four years."

R J Harrison OBE Chairman

Introduction
In what has been a further period of economic challenges, I am pleased to report satisfactory operating results for the year in line with expectations.

It is our well established strategy to move the balance of Group revenue to Specialist Engineering, which now accounts for 44% compared with 15% four years ago. This strategy remains valid with both revenue and profit from Specialist Engineering having increased annually over the past four years.

Results
Group revenue for the year ended 30 September 2010 was £290.4m (2009: £316.6m). Profit before income tax for the year prior to exceptional items and amortisation charges was £4.6m (2009: £5.5m). Profit after tax, exceptional items and amortisation charges was £2.7m (2009: £0.4m).

The Group remains debt free and at 30 September 2010 the Group's net cash position was £16.2m (2009: £14.6m).

Specialist Engineering revenue increased by 11% to £127.4m (2009: £114.8m) and operating profit prior to exceptional items and amortisation charges increased by 4% to £4.2m (2009: £4.0m).

In Specialist Building revenue reduced in the year to £163.1m (2009: £202.4m) with operating profit prior to exceptional items and amortisation charges of £1.8m (2009: £2.5m).

The Group's contracted order book at 30 September 2010 increased by 50% to £304m (2009: £202m) and includes 70% of revenue secured for 2011 (2009: 59%). 87% of orders received were in our specialist sectors with 63% of engineering orders in regulated sectors.

Office of Fair Trading Investigation
The result of our appeal remains outstanding and during the year an exceptional charge of £0.3m has been incurred in respect of legal costs.

Dividend
The Board is proposing to maintain the final dividend at 2.0p per share. This will provide an annual dividend of 3.0p (2009: 3.0p). The dividend will be paid on 24 February 2011 to shareholders on the register as at 28 January 2011.

Strategy
Our strategy remains to focus on two distinct business streams, Specialist Engineering and Specialist Building, progressively moving the balance of Group revenue towards Specialist Engineering. Our aim is to increase revenue in Specialist Engineering both organically and by acquisition, whilst maintaining operating margins of 3% to 4%. In Specialist Building we aim to maintain profitability of at least 1% at the operating level with a longer term target of 2% as and when markets improve.

Our strategy

To develop a Specialist Engineering and Construction services business through:

Expanding **Specialist Engineering** both organically and by acquisition whilst maintaining operating margins in the target range of 3% to 4% (2010: 3.3%).

Selectively accessing **Specialist Building** opportunities whilst maintaining profitability of at least 1% with a target of 2% as and when markets improve (2010: 1.1%).

Delivering Group margins in excess of 2% with **Specialist Engineering** being 50% of Group revenue by 2012.

In Specialist Engineering, the Group seeks to exploit its specialist skills in a range of industries which offer sustainable earnings opportunities and have high barriers to entry.

In Specialist Building, our focus will remain on selectively accessing opportunities in targeted markets where we have knowledge and experience both of our client and of similar projects.

These operational strategies combine to reduce risk and to enhance quality of earnings. Our medium term objective is to develop a Specialist Engineering and Construction Services Group with overall operating profits of over 2% and with Specialist Engineering providing at least 50% of Group revenue by 2012.

Outlook

The Board's analysis of the impact of the Comprehensive Spending Review on our activities is that it will be limited. After taking this into account, the Board remains confident that the Group will continue to deliver a resilient performance in the medium term and is positioned to take advantage of opportunities when economic conditions improve.

Renew is well positioned with a debt free balance sheet, substantial cash resources and a strong confirmed order book. As a result, the Board expects that the Group will return to growth in both revenue and operating profits in 2011.

R J Harrison OBE
Chairman
23 November 2010

Annual dividend:
3.0p
(2009: 3.0p)

Revenue secured for 2011:
70%

Increase in net cash:
11%

Chief Executive's review

"The Specialist Engineering markets in which the Group operates offer higher margins than Specialist Building and engage our skilled workforce in industries which are mainly governed by regulation. Consequently, our Specialist Engineering activities have greater security of funding and more predictable work streams."

Brian May Chief Executive

Operational strategy

During 2010, we have continued to move the balance of the Group's activities towards its Specialist Engineering business stream, where revenue increased by 11% and now accounts for 44% of Group revenue, compared to 36% in 2009. Margins remained within our target range at 3.3%.

The Specialist Engineering markets in which the Group operates offer higher margins than Specialist Building and engage our skilled workforce in industries which are mainly governed by regulation. Consequently, our Specialist Engineering activities have greater security of funding and more predictable work streams.

It remains the Group's strategy to expand Specialist Engineering activities both organically and by acquisition and we continue to look for suitable, complementary acquisitions. The focus of our acquisition strategy is to identify businesses with specialist skills operating in stable markets in regulated industries such as environmental, energy and transport. We are highly selective in our evaluation of acquisitions and look for business drivers which are not dependent on large capital programmes but have sustainable qualities incorporating non-discretionary and maintenance spend characteristics.

In Specialist Building, the Group targets markets appropriate to our skills and experience with contract selectivity part of a rigorous risk management approach. This business stream has been impacted by the economic recession over the last two years and during 2010 revenue reduced by 19%. Operating margins stabilised at 1.1% and the forward order book is strong with 75% of orders in projects with funding from private sources.

Comprehensive spending review

Although it may be several months before the detail of the Comprehensive Spending Review is finalised, we expect its impact on the activities of the Group to be limited.

In our Specialist Engineering business, the Nuclear budget has been reconfirmed. In Rail, where we operate primarily in the Greater London area, the Government remains committed to the maintenance and development of the rail and underground networks. Our Water and Land Remediation activities are not affected.

In our Specialist Building business, the Government has retained its ambition to construct 150,000 new build social housing units per annum. The lifting of the rent cap is expected to liberate the financial constraints under which several of the Housing Associations operate and we expect that the demand for new build social housing in the South East, which is the only geographic area in which we carry out this activity, will continue. Our order book in this business is also particularly strong.

The other markets which we target in Specialist Building are largely privately financed other than some school programmes within Science and Education. Our exposure to the public sector in this area is already limited and we do not foresee a material impact on our operations.

Specialist Engineering

Nuclear

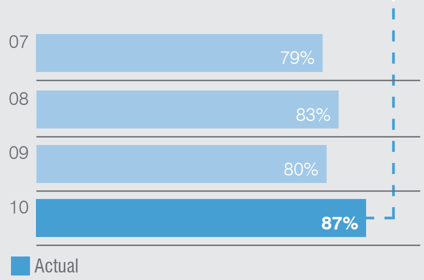
Shepley Engineers continues to be active at five nuclear facilities and remains the largest mechanical and electrical contractor at Sellafield. Shepley operates in the fields of both asset support and decommissioning, concentrating on high hazard programmes carrying regulated mandates and therefore sustainable funding.

During the year, work continued on the Multi Discipline Site Wide framework. Two new frameworks for decommissioning and bundling spares at Sellafield were also awarded. The integrated supply model offered by the Group is becoming increasingly

Quality of earnings

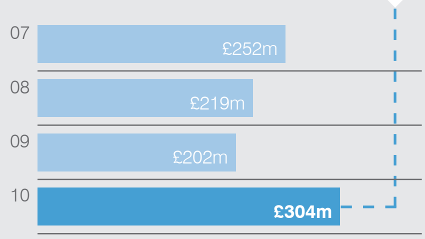
Orders in specialist sectors:

87%



Forward order book:

£304m



important, demonstrated by an order for flask maintenance platforms which involves Shepley Engineers, West Cumberland Engineering, Mothersill Engineering and PPS Electrical.

The Group has been successful in securing a key supply position on a number of large programmes at Sellafield including the Evaporator D, Encapsulated Product Store, B30 and Separation Area Ventilation projects with total orders received during the year of £30m. Each of these projects involves the provision of an integrated service response.

The order book in Nuclear is some 71% higher than one year ago providing strong visibility for 2011 in this high quality earnings stream.

Water
The Group has extensive experience in water infrastructure development and maintenance, flood alleviation, sea defences, mechanical and electrical installations, steel fabrications, pumping and sewerage systems for a range of industries.

Seymour's largest client is Northumbrian Water ("NWL"), the eighth largest water company measured by investment spend, for which it carries out work on four frameworks. In the year Seymour was awarded a fifth clean water framework and is in the final stages of the process to be reappointed to the AMP5 framework. Flood alleviation and combined sewer overflows continue to feature strongly with £14m of orders received in the year from NWL. In addition the Group has framework agreements with Scottish Water and Severn Trent. The Group has seen a 6% increase on forward orders in the Water sector.

Land remediation
Remediation continues to provide opportunities and during the year the £6m project to remediate the site of the Commonwealth Games Athletes Village in Glasgow, one of the largest remediation projects in Scotland, was completed. The £15m Cudworth Bypass contract, the fifth contract for Barnsley MBC, was also completed ahead of programme and under budget.

During the year the framework with National Grid was extended. This offers the opportunity for growth ahead of the ending of Landfill Tax Exemptions in March 2012. Recent awards include the Partington Hub and Cluster project for the remediation of four former gasworks sites. We are also preferred bidder on the St Helier Gasworks project in Jersey, due to commence in December.

Chief Executive's review continued

Specialist Engineering continued

Rail

The Group continues to expand its customer base delivering rail infrastructure projects in the year for Network Rail, London Underground, CTRL and Southern Railways. Good progress was made on station modernisation schemes at Marble Arch and Notting Hill Gate, which have a combined value of over £30m. YJLi has recently been awarded a contract to undertake ground penetrating radar surveys for Network Rail at Reading Station. This is one of the first packages to be let on the major redevelopment of this station.

Our principal market in Rail is within London and the Home Counties where there are over 700 stations and 30 depots. Security of funding for rail projects is more certain in this area following the Comprehensive Spending Review and subsequent announcements from the Mayor of London, which underpin our optimism that the rail market will continue to offer opportunities.

Specialist Building

Social housing

As one of the leading new build social housing contractors in the South East, we have continued to receive awards recognising our reputation for quality, delivery, innovation and value engineering and we are at the forefront of developments on environmental, sustainability and energy saving issues.

Allenbuild has a position on eight frameworks with Housing Associations, which provide access to an annual £500m market. During the year £94m of orders were received, securing 100% of planned revenue for 2011 and 2012. These include a £14m project for Metropolitan Housing at Hertford Road, a £21m project at Windmill Park for Notting Hill Home Ownership and the £14m Pitsea London development for the Genesis Housing Group.

Restoration and refurbishment (High quality residential)

The Group's activity in restoration and refurbishment has transitioned over the last two years to concentrate almost exclusively on the high quality residential market in London. Walter Lilly remains a preferred contractor for consultants in this sector which is primarily funded by wealthy private individuals and long established London freehold estates. The outlook in this market remains strong with 75% of revenues for 2011 secured and £150m of further opportunities identified. Our particular skills in providing innovative solutions to the temporary works challenges in extending properties underground, a major requirement for most high quality residential projects in London, provides a differentiator and ensures our early involvement.

Awards included further works at Grosvenor Crescent and a major project in Mayfair. Work is progressing well on both these contracts and their combined value has increased since initial award to in excess of £100m. Walter Lilly is also preferred bidder on a further £34m project in Belgravia for a private client.

Science and education

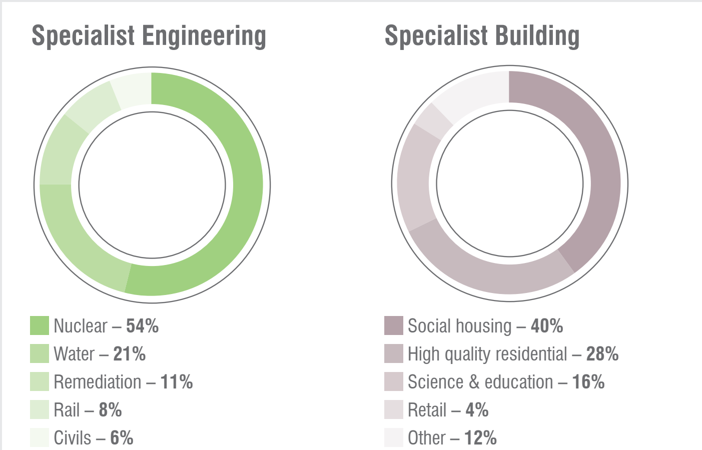
Our major award this year was the £45m Kirklees College Waterfront Campus. This contract, which includes substantial engineering works, is making good progress and is due for completion in July 2012.

We secured our first project via the YORbuild Construction framework, with the award of the Sixth Form Centre at Ridgewood School, Scawsby for Doncaster Council. Further work was carried out for GlaxoSmithKline continuing our 18 year relationship. The long association with Defra continued with the Virology Containment Facility being completed in the year.

Forward work

The **Specialist Engineering** markets in which the Group operates offer higher margins than Specialist Building and engage our skilled workforce in industries which are mainly governed by regulation.

In **Specialist Building** the Group targets markets appropriate to our skills and experience with contract selectivity part of a rigorous risk management approach.



Retail
Work in the retail sector has increased with projects secured for Tesco at Risca, South Wales, Portland, Dorset and at Sandwell in the West Midlands. In the North West work is underway on a new Neighbourhood Centre at Kensington, Liverpool and in the North East an award was received for the refurbishment of the Market Street Arcade in Leeds.

People
Keeping our employees and those who work with us safe remains the Group's priority and I am pleased that 2010 has seen us further reduce our Accident Incidence Rate by 26%, which represents a 74% reduction over the last four years.

The economic environment remains tough, so the achievements of the Group during these challenging times are a testament to the skills, resilience, hard work and commitment of every employee for which the Board would like to express its sincere thanks.

Summary
Challenging economic conditions endure in the industry with a number of high profile businesses having recently suffered financial difficulties. Throughout the recession, the Board has sought to act swiftly to reduce the Group's cost base when necessary and we are continually alert to any changes in market dynamics which can affect our operating efficiency.

Renew enters the new financial year with a strong, contracted order book of £304m. The Group remains appropriately sized for today's market and it is both profitable and cash generative. Our strategy is sound and I am confident that the Group has a robust platform from which to grow in 2011 and beyond.

B. W. May

Brian May
Chief Executive
23 November 2010

Specialist Engineering revenue increased:
11%

Order book:
£304m
(2009: £202m)

Financial review

> **"Cash generation during the year has been strong and has led to an increase in our net cash balances which stood at £16.2m (2009: £14.6m) at the year end."**
>
> **John Samuel** Group Finance Director

Results
Group revenue from ongoing operations was £290.4m (2009: £316.6m) with a profit before tax of £4.6m (2009: £5.5m) prior to exceptional items and amortisation charges. A tax charge of £1.4m (2009: £1.9m) resulted in a profit after tax for the year of £3.2m (2009: £3.7m) prior to exceptional items and amortisation charges. Exceptional items in 2010 comprised solely of legal costs of £251k in connection with the ongoing appeal against the OFT fine. £320k of amortisation charges were incurred. After exceptional items and amortisation, the profit for the year was £2.7m (2009: £0.4m).

Cash
Cash generation during the year has been strong and has led to an increase in our net cash balances which stood at £16.2m (2009: £14.6m) at the year end. The Group's only borrowings are £6k of finance leases and £131k of overdraft funding. The only cashflow associated with exceptional items during the year was the payment of £251k of legal costs in connection with the ongoing appeal against the OFT fines. As a result of the reduction in revenues in Specialist Building, amounts received in advance from construction contract customers reduced from £8.5m to £8.0m.

