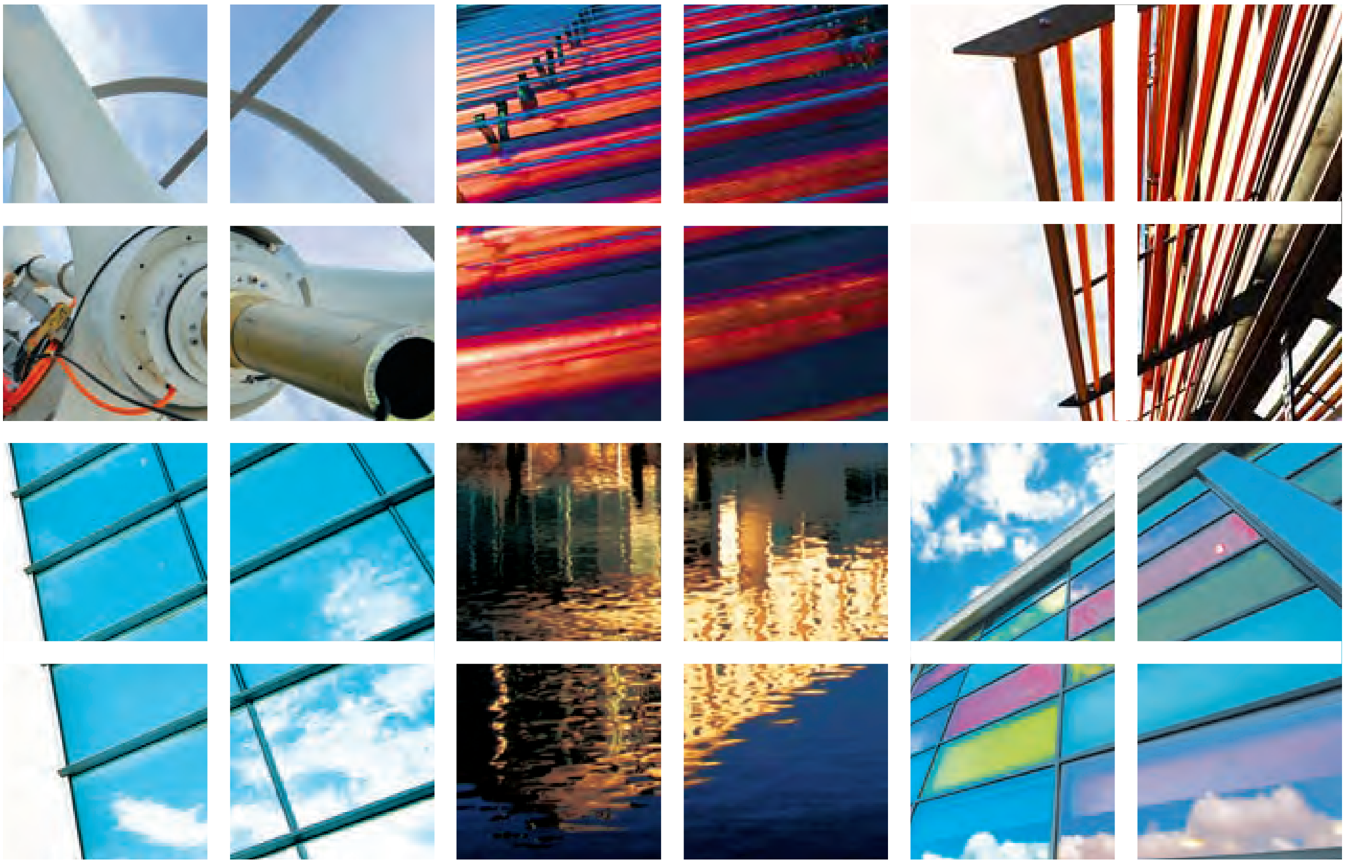


delivering specialist engineering and construction services

annual report & accounts 2009

renew

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

renew

financial highlights

revenue

£316.6m
(2008: £390.6m)

profit before income tax*

£5.5m
(2008: £9.5m*)

* prior to exceptional items and amortisation charges

full year dividend

3.0p
(2008: 3.0p)

net cash balance

£14.6m
(2008: £28.2m)

operational highlights

- Specialist engineering now accounts for 36% of Group revenue
- Group's order book at 30 September 2009 stood at £202m
- 80% of Group's order book is repeat business
- 70% of specialist engineering forward orders are in regulated markets

Roy Harrison OBE
Chairman

"The continuing difficult market presents challenges however our debt free balance sheet with available cash resources puts Renew in a position of strength."

Introduction

Against the background of the current economic climate, I am pleased to report satisfactory results for the year.

In these challenging trading conditions, the Group's established strategy of shifting the balance of revenues from Specialist Building to Specialist Engineering, which now accounts for 36% compared with 15% three years ago, is justified as both revenues and profits from Specialist Engineering have increased. The impact of the recession has been keenly felt in Specialist Building but the cost reduction measures which we have implemented throughout the year leaves that part of the Group's business well placed to negotiate these difficult market conditions successfully.

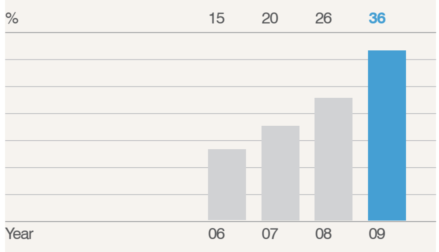
Results

Group revenue for the year ended 30 September 2009 was £316.6m (2008: £390.6m). Profit before income tax for the year prior to exceptional items and amortisation charges was £5.5m (2008: £9.5m). Profit after tax, exceptional items and amortisation charges, was £0.4m (2008: £5.3m).

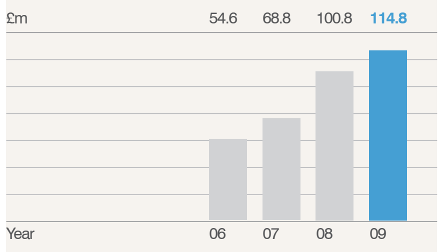
The Group remains debt free and at 30 September 2009, the Group's net cash position stood at £14.6m (2008: £28.2m). The Board expects a similar level of net cash at 30 September 2010.

Specialist Engineering revenues grew by 14% to £114.8m (2008: £100.8m) and operating profit prior to exceptional items and amortisation charges increased by 16% to £4.0m (2008: £3.5m).

Specialist Engineering
% of Group revenue



Specialist Engineering
revenue



The specialist markets in which we operate are in sectors which have strong regulatory drivers. This provides greater visibility of workflow and stability of earnings.

In Specialist Building the past year has seen worsening conditions resulting in revenues reducing to £202.4m (2008: £287.0m). These reductions have been principally experienced in the retail and non-specialist sectors which accounted for 27% of Specialist Building revenue in 2009 compared to 46% in 2008. Nevertheless, Specialist Building delivered operating profits prior to exceptional items and amortisation charges of £2.5m (2008: £4.9m).

The Group has incurred £4.4m of exceptional costs including £2.6m of restructuring and redundancy costs. The decisive action taken resulted in reduced capacity of 35% in Specialist Building which realigns the business appropriately for market conditions. These actions have produced annual cost savings in excess of £12m.

The Group's order book at 30 September 2009 stood at £202m (2008: £219m) with a 67% increase in Specialist Engineering to £82m (2008: £49m). Over 80% is in the form of repeat business for both Specialist Building and Specialist Engineering sectors. Within Specialist Engineering 70% is in resilient markets with regulated spending plans. Our emphasis will remain on project selectivity to reduce contract risk and to maintain quality of earnings.

Office of Fair Trading Investigation

Renew has received the decision from the Office of Fair Trading ("OFT") following its investigation into tender activities within the construction sector. This decision was that a fine of £0.5m will be levied on Allenbuild Limited ("Allenbuild"), one of its subsidiaries, 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 OFT holds that Renew is jointly and severally liable for these fines. Having taken legal advice, Renew has appealed against the OFT decision and the Board believes that Renew will have no liability in respect of the Bullock fine. Accordingly, in these results, the Group has provided a sum of £0.5m as an exceptional charge in respect of the Allenbuild fine.

Dividend

The Board is proposing to maintain the final dividend at 2.0p per share. This will provide an annual dividend of 3.0p (2008: 3.0p). The dividend will be paid on 25 February 2010 to shareholders on the register as at 29 January 2010 and in accordance with accounting standards will be accounted for in the 2010 financial year. The shares will become ex-dividend on 27 January 2010.