Treasury
Whilst the Group seeks to maximise the short term interest returns on its cash, we have been mindful of the risk profiles of deposit takers and our policy remains to deposit funds only with AA+ rated institutions. The Board approves the list of institutions with which deposits are made on a regular basis and applies its own experience and judgement as to which institutions to use over and above the credit rating. Clearly in today's environment of low interest rates, returns on cash held are modest.

Property and Lovell America, Inc.
The Group has not realised any material UK property assets during the year as a result of the prevailing market conditions. None of the land assets in the USA, has been ready for realisation during the financial year as local management progress improvements to planning and zoning consents.

Pensions
The IAS 19 valuation of the Lovell Pension Scheme, which was closed to new members in 2000, has resulted in a gross surplus of £1.1m (2009: £2.4m deficit) primarily due to strong investment performance. The Board has recognised this surplus in the balance sheet as the Directors, after reviewing the rules of the scheme, are of the opinion that the Group has an unconditional right to any surplus. 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 2009, the Board has an agreement with the Trustees of the scheme on the level of future contributions which are currently approximately £3.0m per annum inclusive of costs.

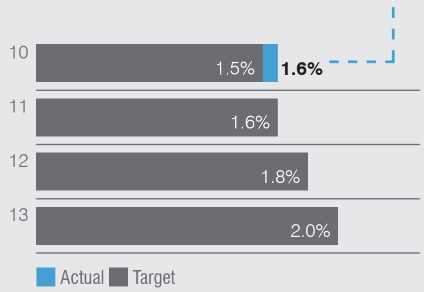
Provisions
Provisions have reduced to £1.4m from £1.8m, as the Group has taken advantage of market conditions to terminate certain disadvantageous leasehold arrangements in respect of properties which were not being used by the Group. A provision of £0.5m has been retained in respect of the OFT fine, further details of which are given in Note 23 to the financial statements.

Taxation
A deferred tax asset included in non-current assets of £3.3m (2009: £4.1m) is carried in the balance sheet, which principally results from the likely future utilisation of tax losses through the improved and profitable trading of the Group. The asset attributable to these losses has reduced by £0.4m. A deferred tax liability related to the defined benefit pension scheme is shown in non-current liabilities.

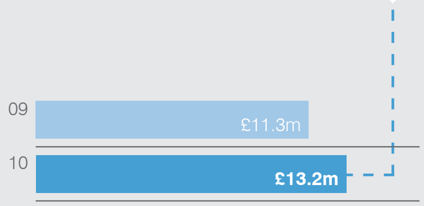
The payable current year UK tax charge is £0.5m (2009: £nil) and there is a small prior year adjustment leading to a total current tax charge of £0.6m (2009: £32k). The remainder of the tax charge of £0.7m relates to deferred tax with the majority (£0.6m) attributable to

Financial highlights

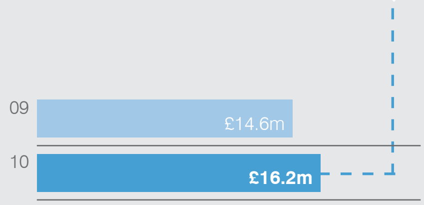
Operating profit % of revenue:
1.6%
(target 1.5%)



Net assets:
£13.2m



Net cash:
£16.2m



the defined benefit pension scheme. This represents an effective Group tax rate of 31% of which the corporation tax payable element represents 15%.

The Group has material tax losses to carry forward and the rate of corporation tax payable in each of the next few years is not expected to increase.

Net assets
The consolidated net assets of the Group were £13.2m (2009: £11.3m).

The distributable profits of Renew Holdings plc stood at £9.9m (2009: £11.0m) providing the Board with the support to recommend an unchanged final dividend of 2.0p per share.

John Samuel
Group Finance Director
23 November 2010

Review of operations

Regional knowledge Specialist expertise

The Specialist Engineering markets in which the Group operates offer higher margins than Specialist Building and engage our skilled workforce in industries which are mainly governed by regulation. Consequently, our Specialist Engineering activities have greater security of funding and more predictable work streams. In Specialist Building, the Group targets markets appropriate to our skills and experience with contract selectivity part of a rigorous risk management approach.

Introduction

The Group's activities are divided into two business streams, Specialist Engineering and Specialist Building.
In Specialist Engineering, our skills are applied in the main to the nuclear, water, land remediation and rail industries.
In Specialist Building, our emphasis is on contract selectivity within particular markets where our businesses have great knowledge and experience. Currently our principal target markets are social housing, high quality residential, science and education and retail.

The Group's contracted order book at 30 September increased by 50% to £304m (2009: £202m) and includes 70% of revenue secured for 2011 (2009: 59%). 87% of orders received were in our specialist sectors with 63% of engineering orders in regulated sectors.

Read more in our review of operations on **the next page**

Review of operations continued

Nuclear

Specialist Engineering within the nuclear sector is delivered through Shepley Engineers, a major mechanical, electrical and decommissioning contractor and its subsidiary businesses West Cumberland Engineering, PPS Electrical and Mothersill Engineering. Our integrated business model is unique in this sector and now provides a multidisciplined solution in line with the procurement strategies adopted by our key clients.

What we've achieved

- Largest employer of ME&I trades at the Sellafield site increasing our share during the year
- Continued to work at five licensed nuclear sites in the UK
- Secured our position in a number of major framework agreements at Sellafield
- Secured significant packages of work within various ongoing major project programmes at Sellafield
- Secured order book 71% higher than a year ago

What's next

- Concentration on high hazard programmes carrying regulatory mandates and sustainable funding
- As part of the Cumbria Nuclear Solutions Consortium, we will deliver a wide range of decommissioning activity through the recently awarded four year decommissioning framework
- The Group will be focused on the ongoing support within the major projects programmes at Sellafield
- Increased importance of our unique integrated supply model

Nuclear

Our nuclear work concentrates on high hazard programmes which carry regulatory mandates and sustainable funding which gives good visibility of forward orders. Our order book has increased by 71% compared to the same point a year ago.

We operate on five nuclear licensed sites at Sellafield, Springfield, Capenhurst, Chapelcross and Drigg, where currently 68% of the Nuclear Decommissioning Authority funding is allocated.

Work in the year remained focused at Sellafield where we received 680 orders under the Multi Discipline Site Wide framework. Also at Sellafield as part of the Cumbria Nuclear Solutions Consortium, we have been appointed to a four year major Decommissioning Framework agreement which is anticipated to provide up to £124m of work across four appointed framework participants over the term.

In addition, major projects undertaken during the year include work at the Evaporator D with COGAP, Separation Area Ventilation with Doosan Babcock, Encapsulated Product Store 3 with Laing O'Rourke and a range of tasks within the B30 complex for the ACKtiv consortium.

Shepley remains the largest employer of mechanical, electrical & instrumentation trades at Sellafield. Shepley and PPS currently have 40% of the share of specific trades employed via the National Agreement Engineering Construction Industry at the Sellafield site.

Increasingly important is the integrated supply model offered by the Shepley group of companies. This is evidenced by a £2m order to build and install three flask maintenance platforms, where fabrication will be supplied by West Cumberland Engineering and Mothersill Engineering with electrical fit out by PPS. The group collectively employs over 475 people.

Sellafield Evaporator D with Costain Oil Gas and Process (“COGAP”)

Highly active evaporators play a pivotal role in the delivery of reprocessing, historic clean up and hazard reduction missions across the Sellafield site. Construction of Evaporator D, a new Highly Active Liquid Evaporator, will provide additional evaporator capacity to support the site’s existing capability.

The design for Evaporator D is based around the fabrication of large modules at an off-site facility. This is the first time in the history of Sellafield that large scale modular construction will be used. Shepley has been working in partnership with Costain and Sellafield Ltd to provide mechanical, electrical and installation works.

The Shepley team have commenced work on site, the project is expected to provide over £20m of non framework revenue for Shepley, who will engage considerable support from Group companies PPS Electrical, Mothersill Engineering and West Cumberland Engineering.

Number of people the Shepley group employs:

475

Review of operations continued

Water

Our activities in the water industry are principally supplied through Seymour Civil Engineers and its subsidiary C&A Pumps.

What we've achieved

- Completed £14m of flooding and combined sewer overflow contracts for Northumbrian Water Limited
- Prequalified and tendered for Northumbrian Water's AMP5 Major Works and Sewerage Maintenance Frameworks
- Newlands Court Flood Alleviation scheme awarded the Institute of Civil Engineers North East Project of the Year 2010 (under £4m category) and Civil Engineering Contractors Association North East Project of the Year 2010

What's next

- In the final stages of the award process for Northumbrian Water's AMP5 framework agreements – a decision is expected by the end of 2010
- Identify and tender for further suitable framework agreements with Northumbrian Water and Local Authorities
- Work with NWL on recently awarded Clean Water framework

Water

Our businesses have extensive expertise in water infrastructure development and maintenance, flood alleviation, sea defences and land reclamation. Additionally we provide specialist services in mechanical and electrical installations, maintenance and in pump sales and service.

A large portion of work in the water sector is procured through various framework agreements. This year Seymour completed £14m of flooding and combined sewer overflow (CSO) contracts for Northumbrian Water Limited (NWL) under their framework agreement. Seymour is currently in the final stage of the tender process for two of the AMP5 frameworks. Seymour also has a framework agreement with Northumberland County Council and two with Darlington Borough Council, whilst C&A have frameworks with Scottish Water and National Grid.

During 2010 work was also completed for JDR Cables in Hartlepool with the construction of a £2m industrial facility including installation of the sewer system and pumping station followed by infrastructure works. A rainwater harvesting system was installed for Hammerite. Other clients included Cleveland Potash, Hartlepool, Stockton and Middlesbrough Borough Councils, Bertschi Transport and Miller Homes.

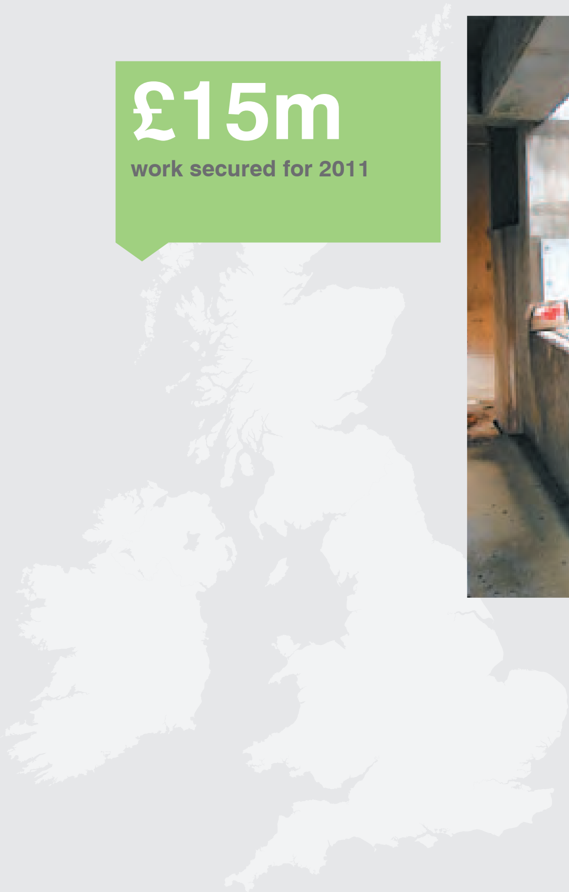
The water sector is seeing an encouraging start to 2011 with over £15m of work secured. Recent awards include the decontamination and removal of brown asbestos from 600,000 litres of water from the original headquarters of ICI and flood alleviation schemes in Darlington, Durham and North Tyneside.

Tyne Combined Sewer Overflow for Northumbrian Water

During the year Seymour completed £14m of flooding and CSO contracts for Northumbrian Water Limited ("NWL").

The Tyne CSO scheme for NWL was to construct new and upgrade existing CSOs to meet Environment Agency discharge consents into the River Tyne. Seymour and C&A undertook four contracts, one in the north and three south of the river which involved work on seventeen separate sections to improve CSOs.

The work required ranged from the fitting of mechanical and electrical screens to the provision of new chambers and pipelines, increasing capacity and flow diversions.



£15m
work secured for 2011

Review of operations continued

Land remediation

Operating throughout the UK, the Group has significant experience in brownfield development and contaminated land management since 1979. This expertise is principally delivered through VHE Construction, a civil engineering business with specialist land remediation skills.

What we've achieved

- National Grid framework extended for two more years
- VHE established as UK premier Part 2A contractor
- Secured Partington Hub and Cluster project for National Grid
- Cudworth and West Green Bypass project recognised at Yorkshire and Humberside Best Practice Awards
- Awarded fourth consecutive annual RoSPA Gold Medal
- Completion of site preparation works for the 2014 Commonwealth Games Athletes' Village on time for Glasgow City Council

What's next

- Increased spend by National Grid and others, leading up to the ending of Landfill Tax Exemptions in March 2012
- Development of in-house treatment technologies to provide cost effective on-site solutions beyond March 2012
- Secure the award of St Helier Gasworks in Jersey due to commence December 2010
- Opportunities within the Clyde Gateway Regeneration Scheme and regional housebuilding

Land remediation

Our remediation expertise is principally delivered by VHE Construction. Well over 500 remediation projects have now been completed of which 240 were previously associated with town gas manufacture, making VHE the most experienced gasworks remediation contractor in the UK.

The largest remediation contract completed during the year was the remediation works on the Athletes' Village site in Glasgow for the 2014 Commonwealth Games. Additionally, the Cudworth and West Green Bypass was delivered five months ahead of contract and below budget for Barnsley Metropolitan Borough Council.

Our framework agreement with National Grid was extended to March 2012. We were also awarded the Partington Hub and Cluster Project, which involves the remediation of four gasworks sites using a central soils treatment facility under a Mobile Treatment Licence, the first large scale application of the Development Industry Code of Practice in the UK. VHE was awarded further remediation works on land determined under Part 2A of the Environmental Protection Act by Cardiff Council on two separate projects involving over 50 individual domestic properties.

VHE remains preferred contractor for the St Helier Jersey Gasworks project where work is due to commence on site in December 2010.

2014 Commonwealth Games Athletes' Village, Glasgow

The £6m project for Glasgow City Council at Dalmarnock involved a programme of remediation work in preparation for the development of the 2014 Commonwealth Games Athletes' Village. The site identified for the Village, which will host 6,500 athletes and officials, was a mix of residential, industrial and open spaces with substantial areas of vacant land.

The works involved site clearance to allow the selective excavation of around 140,000m^3 of contaminated soils and materials from various areas, following its former occupation by dye works, fuel stations and a chemical plant, across 33 hectares of the proposed site. The majority of excavated materials were processed and treated on site to permit its reuse as an engineering fill. Approximately 100,000m^3 of the material underwent soil washing using bespoke plant designed, assembled and operated by VHE.

Treatment of invasive species such as Japanese Knotweed and Giant Hogweed was also undertaken during the works. VHE employed archaeology specialists to inspect, identify and record any historical structures uncovered by the remediation works. The remediation project was completed on time earlier this year.

Number of years National Grid framework has been extended for:

2

Review of operations continued

Rail

The Group has 25 years' experience working in the rail sector. Work is mainly delivered by YJL Infrastructure ("YJLi") who are based in the South East, where there are over 700 railway stations and 30 train maintenance depots.

What we've achieved

- Good progress at Marble Arch and Notting Hill Gate station modernisation schemes
- Successful completion of the Waterloo Peak Hour Subway for Network Rail
- Expanded client portfolio

What's next

- Ground penetrating radar surveys to be undertaken for Network Rail at Reading station
- Further specialist station and depot upgrade projects in the South East
- Completion of Marble Arch and Notting Hill Gate projects

Rail

YJLi delivers rail infrastructure for clients such as Network Rail, London Underground and Southern. In the year YJLi carried out a package of works to modify London Underground's train depot at Lillie Bridge, adjacent to Earls Court, enabling the new rolling stock for London Underground's Sub Surface Line upgrade to be accommodated.

Also during the year work was undertaken as part of a package of redecoration and improvement works at ten stations for Southern Railways. Progress also continues on station modernisation schemes at Marble Arch and Notting Hill Gate for London Underground. The projects have a combined value of over £30m and are due to complete early 2011.

YJLi has recently been awarded a contract to undertake ground penetrating radar surveys for Network Rail at Reading station. The output of these surveys will be a 3D CAD model identifying the location of buried services. This model will be used to inform the design of the Reading station upgrade and the Crossrail spur to Reading.

Security of funding for rail projects in the South East is more certain following the October Comprehensive Spending Review and subsequent announcements from the Mayor of London. This underpins optimism that the rail market will continue to offer opportunities for the Group.

Marble Arch Station Modernisation Scheme

Built in the 1900's and on the Central Line, Marble Arch station is part of an upgrade of tube stations across the network. The £15m two year long project for London Underground Limited will provide congestion relief and modernisation within a heavily used station.

The station is surrounded by buildings, including a hotel overhead, and fronts one of the busiest road junctions in London. The ticket hall roof is below the road and pavement of Oxford Street and has significantly deteriorated due to water ingress and poor detailing in the past. YJLi are repairing and strengthening the supporting steels with minimal disruption to the large number of vehicles and pedestrians above.

YJLi have been asked to adopt and take responsibility for the employer's designs for this project, taking the scheme through the final stages of obtaining assurance approvals.

Work is carried out while the station is closed between 00:35 and 05:00 hrs allowing the station to be completely operational during this two year project.

Number of years' experience in the rail sector:

25

Review of operations continued

Social housing

Specialist Building in the new build social housing sector is delivered through our Allenbuild business using traditional, design build and partnering under framework arrangements.

What we've achieved

- A position on 8 framework agreements
- £94m of project awards during the year
- Renewal of One Housing Group and Genesis Housing frameworks
- Two new framework agreements with Housing 21 and Notting Hill Housing
- Projects completed at Fairfield Road, Sheep Lane and Pier Road for Genesis Housing

What's next

- Works commence at the £8m Bollo Lane project for One Housing Group
- Completion of the £21m Windmill Park project for Notting Hill Home Ownership
- Successfully complete the £14m Pitsea project for Logic Homes
- Further develop framework opportunities in the social housing market

Social housing
Allenbuild achieved £94m of project awards in the year including the £14m Hertford Road project for the Metropolitan Housing Group to construct 117 apartments and 17 commercial units and the £8m scheme at Bollo Lane, London for One Housing Group.

Project awards were also received for the £21m project at Windmill Park for Notting Hill Home Ownership, where Allenbuild will construct 212 residential homes and the £14m Pitsea London development for Logic Homes consisting of both apartments and a retail unit development.

Two of Allenbuild's framework agreements with Genesis Housing and the One Housing Group were renewed during the year and two new framework agreements were awarded with Housing 21 and Notting Hill Housing.

Work continues on the £15m Kenworthy Road project for Network Housing to construct 119 mixed use units, which is due to complete in March 2012. Due for completion in May 2011 and progressing well, is the £12m Webber Street development for Hexagon Housing Association.

Projects completed during the year include the £19m Fairfield Road project, the £11m Pier Road project and the £8m Sheep Lane project, all for the Genesis Housing Group.

Specialist building

Windmill Park, Surrey £21m

The construction of the £21m Windmill Park project in Surrey consists of 212 residential homes including 1, 2, 3 and 4 bedroom apartments and townhouses for client Notting Hill Home Ownership.

The development includes retail accommodation, a remembrance square and commemorative garden all clustered in a series of courtyard concepts.

The site power and heat generation will be through a centralised plant system and distributed to the individual homes.

Planned revenue secured for 2011 and 2012:

100%

Review of operations continued

High quality residential

Walter Lilly is a leading provider in the restoration and refurbishment of high quality and prestigious residential properties in and around London.

What we've achieved

- £60m of private residence refurbishments completed in the year
- 7th of July Memorial won RIBA London award with two further projects nominated
- The completed refurbishment project of a Nash Villa in Regents Park awarded the Plaisterers Trophy
- Further award at Grosvenor Crescent for fit out bringing project value to £60m

What's next

- Commence £6m project in Chelsea
- Preferred bidder on a £34m project in Belgravia
- Chiswick House conservatory restoration nominated for RIBA London Award

High quality residential

Walter Lilly has particular expertise in the transformation of private residences, listed buildings and those of historical interest, often involving both challenging structural work and specialist finishes. Their expertise in the provision of temporary and substructure works in London with its obvious space restrictions is becoming increasingly important with many clients looking to expand below ground. 2010 saw Walter Lilly complete £60m of private residence refurbishments in London.

During the year opportunities in the restoration and refurbishment market have remained strong with additional awards at the Grosvenor Crescent project which follows previous work undertaken to convert eight terrace properties into lateral apartments. The additional £12m fit out works includes M&E services throughout, staircases, decoration and many specialist finishes completing the £60m project. Additionally awards were received for the refurbishment of the last remaining original mansion on Grosvenor's Mayfair Estate valued at £35m and a £6m second stage fit out in Chelsea. Walter Lilly remains preferred bidder on a £34m project in Belgravia.

Other restoration works during the year included refurbishment of the cast iron roof at the Palace of Westminster and the conservatory restoration at Chiswick House. We have also been appointed as restoration contractor to the listed glasshouse at Abbey Lea House, Dublin which is due for completion in early 2011.

Specialist building

Private Residence, Holland Park, London

This substantial property is on the Phillimore Estate, just off Kensington High Street and is still in the control of the Phillimore Trust. The house was built in the 1850's and first leased in 1859, as part of a development project of 205 dwellings undertaken by Charles Phillimore and local builder Joseph Gordon Davis.

Walter Lilly has undertaken major structural alterations and extension to this home which is situated within the Holland Park Conservation Area, re-forming it into a single residence from six flats. The house was taken back to shell and core. The façade was retained, existing floors removed and a new steel frame inserted. Part of the rear wall was dismantled to create space for the contiguous piled basement extension in the rear garden, all involving substantial temporary works.

The residence includes a number of interesting features, including a spiral staircase the whole height of the building with a glass balustrade and oak handrail, two sunroofs and a number of wardrobes constructed in Siberian Pine that were manufactured in Russia. The Kalzip roof over the kitchen area and use of glass in the design give a contemporary feel to the rear of the property and provide an excellent entertaining space.

The residence consists of 6 en-suite bedrooms, library, gym, garden room and staff quarters in addition to the other living accommodation.

2011 revenue secured:

75%

Review of operations continued

Science and education

A number of businesses in the Renew Group specialise in the science and education sectors delivering a range of projects nationwide.

What we've achieved

- Continued eighteen year relationship with GlaxoSmithKline
- National BREEAM award (Industrial) and National Considerate Constructors Bronze award for VLA Weybridge project
- Completion of Sandal Magna School for Wakefield Metropolitan District Council
- Completion of Capstone Building at Liverpool Hope University including a state of the art performance space

What's next

- First project awarded on the YORbuild framework with Ridgewood School, Doncaster
- Continuation of the £45m Kirklees College Waterfront Campus project for Kirklees College
- Completion of Bath University fit out of the Students' Union

Science and education

In education Allenbuild was awarded the Kirklees College Waterfront Campus project in Huddersfield. The £45m project includes substantial engineering works and will open up the Huddersfield Narrow Canal which runs under the site to create a waterway which will provide cooling water for the college building. The project, due for completion in July 2012, will include a central atrium, learning resource centre, restaurant, bistro, refectory and classrooms.

Allenbuild secured its first project via the YORbuild Construction framework, with the award of the new £5m Sixth Form Centre at Ridgewood School, Scawsby for Doncaster Council.

In September Allenbuild completed the £5m Sandal Magna School for Wakefield Metropolitan District Council. The project has been chosen to receive Zero Carbon Exemplar Funding and will be an example of the best-designed schools of the future for its use of materials from renewable sources including glulam laminated timber beams and reclaimed bricks from the existing school.

In the North West Allenbuild was awarded a framework project from Wigan Metropolitan Borough Council for alterations and modifications to St James' School in Wigan. In the year Allenbuild completed the Capstone Building at Liverpool Hope University, the £6m project includes a state of the art performance space and angel field gardens. Also completed was the Secure Education Unit at Newton-le-willows for Red Bank Community Home for St Helens Metropolitan Borough Council.

Britannia Construction continued their work at Bath University on the fit out of the Students' Union building. The project follows the earlier design & construction of a two storey steel frame extension to the Students' Union including connection to the existing building.

In science, Walter Lilly was awarded and completed the latest project at Stevenage for GlaxoSmithKline continuing their eighteen year relationship. Also completed for the Veterinary Laboratories Agency, an executive agency of the Department of Environment, were the £7m Virology Containment Facility and £5m New Stores Building, winner of the 2010 BRE National BREEAM Industrial Award.

As part of the National Physical Laboratories framework, Walter Lilly was awarded and completed the Enforcement Evidence Store fit out contract for the National Measurement Office during the year.

Sandal Magna, Wakefield

Allenbuild has completed the £5m Sandal Magna Junior & Infant School project for Wakefield Metropolitan District Council. The school is formed of three single storey wings, joined by a series of glazed links.

The school, which has been chosen to receive Zero Carbon Exemplar Funding, will be an example of the best-designed schools of the future due to its construction using materials from renewable sources including glulam laminated timber beams and reclaimed bricks from the existing school.

The school bell was removed from the existing school and incorporated into the new school, something that the children were keen to retain.

The new building was completed in September this year, with landscaping completed in November.

£45m

Kirklees College Waterfront Campus project commenced

Review of operations continued

Retail

A number of businesses in the Group are able to provide specialist services to the retail sector and have seen growth evidenced through the award of a variety of projects throughout the UK.

What we've achieved

- Award of £14m Tesco Store in Risca, Wales
- Award to refurbish the Market Street Arcade in Leeds
- Award of a new neighbourhood centre at Kensington for CTP Securities Ltd

What's next

- Completion of a new Tesco retail store in Portland, Dorset
- Completion of the development for Quedgeley Urban Village Limited
- £10m project at Sandwell for Tesco

Retail

During the year Britannia Construction commenced work at a new £14m Tesco store in Risca, Wales where we are constructing an 80,000 sq ft superstore. The project includes a separate fit out contract. Work is also underway for Tesco on a £6m project to construct a new retail store in Portland, Dorset and on a £10m project at Sandwell, West Midlands.

Good progress is being made at the £3m development for Quedgeley Urban Village Limited carrying out infrastructure and enabling works for a mixed use development which will include residential, commercial, retail and leisure facilities. Allenbuild is working on a new £5m neighbourhood centre at Kensington for client CTP Securities Ltd, the project will include seven retail units, 24 apartments and a community fire station.

In the year Allenbuild was awarded an office and retail development for Redman Henan Properties in Wythenshaw and a £3m refurbishment of the Market Street Arcade in Leeds for client Oaklyn Investments, Inc. to undertake a refurbishment of the arcade providing retail and restaurant accommodation.

Tesco Risca, Wales

Britannia Construction continues work on the design and build of a £14m Tesco superstore in Risca, Wales for client Chelverton Deeley Freed. The project includes site preparation, shell construction, associated highway and fit out works. Site topography and contamination from previous use as a steel works mean the project is on an innovative and fast track delivery programme.

During the initial site works orchids and slow worms were found. The orchids have been lifted, replanted into pots with a carefully managed watering regime in place and will later be planted in a public wildlife area close to the site. The slow worms have been transported to a local school where they will cared for before being returned to the wildlife area.

£30m

of awards in the year on Tesco projects

Corporate social responsibility

A committed response

Renew is committed to balancing the Group's economic sustainability alongside its social and environmental responsibilities. Our respect for people encompasses treatment of our own employees, our interaction with the communities in which we operate and the management of relationships with our clients, consultants and supply chain.

Active encouragement

Renew endeavours to minimise the impact and maximise the social, economic and environmental benefits of the Group's operations beyond compliance with minimum legal requirements.
Our key areas of focus are:

- Safety
- Environmental and sustainability
- Employment and training
- Community engagement
- Charitable giving
- The Considerate Constructors Scheme

- The Group's Accident Incidence Rate has decreased by 26% in the year, **a total reduction of 74% in the last 4 years, and is currently well below industry averages.**
- We look to close the future gap in specialist skills by embracing apprentice programmes. Within our nuclear sector **we currently support 27 apprentices at various stages of development.**

Read more in our CSR report on **the next page**

Corporate social responsibility continued

General

Renew is committed to balancing the Group's economic sustainability alongside its social and environmental responsibilities. Our respect for people encompasses treatment of our own employees, our interaction with the communities in which we operate and the management of relationships with our clients, consultants and supply chain.

Renew endeavours to minimise the impact and to maximise the social, economic and environmental benefits of the Group's operations beyond compliance with minimum legal requirements.

Safety

Renew and its employees take a proactive approach to safety and encourage staff to be involved in promoting and enforcing safe work culture and practices on its sites. All of our businesses run their own safety initiatives determined by the industries in which they work, an example being Walter Lilly and their "Safety Matters" campaign which includes regular in house workshops and safety awards presented twice yearly. All Walter Lilly site based staff are required to undertake the CITB Site Management Safety Training Scheme as well as a four day First Aid at Work course and Construction Skills Certification Skills registration.

This year has seen the Group introduce a compulsory glove wearing policy. This has contributed to a marked reduction in the quantity of hand injuries sustained on our sites. The Group is currently implementing 'face fit testing' for respiratory protective equipment.

The Group's Accident Incidence Rate has decreased by 26% in the year, a total reduction of 74% in the last four years, and is currently well below industry averages.

It is important to regularly assess our approach to Health and Safety. One method employed is the Human Performance Initiative used by Shepley Engineers and its subsidiary businesses which each undertake a climate survey annually. The survey provides a clear indication that Health and Safety training has a positive effect on the safe performance of operations. Shepley and its subsidiary PPS Electrical have worked for over 1.3m man hours since a lost time event occurred.

Awards

Considerate Constructors Scheme

As part of Renew's Group Minimum Requirements, each site is required to register with the Considerate Constructors Scheme where in the year VHE received a second Bronze Award and two Beyond Compliance Certificates. Walter Lilly also won two Bronze Awards, one for the DEFRA Framework and the other at a fit out project in Chelsea, London. During 2010, Group businesses achieved consistently high scores in excess of 30.

Construction Manager of the Year

At this year's Chartered Institute of Building Construction Manager of the Year Awards Allenbuild's Ray Wilson received the Silver Award for the £6–8m project category. Walter Lilly's Senior Project Manager Bob Byrne won a Highly Commended Certificate for his work at a substantial private villa and two of Britannia Construction's project managers made the final of the competition, Phil Wyatt for Amesbury Salt Depot and Dudley Taylor for Bourton on the Water School.

RoSPA

Both Shepley Engineering and PPS Electrical were awarded a RoSPA President's Award during 2010 for achieving 14 consecutive Gold Awards. West Cumberland Engineering was awarded a Silver Award on only their second year of application. VHE Construction received its fourth consecutive annual RoSPA Gold Medal Award along with Britannia Construction who followed on from a Silver Award last year to achieve a Gold Award in 2010. Gold Award winners have achieved a high level of performance underpinned by good management systems which deliver consistent improvement.

RIBA

During the year a Royal Institute of British Architects ("RIBA") London award was achieved for the 7th July memorial project in Hyde Park. Also nominated for RIBA awards were Walter Lilly's QM Bio Enterprises Innovation Centre and Chiswick House Conservatory projects. At Allenbuild, the

Sackler Centre, for client Victoria and Albert Museum, was listed in RIBA's "Award Winning Buildings of 2010" for the London area.

Other awards

Other awards in the year include VHE's Cudworth and West Green Bypass receiving recognition at the Yorkshire and Humberside Best Practice Awards. At Allenbuild, site manager Rob Schofield and the team which worked on the Barking Road project won a National House Building Council Pride in the Job award. The project at Clyde Terrace won a Housing Design Award Certificate.

Seymour received the Institute of Civil Engineers Project of the Year Award 2010 for the Newlands Court Flood Alleviation Scheme which also won the North East Regional Civil Engineering Contractors Association ("CECA") Project of the Year Award. Seymour was also awarded the CECA Training Company of the Year Award 2009 and C&A received the SaBRE Certificate of Support in national recognition of their commitment as a supportive employer of the Armed Forces Reserves.

Britannia Construction was one of the first companies to gain the Platinum Certificate of Commitment from the Construction Skills Certification Scheme ("CSCS"). The award recognises companies with 90% or more of their on site workforce having CSCS cards. Walter Lilly won a National BREEAM award 2010 in the Industrial category for their VLA stores project at DEFRA and the Plaisterers Trophy 2009 presented earlier this year for their Regent's Park Villa project.

Environment and sustainability

Each Group business has its environmental standards and systems audited by the BSI on a biannual basis as part of their ISO 14001 accreditation. In addition, our businesses continue to monitor their environmental impact with various initiatives including recycling waste where possible.

Each business in the Group strives to ensure their projects include a high level of sustainability features including innovations such as ground source heat pumps, photovoltaic cells, solar panels, rainwater harvesting and PIR lighting which helps both Renew and clients meet and exceed their environmental targets.

Employment and training

All Group businesses are committed to providing training opportunities with many engaging with local training providers. Seymour partners St Hild's specialist engineering school in Hartlepool and provides work experience for 14 and 15 year olds from the school alongside Hartlepool College of Further Education and Construction Skills. Four of Seymour's employees are also STEM Ambassadors for the Tees Valley. STEM Ambassadors are people from science, technology, engineering or mechanical backgrounds who volunteer as inspiring role models for young people. Seymour regularly supports staff at college studying engineering with a number of employees on day release schemes.

Walter Lilly has received training provider status from the Engineering Construction Industry Training Board for their supervisory management training and development programme and supports a number of sponsored students from Loughborough University who are undertaking construction management and quantity surveying courses. Students are offered industrial placement and employment during holiday periods in addition to supporting school pupils in work experience and taking part in open evenings promoting both the business and the construction industry.

Allenbuild was awarded a ten year certificate from Investors In People for commitment to their employees. Allenbuild also participate in the Construction Training Initiative which works with adult construction trainees providing them with access to high quality waged work placements. The work placements are an excellent way to develop skills, gain qualifications and obtain work in the industry after college. Mary Brennan, a senior training and employment worker from Notting Hill Housing Trust, commented:

"As a framework contractor with Notting Hill Housing, Allenbuild has a particularly close relationship with us. The high quality and standard of work demanded by Allenbuild of their subcontractors is paramount to providing good training opportunities for our trainees. They contact us early about potential new sites and provide a programme of works to enable us to plan the work placements effectively. The evidence so far is that our trainees are exceptionally well supported which bodes very well for the future".

At Shepley, in response to future demand for skilled resource within the nuclear sector, significant investment has been made in an apprenticeship programme supporting 32 craft apprentices at various stages of development. Shepley continues to support the Arkwright Scholarship Scheme with the objective of identifying and supporting scholars focused on a career in mechanical or electrical engineering. This year sees the sponsorship of a scholar from the local St Benedict's School.

Community engagement and charitable giving

Each business in the Group is committed to ensuring a positive impact on the communities in which they work. A time capsule cast in lead was buried at Allenbuild's Pitsea Development organised by Logic Homes. The event was in association with the Genesis Housing Group. Allenbuild also organised for the Battalion of the Irish Guards to attend a number of Chelsea football matches prior to their deployment to Afghanistan in September 2010. YJLi continues to support the London Transport Museum as part of their community initiatives.

Shepley engages with its community via the Shepley group fund through the Cumbria Grassroots Endowment Fund challenge. The Endowment Fund provides a commitment which will be used for grants on a range of worthwhile Cumbrian causes. Shepley has also commenced social awareness training which during its first year has seen apprentices carrying out extensive work at both the Centre for Complementary Care in Muncaster and the Harbour Commission in Whitehaven.

Also benefiting the wider communities, many Group businesses participate in charity work. In May this year, twelve staff took part in the Yorkshire Three Peaks Challenge where they successfully completed the 24.5 mile circuit in less than twelve hours raising almost £5,000 for The Alzheimer's Society. Dean Redmond, a quantity surveyor for Allenbuild, completed the London Marathon in support of St Christopher's Hospice and received a donation from the business.

Walter Lilly is active in raising charitable funds for causes principally involving children and cancer care and participates in the Genes for Jeans day annually which helps support children and young people with genetic disorders. Other charities supported by the Group include the Hospital Heartbeat Appeal, the Royal National Lifeboat Institution and the Guide Dogs for the Blind.

Directors' report

Company No: 650447

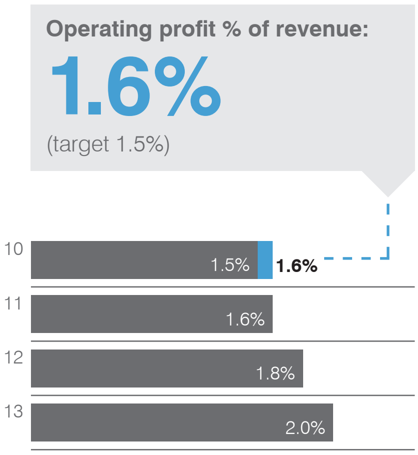
The Directors present their report and the audited accounts for the year ended 30 September 2010.

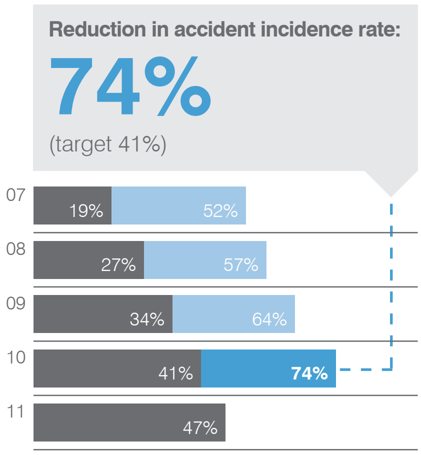
Principal activities
For the year ended 30 September 2010 the principal activity of the Group was in construction and construction related activities. The main construction activities are carried out in the United Kingdom with some development activities in the USA. More details of these activities, the year's trading and future developments are contained in the Chairman's Statement, the Chief Executive's Review, the Review of Operations and the Financial Review. A list of the principal operating subsidiaries of the Group as at 30 September 2010 appears on page 80.

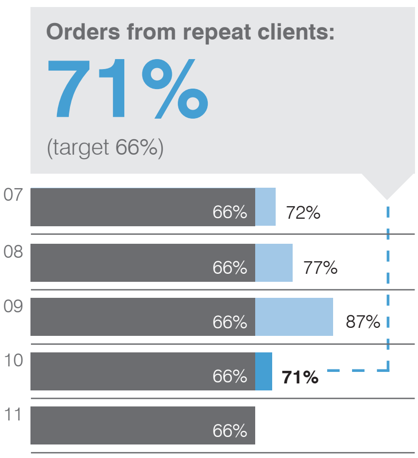
Results and dividends
The Group profit for the year was £2,736,000 (2009: £378,000). The Directors recommend the payment of a final dividend on Ordinary Shares of 2.0p (2009: 2.0p) giving a total for the year of 3.0p (2009: 3.0p).

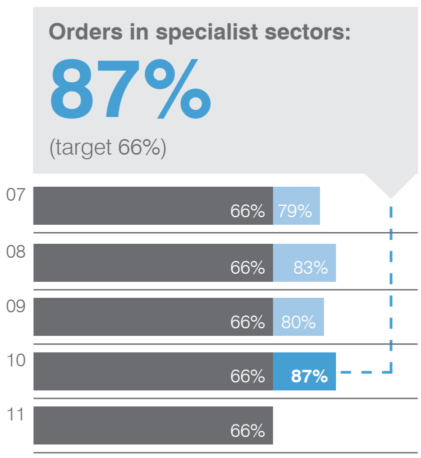
Business review
Information that fulfils the business review requirements applicable to the Group can be found in this report, the Chief Executive's Review and the Review of Operations and is incorporated into this report by cross reference.

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 table below. Operating profit margin is a major performance indicator and the Board has set targets for sustained improvement over the next few years. The order targets have been established as part of the Board's drive to improve the quality and sustainability of the Group's workload and to support the reliability of financial performance. The safety record improvement target is set annually and achievement of this target is an essential component of the bonus scheme for each Director and senior manager within the Group.









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 from those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the Group's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

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

Derivatives and other financial instruments

The Group's principal financial instruments comprise bank loans, cash and short-term deposits and obligations under finance leases. The main purpose of these financial instruments is to provide finance for the Group's operations. The Group has various other financial instruments such as trade 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.

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. During the year, the Company capitalised its inter company loan with its US subsidiary undertaking and as a result repaid the US$ loan which it had previously used as a hedge against currency movements. To do so, the Group used the matching sterling cash deposit which acted as security for the US$ loan. As at 30 September 2010, £12,863,000 (2009: £12,048,000) of the Group's 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 Company's average creditor days during the year was 34 days (2009: 33 days).

Donations

Charitable donations made by the Group during the year amounted to £37,589 (2009: £31,781).

The Group made no political donations during the year (2009: £nil).

Directors' report continued

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 about the activities and performance of the Group to its employees.

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 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 regularly reviewed at Group Board meetings with the Head of Department in attendance when necessary.

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

Control at business level remains with subsidiary Managing Directors who are required to appoint a Director who is responsible for safety and environmental matters. Both safety and environmental issues are discussed as the first agenda item at monthly Board meetings. Each business safety and environmental meeting encourages open communication between all employees and is a key part of the Group's efforts to gather and disseminate good practice for inclusion in business-based management systems. Minimum safety and environmental standards are contained within 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 ("RoSPA") and locally-based construction safety groups. All safety and environmental department personnel hold membership with the Institution of Occupational Safety and Health ("IOSH"). Attendance on the five day CITB Site Safety Management Training Scheme continues to be a requirement for all construction management personnel, with a two day refresher required every five years. A one day Directors and Senior Managers course is available internally and was used to introduce new systems and detail changes to construction legislation. Short duration 'tool box talks' and 'safety briefings' are increasingly used to enhance the knowledge and competence of supervisory management.

Group policy requires each business to report and record all injuries, diseases and dangerous occurrences, regardless of severity. An incident database is maintained to collate this information and provide statistical data allowing performance to be measured and 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 2010, 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 30 to 33.

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, 65, 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. He is a non-executive director of Beagle Aircraft Limited.

Roy Harrison OBE – Director, 63, 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, senior independent 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.

Executive Directors

Brian May – Director, 59, 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, 54, 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.

Brian May will retire by rotation at the 2010 Annual General Meeting ("AGM") and will offer himself for reappointment. The Board recommends the reappointment of Brian May as it is considered that he brings considerable management and industry experience to the Group's business.

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 40. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on page 39.

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
Gartmore Investment Limited	9,607,672	16.04%
Octopus Investments Nominees Limited	7,218,094	12.05%
Brewin Dolphin Limited	3,620,498	6.04%
Hargreave Hale Limited	2,581,900	4.31%
G Merrett	2,323,250	3.88%

Share capital

As at the date of this report, the total number of shares in issue (being ordinary shares of 10p each) is 59,898,927.

During the year, the Company has not bought back any of its own shares nor issued any new share capital.

Disclosure of information to auditors

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 Auditors are unaware, and
- each Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Group's Auditors are aware of that information.

Auditors

Resolutions will be proposed at the forthcoming AGM to re-appoint KPMG Audit Plc as Auditors to the Group and to authorise the Directors to determine their remuneration.

Approval

The Board approved the Report of the Directors on 23 November 2010.

By Order of the Board

J Samuel

John Samuel FCA
Company Secretary
23 November 2010

Directors' remuneration report

The Directors present the Directors' Remuneration Report (the "Remuneration Report") for the financial year ended 30 September 2010.

As an AIM listed company, Renew is not required to prepare the Report in accordance with the Directors' Remuneration Report Regulations 2002 (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. The Auditors are not required to report to the shareholders on the Directors' Remuneration Report.

Remuneration Committee

Roy Harrison's previous role as an Executive Director precludes him from being considered as independent under the Combined Code (the "Code") nevertheless, the Committee operates with Roy Harrison as its Chairman and John Bishop, the sole independent Non-executive Director, also serving. The Committee held two 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;
- share option plans; and
- pension arrangements.

Basic salary

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

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

Annual bonus awards

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

Share option plans

The Renew 2004 Executive Share Option Scheme (the "2004 ESOS") was approved at an Extraordinary General Meeting ("EGM") held on 11 March 2004. During the year 1,312,319 options were granted under the 2004 ESOS to the Executive Directors. The performance criteria in respect of 940,242 previously granted options were not achieved and so those options lapsed during the year. There are 1,591,308 other options outstanding under the scheme of which 761,904 have vested.

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

Pension arrangements

The Group has established individual stakeholder plans for each employee who elects to join into which the Group makes contributions; B May and J Samuel receive 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 2010, include the following terms:

Directors	Executive/ Non-executive	Date of contract	Unexpired terms (months)	Notice period (months)
J Bishop	Non-executive	1 September 2008	Rolling one year	12
R Harrison	Non-executive	1 February 2009	Rolling one year	12
B 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 2010:

	Notes	Salary/ fees £000	Bonuses £000	Benefits £000	Total emoluments 2010 £000	Total emoluments 2009 £000
Executive Directors						
B May	1,2,3,4	287	148	57	492	472
J Samuel	1,2,3,4	221	114	45	380	318
					872	790
Non-executive Directors						
R Harrison		55	—	—	55	55
J Bishop		30	—	—	30	30
					957	875

Notes:

1. The highest paid Director for 2010 and 2009 was B May who received emoluments of £492,000 (2009: £472,000).
2. Benefits include car allowances and certain medical cover for the Director and immediate family.
3. B 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 May and J Samuel during the current financial year and will be paid in the year ending 30 September 2011.

Directors' remuneration report continued

Directors' share options

Options have been granted to B May and J Samuel under the Renew 2004 ESOS as set out in the table below. During the year 1,312,319 options were granted under the 2004 ESOS to the Executive Directors. The performance criteria in respect of 940,242 previously granted options were not achieved and so those options lapsed during the year. There are 1,591,308 other options outstanding under the scheme of which 761,904 have vested. The market price of the Company's shares at 30 September 2010 was 33p and the range of market prices during the year was between 30p and 40.5p.

Information is provided below for Directors who served during the financial year and as at 30 September 2010:

				Cumulative Total	
	2010 Award	2009 Award	2006 Award	**30 September 2010**	1 October 2009
B May	831,884	525,963	476,190	**1,834,037**	1,598,411
J Samuel	480,435	303,440	285,714	**1,069,589**	933,148
Date of award	25 November 2009	26 November 2008	7 June 2006		
Exercise price (£)	0.345	0.545	0.525		
Earliest exercise date	25 November 2012	26 November 2011	7 June 2009		
Expiry of exercise period	25 November 2019	26 November 2018	7 June 2016		

Performance criteria for the vesting of the share options is 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 2010 as follows:

	Ordinary Shares of £0.10 each	
	30 September 2010	30 September 2009
J Bishop	**10,000**	10,000
R Harrison	**60,000**	60,000
B May	**355,000**	305,000
J Samuel	**210,000**	210,000

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 23 November 2010 and signed on its behalf by:

R J Harrison OBE
Chairman
23 November 2010

Corporate governance

As an AIM listed company, Renew is not required to follow the provisions of the Combined 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 Combined 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 one independent Non-executive Director. Brief biographies of the Directors are given on pages 36 and 37.

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

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

In addition, procedures are in place for the Directors to seek independent professional advice, if necessary, at the Company's expense.

Board Committees

R Harrison's previous role as an Executive Director prevents him from being considered as independent under the Combined Code 2003. Nevertheless, the Board operates with a number of Board Committees. J Bishop, the sole independent Non-executive Director, acts as Chairman of the Audit Committee and R Harrison acts as Chairman of both the Remuneration and Nominations Committees.

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 R Harrison and J Bishop, 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 38 to 40.

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 J Bishop and R Harrison. The Executive Directors are invited to attend Audit Committee meetings but at least two meetings are held each year with the external Auditors 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 Auditors. The Audit Committee monitors the non-audit work performed by the Auditors to help ensure that the independence of the Auditors is maintained. The Audit Committee also reviews the interim statement, the preliminary announcement and accounting policies.

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

Corporate governance continued

Internal controls

Throughout the financial year ended 30 September 2010 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 four years and including 2010, 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 Auditors.

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 Registrars plc.

Annual General Meeting

The AGM will be held on 26 January 2011, the Notice for which is set out on page 83. The Notice contains special business relating to the renewal of the Board's power to allot equity shares. Brief details of the purpose and effect of the proposed resolutions are set out in the Notice of AGM and the notes thereto on page 84.

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 23 November 2010.

By Order of the Board

J Samuel

John Samuel
Company Secretary
23 November 2010

Statement of directors' responsibilities

in respect of the annual report and the financial statements

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.

Independent auditors' report

to the members of Renew Holdings plc

We have audited the financial statements of Renew Holdings plc for the year ended 30 September 2010 set out on pages 45 to 80. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 43, 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 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 (APB'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 APB's web-site at www.frc.org.uk/apb/scope/UKNP

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 2010 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.

Chris Hearld (Senior Statutory Auditor)
For and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
23 November 2010

Group income statement

for the year ended 30 September

	Note	Before exceptional items and amortisation of intangible assets 2010 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2010 £000	Total 2010 £000	Before exceptional items and amortisation of intangible assets 2009 £000	Exceptional items and amortisation of intangible assets (see Note 3) 2009 £000	Total 2009 £000
Group revenue from continuing activities	2	290,395	—	290,395	316,648	—	316,648
Cost of sales		(260,804)	—	(260,804)	(282,638)	—	(282,638)
Gross profit		29,591	—	29,591	34,010	—	34,010
Administrative expenses		(25,073)	(571)	(25,644)	(29,423)	(4,375)	(33,798)
Operating profit	3	4,518	(571)	3,947	4,587	(4,375)	212
Finance income	4	205	—	205	939	—	939
Finance costs	4	(41)	—	(41)	(46)	—	(46)
Other finance (charges)/income – defined benefit pension scheme	4	(119)	—	(119)	65	—	65
Profit before income tax		4,563	(571)	3,992	5,545	(4,375)	1,170
Income tax expense	6	(1,410)	154	(1,256)	(1,877)	1,085	(792)
Profit for the year attributable to equity holders of the parent company		3,153	(417)	2,736	3,668	(3,290)	378
Basic earnings per share	8			4.57p			0.63p
Diluted earnings per share	8			4.37p			0.62p

Accounts

Group statement of comprehensive income

for the year ended 30 September

	Note	2010 £000	2009 £000
Profit for the year attributable to equity holders of the parent company		**2,736**	378
Exchange movement in reserves		**13**	622
Movement in actuarial deficit	24	**1,164**	(2,895)
Movement on deferred tax relating to the defined benefit pension scheme		**(338)**	811
Total comprehensive income/(expense) for the year attributable to equity holders of the parent company		**3,575**	(1,084)

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 2008	5,990	5,893	3,896	424	233	(2,155)	14,281
Transfer from income statement for the period						378	378
Dividends paid						(1,797)	(1,797)
Recognition of share based payments					(71)		(71)
Exchange differences				622			622
Actuarial loss recognised in pension scheme						(2,895)	(2,895)
Movement on deferred tax relating to the pension scheme						811	811
At 30 September 2009	5,990	5,893	3,896	1,046	162	(5,658)	11,329
Transfer from income statement for the period						2,736	2,736
Dividends paid						(1,797)	(1,797)
Recognition of share based payments					55		55
Exchange differences				13			13
Actuarial gain recognised in pension scheme						1,164	1,164
Movement on deferred tax relating to the pension scheme						(338)	(338)
At 30 September 2010	**5,990**	**5,893**	**3,896**	**1,059**	**217**	**(3,893)**	**13,162**

Group balance sheet

at 30 September

	Note	2010 £000	2009 £000
Non-current assets			
Intangible assets – goodwill	9	**9,558**	9,558
– other	9	**154**	474
Property, plant and equipment	10	**4,690**	5,368
Retirement benefit assets	24	**1,060**	—
Deferred tax assets	6	**3,283**	4,097
		18,745	19,497
Current assets			
Inventories	11	**8,570**	8,082
Trade and other receivables	12	**69,997**	67,249
Current tax assets		**169**	44
Cash and cash equivalents	14	**16,376**	14,863
		95,112	90,238
Total assets		**113,857**	109,735
Non-current liabilities			
Obligations under finance leases	17	**—**	(6)
Retirement benefit obligations	24	**—**	(2,351)
Deferred tax liabilities	6	**(424)**	(233)
Provisions	18	**(520)**	(680)
		(944)	(3,270)
Current liabilities			
Borrowings	16	**(131)**	(263)
Trade and other payables	15	**(98,175)**	(93,612)
Obligations under finance leases	17	**(6)**	(21)
Current tax liabilities		**(607)**	(121)
Provisions	18	**(832)**	(1,119)
		(99,751)	(95,136)
Total liabilities		**(100,695)**	(98,406)
Net assets		**13,162**	11,329
Share capital	20	**5,990**	5,990
Share premium account	21	**5,893**	5,893
Capital redemption reserve	21	**3,896**	3,896
Cumulative translation adjustment	21	**1,059**	1,046
Share based payments reserve	21	**217**	162
Retained earnings	21	**(3,893)**	(5,658)
Total equity		**13,162**	11,329

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
23 November 2010

Group cashflow statement

for the year ended 30 September

	2010 £000	2009 £000
Profit for the year	**2,736**	378
Amortisation of intangible assets	**320**	309
Depreciation	**1,135**	1,497
Profit on sale of property, plant and equipment	**(22)**	(71)
Increase in inventories	**(377)**	(935)
(Increase)/decrease in receivables	**(2,674)**	21,646
Increase/(decrease) in payables	**3,945**	(30,165)
Current service cost in respect of defined benefit pension scheme	**85**	70
Cash contribution to defined benefit pension scheme	**(2,451)**	(2,028)
Expense/(income) in respect of share options	**55**	(71)
Financial income	**(205)**	(1,004)
Financial expenses	**160**	46
Interest paid	**(41)**	(46)
Income taxes (paid)/received	**(229)**	323
Income tax expense	**1,256**	792
Net cash inflow/(outflow) from operating activities	**3,693**	(9,259)
Investing activities		
Interest received	**205**	939
Proceeds on disposal of property, plant and equipment	**125**	399
Purchases of property, plant and equipment	**(560)**	(1,606)
Acquisition of subsidiaries net of cash acquired	**—**	(2,260)
Net cash outflow from investing activities	**(230)**	(2,528)
Financing activities		
Dividends paid	**(1,797)**	(1,797)
Repayments of obligations under finance leases	**(21)**	(104)
Net cash outflow from financing activities	**(1,818)**	(1,901)
Net increase/(decrease) in cash and cash equivalents	**1,645**	(13,688)
Cash and cash equivalents at beginning of year	**14,600**	28,179
Effect of foreign exchange rate changes on cash and cash equivalents	**—**	109
Cash and cash equivalents at end of year	**16,245**	14,600
Bank balances and cash	**16,376**	14,863
Borrowings	**(131)**	(263)
	16,245	14,600

Notes to the accounts

1 Accounting policies

Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU ("adopted IFRS"). 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 cashflows 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 cashflows. More information is given in Note 9 to these financial statements.

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

The independent actuary to the Lovell Pension Scheme calculates the Group's liability in respect of the defined benefit scheme. The actuary makes 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 actuary. If the actual experience of the scheme 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 has made provisions against two specific areas where the Board has determined 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 could arise 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.

The Group has received the decision from the Office of Fair Trading ("OFT") following its investigation into tender activities in the construction sector. The OFT's decision was that a fine of £0.5m will be levied on Allenbuild, one of the Group's subsidiaries, and that a fine of £3.0m will be levied on Bullock Construction Limited ("Bullock"), one of the Group's former subsidiaries. The OFT holds that the Company is jointly and severally liable for both of these fines. Having taken legal advice, the Company has appealed against the OFT's decision on a number of grounds. After considering the legal advice, the Board believes that the Company has no liability in respect of the Bullock fine. The Group has provided a sum of £0.5m as an exceptional charge in respect of the Allenbuild fine. Were the Company's appeals against the Bullock fine not to be upheld then the Group may have a greater liability in respect of this matter.

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.

Notes to the accounts continued

1 Accounting policies continued

(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 the Group has adequate cash resources to continue trading for the foreseeable future.

The consolidated financial statements have been prepared in accordance with IFRS 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.

In the current year the Group has adopted the following new accounting standards:

IAS 1* (revised) "Presentation of financial statements – A revised presentation".

IFRS 8* "Operating segments".

IFRS 2* (amendment) "Share based payment – Vesting conditions and cancellations".

IAS 23* (revised) "Borrowing costs".

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

IFRIC 15* "Agreements for construction of real estate".

* These standards and interpretations have been adopted by the EU.

These amendments have not had a material impact on the Group's operations.

New standards and interpretations not applied:

IAS 27 (amendment) "Consolidated and separate financial statements".

IAS 39 (amendment) "Eligible hedged items".

IAS 24 (revised) "Related Party Disclosure".

The application of these standards and interpretations is not expected to have a material impact on the Group's reported financial performance or position.

The Group has elected not to adopt any standards or interpretations early.

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

(ii) Basis of consolidation

The Group accounts consolidate the accounts of the Company and its subsidiary undertakings. 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.

(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.

1 Accounting policies continued

(v) Segment reporting

The operating segments are based on the components that the Board, the Group's principal decision-making body (the 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 intangible assets is amortised over their expected useful lives. These intangibles relate primarily to framework agreements and are amortised over the lives of the agreements.

(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	– no depreciation charge
Long leasehold land and buildings	– shorter of fifty years and period of lease
Plant and vehicles	– three to ten years
Office equipment	– two to seven 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 cashflows 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 cashflows. 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 cashflow 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.

(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.

Notes to the accounts continued

1 Accounting policies continued

(xv) Defined benefit pension scheme

The pension scheme assets are measured using market values. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any increase in the present value of liabilities within the Group's defined benefit scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the 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 the Group's stakeholder 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 is 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 cashflows 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 cashflows which arise from holding a financial asset is recognised in the income statement in accordance with IAS 39. 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 cashflows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated cashflows 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 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 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.

Accounts

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 Specialist Building and Specialist Engineering 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 in 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 segment results before exceptional items. No customer represents more than ten percent of the Group's revenue.

These segments are:

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:

Specialist Engineering, 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.

(a) Business analysis
Revenue is analysed as follows:

	2010 £000	2009 £000
Specialist Building	163,134	202,358
Specialist Engineering	127,382	114,779
Inter segment revenue	(191)	(1,024)
Segment revenue	290,325	316,113
Central activities	70	535
Group revenue from continuing operations	290,395	316,648

Analysis of operating profit

	Before exceptional items and amortisation of intangible assets 2010 £000	Exceptional items and amortisation of intangible assets 2010 £000	2010 £000	Before exceptional items and amortisation of intangible assets 2009 £000	Exceptional items and amortisation of intangible assets 2009 £000	2009 £000
Specialist Building	1,836	—	1,836	2,525	(2,300)	225
Specialist Engineering	4,160	—	4,160	4,008	(1,446)	2,562
Segment operating profit	5,996	—	5,996	6,533	(3,746)	2,787
Central activities	(1,478)	(571)	(2,049)	(1,946)	(629)	(2,575)
Operating profit	4,518	(571)	3,947	4,587	(4,375)	212
Net financing income	45	—	45	958	—	958
Profit on ordinary activities before income tax	4,563	(571)	3,992	5,545	(4,375)	1,170

Notes to the accounts continued

2 Segmental analysis continued

Balance sheet analysis of business segments

	2010			2009		
	Assets £000	Liabilities £000	Net assets £000	Assets £000	Liabilities £000	Net assets £000
Specialist Building	122,146	(141,181)	(19,035)	120,832	(139,361)	(18,529)
Specialist Engineering	43,180	(35,908)	7,272	44,440	(37,096)	7,344
Central activities	256,848	(231,923)	24,925	263,520	(241,006)	22,514
Group eliminations	(308,317)	308,317	—	(319,057)	319,057	—
Group net assets	113,857	(100,695)	13,162	109,735	(98,406)	11,329

Other information

	2010			2009		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Specialist Building	266	236	—	106	345	—
Specialist Engineering	294	871	—	796	1,104	—
Central activities	—	28	320	704	48	309
	560	1,135	320	1,606	1,497	309

(b) Geographical analysis
Revenue is analysed as follows:

	2010 £000	2009 £000
UK	290,395	316,127
USA	—	521
Group revenue from continuing operations	290,395	316,648

Non-current asset analysis by geographical segments

	Assets £000	Assets £000
UK	18,745	19,497
USA	—	—
Group non-current assets	18,745	19,497

3 Operating profit

	2010 £000	2009 £000
Operating profit is arrived at after charging/(crediting)		
Auditors' remuneration – audit services	**187**	180
Depreciation of owned assets	**988**	1,285
Depreciation of assets held under finance leases	**147**	212
Operating lease rentals – plant and machinery	**153**	18
Operating lease rentals – motor vehicles	**363**	360
Operating lease rentals – other	**2,493**	2,905
Rental income	**(1,302)**	(1,471)
Profit on sale of property, plant and equipment	**(22)**	(71)
Foreign exchange loss/(gains)	**65**	(2)

During the period, the following services were provided by the Group auditors:

	2010 £000	2009 £000
Fees payable to the Company's auditors for the audit of the financial statements	**63**	60
Fees payable to the Company's auditors and its associates for other services:		
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	**124**	120
Other services related to employment matters	**11**	36
	198	216

Cost of sales includes £nil (2009: £nil) of inventories recognised as an expense in the period. There were no write-downs or reversal of write-downs of inventories recognised as an expense in the period (2009: £nil).

Exceptional items and amortisation of intangible assets

	2010 £000	2009 £000
Redundancy and restructuring costs	**—**	2,566
Legacy contract settlement	**—**	1,000
Provision for OFT fine (see Note 23)	**—**	500
Legal fees in connection with OFT fine (see Note 23)	**251**	—
Total exceptional items	**251**	4,066
Amortisation of intangible assets (see Note 9)	**320**	309
	571	4,375

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

For the year ended 30 September 2009, following the deterioration in market conditions faced by certain of the Group's companies, the Group decided to reduce its cost base in its Building business and to realign the activities of one of its Engineering businesses. As a result, the Group incurred redundancy and restructuring costs of £2,566,000 in that year. Associated with the realignment, the Group disposed of a non-core activity on 24 September 2009, and the losses incurred during the year by that activity of £130,000 have been included within the redundancy and restructuring costs.

Additionally, a charge of £1,000,000 was incurred in respect of a final account settlement on the last of the basket of legacy construction contracts, which were originally provided against in 2005.

In 2009, the Group provided for a fine of £500,000 in connection with the decision of the Office of Fair Trading following its investigation into tender activities within the construction sector. The related offences occurred in 2003 and 2004 in part of the Group which has been closed. Further details of this matter are set out in Notes 18 and 23. In the year ended 30 September 2010 the Group has incurred £251,000 of legal fees in connection with its defence in respect of the Office of Fair Trading investigation. The outcome of the appeal remains outstanding.

The Board has also separately identified the charge of £320,000 (2009: £309,000) for the amortisation of the fair value ascribed to certain intangible assets other than goodwill arising from the acquisitions of Seymour (C.E.C) Holdings Limited and C.&A. Pumps Limited. Further details are given in Note 9.

Notes to the accounts continued

4 Finance income and costs

Finance income
Finance income of £205,000 (2009: £939,000) has been earned during the year on bank deposits.

	2010 £000	2009 £000
Interest payable		
On bank loans and overdrafts	(2)	(13)
Other interest payable	(39)	(33)
	(41)	(46)
Other finance (charges)/income – defined benefit pension scheme		
Expected return on scheme assets	5,657	6,919
Interest on scheme liabilities	(5,776)	(6,854)
	(119)	65

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

5 Employee numbers and remuneration

	2010 Number	2009 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	1,280	1,438
At 30 September:	1,347	1,355
Production	788	849
Administrative	492	589
	1,280	1,438

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

	2010 £000	2009 £000
Wages and salaries	50,836	55,913
Social security costs	5,337	5,928
Other pension costs	2,742	2,267
Share based payments	55	(71)
	58,970	64,037

Directors' emoluments

	2010 £000	2009 £000
Aggregate emoluments	957	875
Highest paid director: aggregate emoluments	492	472

Details of individual Directors' emoluments can be found in the Directors' Remuneration Report on page 39.

6 Income tax expense

(a) Analysis of expense in year

	2010 £000	2009 £000
Current tax:		
UK corporation tax on profits of the year	**(551)**	—
Adjustments in respect of previous periods	**(39)**	(32)
Total current tax	**(590)**	(32)
Deferred tax – defined benefit pension scheme	**(606)**	(566)
Deferred tax – other timing differences	**(60)**	(194)
Total deferred tax	**(666)**	(760)
Income tax expense	**(1,256)**	(792)

(b) Factors affecting income tax expense for the year

	2010 £000	2009 £000
Profit before income tax	**3,992**	1,170
Profit multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	**(1,118)**	(328)
Effects of:		
Expenses not deductible for tax purposes	**(286)**	(263)
Timing differences not provided in deferred tax	**—**	1,371
Change in tax rate	**(116)**	—
Net benefit of tax losses	**303**	(1,540)
Adjustments to tax charge in respect of previous periods	**(39)**	(32)
	(1,256)	(792)

The Group has available further unused UK tax losses of £61m (2009: £66m) to carry forward against future taxable profits. The Group also has unused USA tax losses of $29m (£18.4m) (2009: $28m (£17.5m)) 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 £21m (2009: £23m).

(c) Deferred tax asset

	2010 £000	2009 £000
Defined benefit pension scheme	**—**	658
Accelerated capital allowances	**660**	418
Other timing differences	**157**	166
Future tax losses	**2,466**	2,855
	3,283	4,097

(d) Deferred tax liabilities

	2010 £000	2009 £000
Defined benefit pension scheme	**(286)**	—
Fair value adjustments	**(138)**	(233)
	(424)	(233)

Notes to the accounts continued

6 Income tax expense continued

(e) Reconciliation of deferred tax asset

	2010 £000	2009 £000
At 1 October	4,097	4,069
Origination of timing differences	(40)	(217)
Change of deferred tax rate to 27%	(116)	—
Defined benefit pension scheme – income statement	(606)	(566)
Defined benefit pension scheme – SOCI	(52)	811
At 30 September	3,283	4,097

(f) Reconciliation of deferred tax liability

	2010 £000	2009 £000
At 1 October	(233)	(256)
Accelerated capital allowances	—	9
Arising on fair value adjustments	95	14
Defined benefit pension scheme – SOCI	(286)	—
At 30 September	(424)	(233)

7 Dividends

	2010 Pence/share	2009 Pence/share
Interim (related to the year ended 30 September 2010)	1.00	1.00
Final (related to the year ended 30 September 2009)	2.00	2.00
Total dividend paid	3.00	3.00

	£000	£000
Interim (related to the year ended 30 September 2010)	598	598
Final (related to the year ended 30 September 2009)	1,199	1,199
Total dividend paid	1,797	1,797

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 2.0p per Ordinary Share be paid in respect of the year ended 30 September 2010. This will be accounted for in the 2010/11 financial year.

8 Earnings per share

	2010			2009		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional costs	3,153	5.26	5.04	3,668	6.12	5.98
Exceptional costs and amortisation	(417)	(0.69)	(0.67)	(3,290)	(5.49)	(5.36)
Basic earnings per share	2,736	4.57	4.37	378	0.63	0.62
Weighted average number of shares		59,899	62,584		59,899	61,352

The dilutive effect of share options is to increase the number of shares by 2,685,000 (2009: 1,453,000) and reduce basic earnings per share by 0.20p (2009: 0.01p).

9 Intangible assets

	Goodwill £000	Contractual rights £000
Cost:		
At 1 October 2008	8,548	909
Additions	1,010	163
At 1 October 2009	9,558	1,072
Additions	—	—
At 30 September 2010	**9,558**	**1,072**
Impairment losses/amortisation:		
At 1 October 2008	—	289
Charge for year	—	309
At 1 October 2009	—	598
Charge for year	—	320
At 30 September 2010	**—**	**918**
Carrying amount:		
At 30 September 2010	**9,558**	**154**
At 30 September 2009	9,558	474
At 1 October 2008	8,548	620

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

	2010 £000	2009 £000
Specialist Building	**2,503**	2,503
Specialist Engineering	**7,055**	7,055
	9,558	9,558

Goodwill of £803,000 was acquired on the acquisition of C.&A. Pumps Limited and has been reviewed for impairment one year after the acquisition as required by IFRS 3. No impairment has been identified. Goodwill of £207,000 acquired on the acquisition of Mothersill Engineering has also been reviewed for impairment one year after acquisition and no impairment has been identified (see Note 26).

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 4 years.

In order to test goodwill for impairment the Group performs value in use calculations by preparing cashflow forecasts for each cash generating unit derived from the most recent financial budgets and strategic plans approved by management going forward 3 years, and then extrapolates cashflows based on conservative estimated growth rates 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 rates used range from -8% to +5%. The rate used to discount the forecast cashflows 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.

Notes to the accounts continued

10 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost				
At 1 October 2008	500	789	4,820	6,109
Additions	701	—	905	1,606
Disposals	—	—	(1,164)	(1,164)
Acquisition of subsidiaries	620	—	463	1,083
At 1 October 2009	1,821	789	5,024	7,634
Additions	—	—	560	560
Disposals	—	—	(623)	(623)
At 30 September 2010	**1,821**	**789**	**4,961**	**7,571**
Depreciation				
At 1 October 2008	—	655	951	1,606
Charge for year	18	5	1,474	1,497
Disposals	—	—	(837)	(837)
At 1 October 2009	18	660	1,588	2,266
Charge for year	19	5	1,111	1,135
Disposals	—	—	(520)	(520)
At 30 September 2010	**37**	**665**	**2,179**	**2,881**
Net book value				
At 30 September 2010	**1,784**	**124**	**2,782**	**4,690**
At 30 September 2009	1,803	129	3,436	5,368
At 30 September 2008	500	134	3,869	4,503

The net book value of assets under finance leases at 30 September 2010 was £149,000 (2009: £296,000). During the year £147,000 (2009: £212,000) of depreciation was charged against assets held under finance leases.

11 Inventories

	2010 £000	2009 £000
Developments and undeveloped land	**8,392**	7,905
Raw materials	**178**	177
	8,570	8,082

£0.8m (2009: £0.5m) of inventories are pledged as security for liabilities.

Accounts

12 Trade and other receivables

	2010 £000	2009 £000
Trade receivables	**169**	417
Amounts due from construction contract customers	**60,822**	59,522
Other receivables	**6,037**	5,766
Prepayments and accrued income	**2,969**	1,544
	69,997	67,249

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 £3.2m (2009: £9.8m) 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 293 days (2009: 301 days).

Ageing of past due but not impaired receivables:

	2010 £000	2009 £000
30–180 days	**866**	3,786
180–365 days	**1,369**	1,637
Greater than 1 year	**1,013**	4,328
	3,248	9,751

13 Construction contracts

	2010 £000	2009 £000
Contracts in progress at balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	**60,822**	59,522
Amounts due to construction contract customers included in trade and other payables	**(8,025)**	(8,501)
	52,797	51,021
Contract costs incurred plus recognised profits less recognised losses to date	**2,826,312**	2,923,646
Less: progress billings	**(2,773,515)**	(2,872,625)
	52,797	51,021

At 30 September 2010 retentions held by customers amounted to £14.8m (2009: £15.1m). Advances received from customers for contract work amounted to £8.0m (2009: £8.5m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £3.2m (2009: £9.8m).

This amount includes retention balances of £2.5m (2009: £3.4m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £290.3m (2009: £316.1m).

14 Cash and cash equivalents

	2010 £000	2009 £000
Cash at bank	**16,369**	14,855
Cash in hand	**7**	8
	16,376	14,863

Notes to the accounts continued

15 Trade and other payables

	2010 £000	2009 £000
Amounts due to construction contract customers	**8,025**	8,501
Trade payables	**28,700**	27,533
Other taxation and social security	**1,873**	1,767
Other payables	**2,878**	1,335
Accruals and deferred income	**56,699**	54,476
	98,175	93,612

16 Borrowings

	2010 £000	2009 £000
Bank loans and overdrafts	**131**	263

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2010 £000	2009 £000	**2010 £000**	2009 £000
Amounts payable under finance leases:				
Within one year	**7**	23	**6**	21
Within two to five years	**—**	6	**—**	6
	7	29	**6**	27
Less: future finance charges	**(1)**	(2)	**—**	—
Present value of lease obligations	**6**	27	**6**	27
Less: amount due for settlement within twelve months			**(6)**	(21)
Amount due for settlement after twelve months			**—**	6

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average outstanding lease term is 1 year (2009: 1 year). For the year ended 30 September 2010, the average effective borrowing rate was 7% (2009: 7%). 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	Other £000	Total £000
At 1 October 2009	1,299	500	1,799
Provision decrease during year	(447)	—	(447)
At 30 September 2010	**852**	**500**	**1,352**
Non-current liabilities	520	—	520
Current liabilities	332	500	832
At 30 September 2010	**852**	**500**	**1,352**

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. The provision has decreased during the year as the Group has been able to terminate a number of lease positions.

Other provisions is in respect of the fine levied by the Office of Fair Trading, details of which are given in Note 23.

Accounts

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.

The Group also uses foreign currency borrowings to hedge certain of the currency risks arising from the Group's overseas operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The 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

	Fixed rate weighted average interest rate %	Financial assets/(liabilities) Fixed rate £000	Floating rate £000	Total £000
2010				
Assets				
Sterling	**—**	**—**	**16,221**	**16,221**
Dollar	**—**	**—**	**148**	**148**
		—	**16,369**	**16,369**
Liabilities				
Sterling	**7.0**	**(6)**	**—**	**(6)**
Dollar	**—**	**—**	**(131)**	**(131)**
		(6)	**(131)**	**(137)**

	Fixed rate weighted average interest rate %	Financial assets/(liabilities) Fixed rate £000	Floating rate £000	Total £000
2009				
Assets				
Sterling	—	—	20,857	20,857
Dollar	—	—	29	29
		—	20,886	20,886
Liabilities				
Sterling	7.0	(27)	(134)	(161)
Dollar	—	—	(6,070)	(6,070)
		(27)	(6,204)	(6,231)

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. Certain US interest bearing liabilities accrue interest at a rate which is linked to the lender's US Prime rate.

The maturity of the fixed rate financial liabilities is disclosed in Note 17. The fixed rate liabilities have a weighted average period of 1 year (2009: 1 year). The dollar floating rate liabilities are repayable on demand.

Notes to the accounts continued

19 Other financial instruments continued

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.

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 arising 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 is expected to maintain positive cash balances 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 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 US dollar bank account which is maintained by the parent company in the UK and the unhedged portion of an inter-company loan. At 30 September 2010 the unhedged portion of the inter-company loan was $470,000 (2009: $nil). At 30 September 2010 the balance on the US dollar bank account was $nil (2009: $1,000). The dollar closing exchange rate was $1.58: £1 (2009: $1.60: £1) resulting in a foreign exchange loss of £65,000 being charged to the income statement on the unhedged assets. 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. net assets are charged to the cumulative translation adjustment within total equity. The exchange gain arising on the translation of Lovell America, Inc. net assets was £13,000. The total equity statement will be impacted by £47,000 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. A reduction in market interest rates could lead to a reduction in the Group's interest income. Consequently a 1% decrease in market interest rates would reduce finance income by £10,000 for every £1m held on deposit for one year.

The market risk associated with financial liabilities is limited to the interest rate on the Group's US dollar overdraft and loans. A 1% increase in interest rates would lead to an increase in the Group's interest expense of about £1,400 subject to foreign exchange rate movements, on the assumption of a US $0.2m overdraft being outstanding for one year.

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

During the financial year, the Company capitalised a $11m loan to its wholly-owned subsidiary Lovell America, Inc. and repaid a US $ loan of the same amount. Apart from this, there have been no changes in the nature of the risks arising from financial instruments in either the current or previous financial year.

20 Share capital

	2010 £000	2009 £000
Authorised:		
100,000,000 (2009: 100,000,000) Ordinary Shares of 10p each	**10,000**	10,000
Allotted, called up and fully paid:		
59,898,927 (2009: 59,898,927) Ordinary Shares of 10p each	**5,990**	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.

There were no Ordinary Shares issued in either year ending September 2010 or 2009.

Share options

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

Vesting of options is dependant on the achievement of certain performance criteria which are established by the Remuneration Committee at the point of grant. 761,904 of the options granted in the 2006 financial year have vested. In respect of the options granted during the 2007 and 2008 financial years, the performance criteria were not met and so 940,252 of previously granted options have lapsed. In respect of the options granted during the 2009 financial year, 25% of the options will vest if the Group's earnings per share for the year ending 30 September 2011 exceed 10p. For 100% vesting to occur, the Group's earnings per share for the year ending 30 September 2011 must be at least 13.50p. In respect of the options granted in the 2010 financial year, 25% of the options will vest if the Group's earnings per share for the year ended 30 September 2012 exceed 6.95p. For 100% vesting to occur, the Group's earnings per share for that year must be at least 8.50p.

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.

Notes to the accounts continued

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 2008	5,893	3,896	424	233	(2,155)
Transfer from income statement for the year					378
Dividends paid					(1,797)
Recognition of share based payments				(71)	
Exchange differences			622		
Actuarial loss recognised in pension scheme					(2,895)
Movement on deferred tax relating to the pension scheme					811
At 1 October 2009	5,893	3,896	1,046	162	(5,658)
Transfer from income statement for the year					2,736
Dividends paid					(1,797)
Recognition of share based payments				55	
Exchange differences			13		
Actuarial gain recognised in pension scheme					1,164
Movement on deferred tax relating to the pension scheme					(338)
At 30 September 2010	**5,893**	**3,896**	**1,059**	**217**	**(3,893)**

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

Capital redemption reserve
Reserve represents the combined impact of share buy-backs in previous years.

Cumulative translation reserve
Reserve represents the foreign exchange movement on translating the opening net assets of Lovell America, Inc.

Share based payments reserve
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 Directors' estimate of shares that will eventually vest.

£55,000 has been charged (2009: credited £71,000) 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 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 2010 were as follows:

Date of grant	7 June 2006	26 November 2008	25 November 2009	Total
Awards outstanding at 30 September 2010 – Directors	761,904	829,404	1,312,319	2,903,627
Exercise price and price at date of grant	52.5p	54.5p	34.5p	—
Maximum option life	10 years	10 years	10 years	—
Assumed option life for purposes of valuation	3 years	3 years	3 years	—
Expected volatility	47%	41%	53%	—
Dividend yield	1.0%	5.9%	8.5%	—
Risk free interest rate	4.67%	3.85%	1.88%	—
Value per option	20.5p	10.2p	8.7p	—

The options granted on 7 June 2006 have vested in full. The options granted on 8 January 2007 and 3 December 2007 have lapsed.

There were 1,591,308 options outstanding at 1 October 2009 being those issued in June 2006 and November 2008 as detailed above.

22 Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2010 £000	Total 2009 £000
Commitments under non-cancellable operating leases:				
Under one year	2,566	169	2,735	2,952
Two to five years	7,968	89	8,057	8,924
Five or more years	21,345	—	21,345	22,593
	31,879	258	32,137	34,469

With regard to the operating leases held by the Group as lessor, the Group recognised £1,302,000 (2009: £1,471,000) of rental income in the income statement for 2010, 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 2010 £000	Total 2009 £000
Receivables under non-cancellable operating leases:				
Under one year	827	—	827	1,184
Two to five years	1,840	—	1,840	3,060
Five or more years	302	—	302	404
	2,969	—	2,969	4,648

The Group had no capital commitments at 30 September 2010 (2009: £nil).

23 Contingent liabilities

Office of Fair Trading investigation

The Company has received the decision from the Office of Fair Trading ("OFT") following its investigation into tender activities within the construction sector.

In 2007, the Company announced that Allenbuild, one of its subsidiaries, had been contacted by the OFT in relation to some historic contract tenders. Renew and Allenbuild have cooperated fully with the OFT throughout its investigation.

Under the OFT's Fast Track Offer Allenbuild made two admissions of participation in cover pricing activities in respect of two tenders which occurred in 2003 and 2004 in the, now closed, Midlands office of Allenbuild. No employees connected with the infringements remain with the Group. Prior to the OFT investigation, the Board of Renew was unaware of these infringements, which took place prior to the appointment of the current Group Executive Directors.

Immediately following the commencement of the OFT investigation, Renew introduced reinforced Group-wide tendering procedures. These guidelines and controls are in place to ensure that all subsidiaries comply with competition laws. Compliance with these procedures is audited on a regular basis. The practice of cover pricing is not regarded as acceptable within the Renew Group of companies.

The OFT's decision was that a fine of £0.5m will be levied on Allenbuild and that a fine of £3.0m will be levied on Bullock Construction Limited ("Bullock"). Bullock is a former subsidiary of Renew which was sold in September 2005 to a company controlled by Bullock's management. The Bullock offence occurred in 2000. The OFT holds that Renew Holdings plc is jointly and severally liable for both of these fines but leaves the determination of apportionment of liability to the parties themselves.

The Board of Renew was totally unaware of the circumstances surrounding the Bullock infringement as there are no records remaining within the Group following the sale of Bullock.

Having taken legal advice, Renew has appealed against the OFT's decision on a number of counts. In respect of the Bullock fine, taking into account the specific facts concerning the matter, the Board believes that Renew has no liability and has appealed on that ground amongst others. Accordingly, in the 2009 results, the Group provided a sum of £0.5m as an exceptional charge in respect of the Allenbuild fine, with no provision for the Bullock fine. Were the Company's appeals against the Bullock fine not to be upheld, then the Group may have a greater liability in respect of this matter. The Board awaits the outcome of the appeals and consequently continues to believe that the provision represents the best estimate of the anticipated outcome.

Other

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

Notes to the accounts continued

24 Employee benefits: Retirement benefit obligations

Defined benefit pension scheme

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

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 pension advisors and have determined that they are appropriate. The scheme valuation at 30 September 2010 has shown a surplus of £1,060,000 based on the assumptions set out below. The Directors have determined that it is appropriate to recognise this surplus as, having reviewed the rules of the Lovell Pension Scheme, they are of the view that the Group 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 2010 carried out by Lane Clark & Peacock LLP, Consulting Actuaries, using the following financial assumptions:

	As at 30 September 2010	As at 30 September 2009	As at 30 September 2008
Rate of increase in salaries	**4.00%**	4.00%	4.00%
LPI increases to pensions in payment	**3.20%**	3.10%	3.10%
Discount rate	**4.90%**	5.70%	7.00%
Inflation assumption	**2.80%**	3.10%	3.50%
Increases in deferred pensions	**2.80%**	3.10%	3.10%

In response to the statement issued on 8 July 2010 by the Minister for Pensions regarding the Government's intention to use the Consumer Prices Index ("CPI") rather than the Retail Prices Index ("RPI") as the inflation measure to determine pension increases linked to statutory indices, the Directors have had regard to the Accounting Standard Board's Urgent Issues Task Force Information Sheet No. 90. The Directors have reviewed the rules of the Lovell Pension Scheme and, as the rules are not specific in relation to the index to be used in calculating deferred pension entitlements, have concluded that it is appropriate to regard the change from RPI to CPI as a change in actuarial assumptions in respect of deferred pension entitlements. The reduction in scheme liabilities arising from this change in actuarial assumptions is recorded as an actuarial gain in the statement of comprehensive income.

The mortality tables adopted for the 2010 and 2009 valuations are the Continuing Mortality Investigations PNA00 series with projected longevity improvements fully allowed for according to each member's year of birth and with an additional allowance for future longevity improvements known as the medium cohort adjustment. The assumptions include adjustments to these tables based upon a postcode analysis of the membership. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership. In 2008, the PA1992 series tables incorporating a medium cohort adjustment were used. An example of the effect of the changes in mortality assumption is that under the 2010 and 2009 assumptions a 60 year old male pensioner is forecast to live for a further 25.4 years compared to 26.8 years under the 2008 assumptions.

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

	Value as at 30 September 2010 £000	**Expected rate of return**	Value as at 30 September 2009 £000	Expected rate of return	Value as at 30 September 2008 £000	Expected rate of return
Annuities	**505**		526		632	
Gilts + 2.5% fund	**72,584**	**6.20%**	59,583	6.60%	50,659	7.20%
Bonds	**52,566**	**5.00%**	51,050	5.60%	48,190	7.00%
Cash	**324**	**0.05%**	102	0.05%	39	4.50%
Total	**125,979**		111,261		99,520	

Accounts

24 Employee benefits: Retirement benefit obligations continued

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

	2010 £000	2009 £000
Movements in scheme assets and liabilities		
Total fair value of scheme assets brought forward	111,261	99,520
Expected return on scheme assets	5,657	6,919
Employer contributions	2,451	2,028
Annuities	505	526
Benefits paid	(7,009)	(6,280)
Actuarial gain on scheme assets	13,114	8,548
Total fair value of scheme assets carried forward	125,979	111,261
Present value of scheme obligations brought forward	113,612	100,999
Interest costs	5,776	6,854
Current service costs	85	70
Annuities	505	526
Benefits paid	(7,009)	(6,280)
Actuarial increase in scheme obligations	11,950	11,443
Total fair value of scheme obligations carried forward	124,919	113,612
Surplus/(deficit) in the scheme	1,060	(2,351)
Deferred tax	(286)	658
Net surplus/(deficit)	774	(1,693)
Amounts charged to operating profit:		
Current service cost	(85)	(70)
Amount (charged)/credited to other financial (charges)/income:		
Expected return on scheme assets	5,657	6,919
Interest on scheme liabilities	(5,776)	(6,854)
	(119)	65
Amounts recognised in the statement of comprehensive income:		
Actual less expected return on scheme assets	13,114	8,548
Effect of change in assumptions on scheme liabilities	(11,950)	(11,443)
Actuarial gain/(loss)	1,164	(2,895)
Movement in the net scheme deficit during the year:		
Net scheme deficit brought forward	(2,351)	(1,479)
Current service cost	(85)	(70)
Cash contribution	2,451	2,028
Other finance (expense)/income	(119)	65
Actuarial gain/(loss)	1,164	(2,895)
Net scheme surplus/(deficit) carried forward	1,060	(2,351)

Notes to the accounts continued

24 Employee benefits: Retirement benefit obligations continued

	2010	2009	2008	2007	2006
Difference between the expected and actual return on scheme assets	**£13,114,000**	£8,548,000	£(6,905,000)	£(7,960,000)	£(1,786,000)
As a percentage of the assets at the end of the year	**10.4%**	7.7%	(6.9)%	(8.0)%	(1.6)%
Experience gains/(losses) on scheme liabilities	**£2,100,000**	—	£600,000	£(575,000)	£(72,000)
As a percentage of the liabilities at the end of the year	**1.7%**	—	0.6%	(1.0)%	0.0%
Total amount recognised in the statement of comprehensive income	**£1,164,000**	£(2,895,000)	£(497,000)	£(1,804,000)	£(7,803,000)
As a percentage of the liabilities at the end of the year	**0.9%**	(2.6)%	(0.5)%	(1.7)%	(6.9)%

The scheme has been in operation for many years and, after taking advice from the Group's pension 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.

Defined contribution pension scheme
On 1 April 2008, the Renew Holdings Pension Scheme commenced winding up. During the 2009 financial year, the assets were transferred to individual stakeholder plans which the Group established for scheme members.

The Group made contributions of £2,742,000 (2009: £1,553,000) into these plans during the year. There are also £192,000 (2009: £181,000) 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 May, J Samuel, R Harrison and J Bishop, whose total compensation amounted to £957,000 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 undertakings

With effect from 1 October 2008, the Company's wholly owned subsidiary, Seymour (Civil Engineering Contractors) Limited, acquired the whole of the issued share capital of C.&A. Pumps Limited ("C&A") for a consideration of £1.76m all of which was paid in cash. On 22 May 2009, the Group acquired the trading assets and liabilities of Mothersill Engineering ("Mothersill") for a consideration of £0.43m all of which was paid in cash.

The value of the assets and liabilities of C&A and Mothersill at the date of acquisition were:

	Book value £000	Adjustments £000	Fair value £000
Non-current assets			
Intangible assets – goodwill		1,010	1,010
Intangible assets – other		163	163
Property, plant and equipment	987	96	1,083
	987	1,269	2,256
Current assets			
Inventories	136		136
Trade and other receivables	646		646
	782	—	782
Total assets	1,769	1,269	3,038
Non-current liabilities			
Deferred tax liabilities	(23)	(27)	(50)
Obligations under finance leases	(18)		(18)
	(41)	(27)	(68)
Current liabilities			
Borrowings	(68)		(68)
Trade and other payables	(664)		(664)
Current tax liabilities	(10)		(10)
Obligations under finance leases	(36)		(36)
	(778)	—	(778)
Total liabilities	(819)	(27)	(846)
Net assets	950	1,242	2,192

Goodwill of £1,010,000 was acquired on acquisition and has been reviewed for impairment one year after the acquisitions as required by IFRS 3. The goodwill is attributable to the expertise and workforce of the acquired business. Other intangible assets of £163,000, representing contractual rights of C&A, were also acquired and will be amortised over their useful economic lives in accordance with IFRS 3.

The value of land acquired with C&A and included in tangible fixed assets has been increased from £524,000 to £620,000 as a result of a fair value adjustment. The land was independently valued by Hanline Associates, Chartered Surveyors, on 2 July 2008 on an existing use basis. This valuation was reconfirmed by the same valuers as at 30 September 2009.

Company balance sheet

at 30 September

	Note	2010 £000	2009 £000
Fixed assets			
Tangible assets	E	813	842
Investments	F	97,131	90,525
		97,944	91,367
Current assets			
Stocks and work in progress	G	581	342
Debtors: due within one year	H	22,670	26,353
Cash at bank and in hand	I	8,991	14,065
		32,242	40,760
Creditors: amounts falling due in less than one year	J	(104,313)	(105,174)
Net current liabilities		(72,071)	(64,414)
Total assets less current liabilities		25,873	26,953
Net assets		25,873	26,953
Capital and reserves			
Share capital	L	5,990	5,990
Share premium account	M	5,893	5,893
Capital redemption reserve	M	3,896	3,896
Share based payments reserve	M	217	162
Profit and loss account	M	9,877	11,012
Equity shareholders' funds	N	25,873	26,953

Approved by the Board and signed on its behalf by:

R J Harrison OBE
Chairman
23 November 2010

Notes to the company accounts

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.

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 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	– no depreciation charge
Long leasehold land and buildings	– shorter of fifty years and period of lease
Plant and vehicles	– three to ten years
Office equipment	– two to seven 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 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 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 the Company's stakeholder 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.

Notes to the company accounts continued

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 £662,000 (2009: £7,218,000).

The audit fee charged within the profit and loss account amounted to £63,000 (2009: £60,000).

C Employee numbers and remuneration

	2010 Number	2009 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	36	41
At 30 September:	36	38

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

	£000	£000
Wages and salaries	1,975	2,265
Social security costs	233	293
Other pension costs	116	184
Share based payments	55	(71)
	2,379	2,671

Details of individual Directors' emoluments and pension contributions can be found in the Directors' Remuneration Report on page 39.

D Dividends

	2010 Pence/share	2009 Pence/share
Interim (related to the year ended 30 September 2010)	1.00	1.00
Final (related to the year ended 30 September 2009)	2.00	2.00
Total dividend paid	3.00	3.00

	£000	£000
Interim (related to the year ended 30 September 2010)	598	598
Final (related to the year ended 30 September 2009)	1,199	1,199
Total dividend paid	1,797	1,797

Dividends are recorded only when authorised and are shown as a movement in equity shareholders' funds rather than as a charge in the profit and loss account. The Directors are proposing that a final dividend of 2.0p per Ordinary Share be paid in respect of the year ended 30 September 2010. This will be accounted for in the 2010/11 financial year.

E Tangible fixed assets

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost				
At 1 October 2009	701	789	314	1,804
Disposals	—	—	(8)	(8)
At 30 September 2010	**701**	**789**	**306**	**1,796**
Depreciation				
At 1 October 2009	9	660	293	962
Charge for year	9	5	13	27
Disposals	—	—	(6)	(6)
At 30 September 2010	**18**	**665**	**300**	**983**
Net book value				
At 30 September 2010	**683**	**124**	**6**	**813**
At 30 September 2009	692	129	21	842

The Company has no assets held under finance leases or hire purchase agreements.

F Investments

	Subsidiary undertakings £000
Shares at cost	
At 1 October 2009	159,405
Additions	6,606
At 30 September 2010	**166,011**
Provisions	
At 1 October 2009 and 30 September 2010	**68,880**
Net book value	
At 30 September 2010	**97,131**
At 30 September 2009	90,525

During the year Lovell America, Inc. was acquired from a subsidiary undertaking at fair value. At the same time a provision of £5.9m which was previously held against a debt due from Lovell America, Inc. was transferred against the carrying value of the investment.

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 cashflows.

Notes to the company accounts continued

G Stock and work in progress

	2010 £000	2009 £000
Undeveloped land	**581**	342

H Debtors

	2010 £000	2009 £000
Due within one year		
Trade debtors	**97**	332
Due from subsidiary undertakings	**20,565**	25,369
Other debtors	**180**	68
Deferred tax	**10**	83
Prepayments and accrued income	**1,818**	501
	22,670	26,353

I Cash at bank and in hand

	2010 £000	2009 £000
Cash at bank	**8,991**	14,065

J Creditors: amounts falling due within one year

	2010 £000	2009 £000
Trade creditors	**72**	590
Other taxation and social security	**801**	826
Due to subsidiary undertakings	**97,290**	97,612
Other creditors	**282**	288
Accruals and deferred income	**5,868**	5,858
	104,313	105,174

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 US dollar bank account which is maintained by the Company in the UK and the unhedged portion of an inter-company loan. At 30 September 2010 the unhedged portion of the inter-company loan was $470,000 (2009: $nil). At 30 September 2010 the balance on the US dollar bank account was $nil (2009: $1,000).

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

	2010 £000	2009 £000
Authorised:		
100,000,000 (2009: 100,000,000) Ordinary Shares of 10p each	**10,000**	10,000
Allotted, called up and fully paid:		
59,898,927 (2009: 59,898,927) Ordinary Shares of 10p each	**5,990**	5,990

Share options

The Company operates a share option scheme, the Renew Holdings 2004 Executive Share Option Scheme.

Details of the scheme and options in issue is given below and in Note M.

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.

Vesting of options is dependant on the achievement of certain performance criteria which are established by the Remuneration Committee at the point of grant. 761,904 of the options granted in the 2006 financial year have vested.

In respect of the options granted during the 2007 and 2008 financial years, the performance criteria were not met and so 940,252 of previously granted options have lapsed.

In respect of the options granted during the 2009 financial year, 25% of the options will vest if the Group's earnings per share for the year ending 30 September 2011 exceed 10p. For 100% vesting to occur, the Group's earnings per share for the year ending 30 September 2011 must be at least 13.50p. In respect of the options granted in the 2010 financial year, 25% of the options will vest if the Group's earnings per share for the year ended 30 September 2012 exceed 6.95p. For 100% vesting to occur, the Group's earnings per share for that year must be at least 8.50p.

The scheme does not permit retesting of performance conditions and if the performance criteria are not achieved then the options will lapse.

Notes to the company accounts continued

M Reserves

	Share premium account £000	Capital redemption reserve £000	Share based payments reserve £000	Profit and loss account £000
At 1 October 2009	5,893	3,896	162	11,012
Transfer from profit and loss account for the year				662
Recognition of share based payments			55	
Dividends paid				(1,797)
At 30 September 2010	**5,893**	**3,896**	**217**	**9,877**

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 Directors' estimate of shares that will eventually vest.

£55,000 has been charged (2009: credited £71,000) 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 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 2010 were as follows:

Date of grant	7 June 2006	26 November 2008	25 November 2009	Total
Awards outstanding at 30 September 2010				
– Directors	761,904	829,404	1,312,319	2,903,627
Exercise price and price at date of grant	52.5p	54.5p	34.5p	—
Maximum option life	10 years	10 years	10 years	—
Assumed option life for purposes of valuation	3 years	3 years	3 years	—
Expected volatility	47%	41%	53%	—
Dividend yield	1.0%	5.9%	8.5%	—
Risk free interest rate	4.67%	3.85%	1.88%	—
Value per option	20.5p	10.2p	8.7p	—

The options granted on 7 June 2006 have vested in full. The options granted on 8 January 2007 and 3 December 2007 have lapsed.

There were 1,591,308 options outstanding at 1 October 2009 being those issued in June 2006 and November 2008 as detailed above.

N Reconciliation of movements in equity shareholders' funds

	2010 £000	2009 £000
Profit for the year	662	7,218
Dividends paid	(1,797)	(1,797)
Recognition of share based payments	55	(71)
At 1 October 2009	26,953	21,603
At 30 September 2010	25,873	26,953

O Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2010 £000	Total 2009 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	—	7	7	11
Two to five years	—	15	15	8
Five or more years	1,557	—	1,557	1,519
	1,557	22	1,579	1,538

The Company has capital commitments at 30 September 2010 of £nil (2009: £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.

Office of Fair Trading Investigation

The Company has received the decision from the Office of Fair Trading ("OFT") following its investigation into tender activities within the construction sector.

In 2007, the Company announced that Allenbuild, one of its subsidiaries, had been contacted by the OFT in relation to some historic contract tenders. Renew and Allenbuild have cooperated fully with the OFT throughout its investigation.

Under the OFT's Fast Track Offer Allenbuild made two admissions of participation in cover pricing activities in respect of two tenders which occurred in 2003 and 2004 in the, now closed, Midlands office of Allenbuild. No employees connected with the infringements remain with the Group. Prior to the OFT investigation, the Board of Renew was unaware of these infringements, which took place prior to the appointment of the current Group Executive Directors.

Immediately following the commencement of the OFT investigation, Renew introduced reinforced Group-wide tendering procedures. These guidelines and controls are in place to ensure that all subsidiaries comply with competition laws. Compliance with these procedures is audited on a regular basis. The practice of cover pricing is not regarded as acceptable within the Renew Group of companies.

The OFT's decision was that a fine of £0.5m will be levied on Allenbuild and that a fine of £3.0m will be levied on Bullock Construction Limited ("Bullock"). Bullock is a former subsidiary of Renew which was sold in September 2005 to a company controlled by Bullock's management. The Bullock offence occurred in 2000. The OFT holds that Renew Holdings plc is jointly and severally liable for both of these fines but leaves the determination of apportionment of liability to the parties themselves.

The Board of Renew was totally unaware of the circumstances surrounding the Bullock infringement as there are no records remaining within the Group following the sale of Bullock.

Having taken legal advice, Renew has appealed against the OFT's decision on a number of counts. In respect of the Bullock fine, taking into account the specific facts concerning the matter, the Board believes that Renew has no liability and has appealed on that ground amongst others. Accordingly, in the 2009 results, the Group provided a sum of £0.5m as an exceptional charge in respect of the Allenbuild fine, with no provision for the Bullock fine. Were the Company's appeals against the Bullock fine not to be upheld, then the Company may have a greater liability in respect of this matter. The Board awaits the outcome of the appeals and consequently continues to believe that the provision represents the best estimate of the anticipated outcome.

Notes to the company accounts continued

Q Defined contribution pension scheme

On 1 April 2008, the Renew Holdings Pension Scheme commenced winding up. During the 2009 financial year, the assets were transferred to individual stakeholder plans which the Group established for scheme members.

The Company made contributions of £116,000 (2009: £184,000) into these plans during the year. There are also £10,000 (2009: £6,000) 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 construction and construction related activities.

The principal subsidiary undertakings are shown below.

		Incorporation & principal place of business	Proportion of Ordinary Shares held by the Company
Subsidiary undertakings			
YJL Ltd	Owned by Renew Holdings plc	England and Wales	100%
Allenbuild Ltd	Owned by subsidiary	England and Wales	100%
Britannia Construction Ltd	Owned by subsidiary	England and Wales	100%
Walter Lilly & Co Ltd	Owned by subsidiary	England and Wales	100%
YJL London Ltd	Owned by subsidiary	England and Wales	100%
YJL Infrastructure Ltd	Owned by subsidiary	England and Wales	100%
VHE Construction Plc	Owned by subsidiary	England and Wales	100%
Shepley Engineers Ltd	Owned by subsidiary	England and Wales	100%
Seymour (Civil Engineering Contractors) Ltd	Owned by subsidiary	England and Wales	100%
Lovell America, Inc	Owned by 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 May, J Samuel, R Harrison and J Bishop, whose total compensation amounted to £957,000 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 Harrison OBE	(Non-executive Chairman)
B May	(Chief Executive)
J Samuel FCA	(Group Finance Director)
J Bishop FCA	(Independent Non-executive)

Registrars
Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0GA

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

Nominated advisor and broker
Brewin Dolphin Securities Ltd
34 Lisbon Street
Leeds LS1 4LX

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

Shareholder information

Annual General Meeting	**26 January 2011**
Results	**Announcement of interim results – May 2011**
	Preliminary announcement of full year results – November 2011

Dividend re-investment plan

For any shareholders who wish to re-invest dividend payments in the Company, a facility is provided by Capita IRG Trustees Ltd in conjunction with Capita Registrars. 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 shares@capitaregistrars.com or visit www.capitaregistrars.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 FSA by visiting www.fsa.gov.uk/register/
- Report the matter to the FSA either by calling 0300 500 5000 or visiting www.moneymadeclear.fsa.gov.uk

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

Notice of annual general meeting

Notice is hereby given that the fifty first Annual General Meeting of the Company will be held at the offices of Brewin Dolphin Securities Ltd, 34 Lisbon Street, Leeds LS1 4LX on Wednesday 26 January 2011 at 11.00am to consider and, if thought fit, pass resolutions 1 to 6 below as ordinary resolutions and resolutions 7 and 8 below as special resolutions.

The meeting will consider the following business:

Ordinary business

1. To receive and adopt the audited financial statements for the year ended 30 September 2010 and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of 2p per share.
3. To re-elect Brian May, who retires as a director in accordance with the Company's Articles of Association and offers himself for re-election. (Explanatory note: Biographical details of Brian May are included in the Directors' Report in the Annual Report and Accounts).
4. To approve the Remuneration Report for the year ended 30 September 2010.
5. To re-appoint KPMG Audit Plc as Auditors of the Company.
6. To authorise the Directors to determine the Auditors' remuneration.

Special business

7. THAT the Directors be generally and unconditionally authorised pursuant to and in accordance with Section 551 of the Companies Act 2006 ("Act") to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to a nominal amount of £299,495, such authority to apply in substitution for all previous authorities pursuant to Section 80 of the Companies Act 1985 or Section 551 of the Act and to expire at the end of the Annual General Meeting in 2012 or on 26 April 2012 whichever is the earlier (unless renewed, varied or revoked by the Company prior to or on such date) but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

   (Explanatory note: The purpose of resolution 7 is to renew the Directors' power to allot shares. The authority to be given by resolution 7 will allow the Directors to allot new shares and grant rights to subscribe for, or convert other securities into shares to a nominal value of the amount stated, which is equivalent to 5% of the total issued Ordinary Share capital of the Company, as at 23 November 2010.)

8. THAT, subject to the passing of resolution 7 above, the Directors be and are hereby given the general power pursuant to Section 570 of the Act to allot equity securities (as defined by Section 560(1) of the Act) wholly for cash pursuant to the authority given in resolution 7 above, as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer by way of rights issue to holders of Ordinary Shares in proportion (as nearly may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, record dates, or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

   (b) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £299,495.

   The power granted by this resolution will expire on 26 April 2012 or, if earlier, the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

   This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if either Section 89(1) of the Companies Act 1985 or Section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

   (Explanatory note: By Resolution 8 the Directors are seeking renewal of the power to allot shares for cash for the purposes of a rights issue or otherwise than in connection with a rights issue, limited to the issue of shares up to an aggregate nominal value of £299,495, being 5% of the issued Ordinary Share capital of the Company at 23 November 2010. If given, this power will expire at the Company's AGM in 2012 or on 26 April 2012, whichever is the earlier.)

By order of the Board

J Samuel.

J Samuel FCA
Company Secretary
23 November 2010

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

Notes to the notice of annual general meeting

Notes

1. A member of the Company must be entered on the Register of Members at 6pm on 24 January 2011 (or the date which is two days prior to any adjourned AGM) in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
2. A member entitled to attend and vote at the AGM may appoint one or more proxies (who need not be a member of the Company) to attend and to speak and to vote on his or her behalf whether by show of hands or on a poll. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
3. Proxy forms and the powers of attorney or other authority, if any, under which they are signed need to be deposited at the office of the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not later than 48 hours before the time appointed for the meeting. Shareholders wishing to vote online should go to www.capitashareportal.com and follow the instructions. Completion of a proxy or any CREST proxy instruction (as described in paragraph 5 below) will not preclude a shareholder from attending and voting in person at the meeting.
4. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.
5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

   In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with the specifications of CREST's operator, Euroclear UK & Ireland Limited ("Euroclear") and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 11am on 24 January 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

   The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
6. As at 23 November 2010 (being the last business day prior to the publication of this notice) the Company's issued share capital consists of 59,898,927 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at such date are 59,898,927.
7. A copy of this notice can be found at www.renewholdings.com

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

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

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

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

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

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

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

Allenbuild (North West)
Jubilee House
Waterside Drive
Wigan
WN3 5AZ
Tel: 01942 246 265

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

Allenbuild (North East/ Midlands)
Phoenix House
Hawthorn Park
Coal Road
Seacroft
Leeds
LS14 1PQ
Tel: 0113 237 5600

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

Company Number: 650447
Registered in England & Wales