Growth strategy

Our strategy addresses current market conditions and focuses on two distinct business streams, Specialist Engineering and Specialist Building.

Our aim is to increase revenue in Specialist Engineering both organically and by acquisition, whilst maintaining operating margins in the target range of 3% to 4%. During the year, we have added to the breadth of our offering in both the Water and Nuclear industries with the acquisitions of C.&A. Pumps Limited and Mothersill Engineering. In Specialist Building we aim to selectively access opportunities, maintaining profitability of at least 1% at the operating level with a longer term target of 2% as markets improve.

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 50% of revenue.

Outlook

The continuing difficult market presents challenges however our debt free balance sheet with available cash resources puts Renew in a position of strength. The Group benefits from a highly experienced management team, led by Brian May, Chief Executive, and I am confident that the Group will deliver a resilient performance and trade profitably through the recession.

Roy Harrison OBE
Chairman
24 November 2009

Brian May
Chief Executive

"The Group continues to make progress in realising its objective of shifting the balance of its revenues progressively into Specialist Engineering"

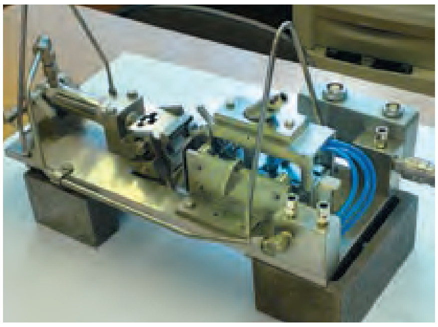
Overview

Our strategy of expanding Specialist Engineering activities whilst concentrating on secure margin delivery in Specialist Building is well established.

In Specialist Engineering, revenue has increased by 14% and now accounts for 36% of Group revenue with margins remaining within our target range at 3.5%. Our Specialist Engineering markets are resilient and have strong regulatory drivers. This is evidenced by the encouraging 67% increase in forward work to £82m (2008: £49m), of which 97% is in the form of repeat business.

In Specialist Building, as anticipated, revenues reduced by 29% (27% being in retail and non specialist sectors). Despite this, Specialist Building remained profitable with a 1.2% return prior to exceptional items. The decisive action taken to reduce capacity has resulted in a Specialist Building business which is now appropriately sized, with a competitive cost base, to meet the market conditions anticipated over the coming years.

We have continued to look for complementary acquisitions to develop our Specialist Engineering business. Whilst acquisitions that meet our demanding criteria have been difficult to identify, we were delighted to announce two acquisitions during the year. In October 2008, Seymour's capability in the water industry was further enhanced with the acquisition of C.&A. Pumps Ltd. C&A is based in County Durham and operates nationally providing



mechanical and electrical design, installation and maintenance services.

In May we acquired Mothersill Engineering a specialist machining and fabrication business, which enhances our offering to the nuclear industry. Mothersill has worked with our nuclear business, Shepley, for many years and provides support to nuclear new build projects, decommissioning and production operations.

Review of operations
Specialist Engineering
Nuclear
Shepley Engineers continues to be active in five nuclear facilities, Sellafield, Drigg, Springfields, Capenhurst and Chapelcross. At Sellafield, where Shepley has worked for 54 years, the company remains the largest mechanical and electrical contractor on site. Shepley operates in the fields of both asset support and decommissioning, underpinned by four frameworks with Sellafield Ltd, all of which have been extended during the year. The Multi Discipline Site Wide framework continues to provide significant volume.

The spend by the Nuclear Decommissioning Authority is planned to be £8.4bn over the next three years with 59% allocated to the facilities in which Shepley is active. This is providing additional opportunities outside the frameworks and during the year Shepley has received initial orders on the £80m Separation Area Ventilation project and the £200m B30 project, the most hazardous industrial complex in Western Europe. Further work on these projects is anticipated.

In addition Shepley was recently awarded the £4.3m project to reclad Unit 560, direct for Sellafield Ltd. It is also part of the major group, which includes Jacobs and Doosan Babcock, bidding for the High Active Liquid Effluent Facility, the largest single contract to be let by Sellafield, with a value in excess of £500m.

Water
Seymour, acquired by the Group in 2007, specialises in water infrastructure development, flood alleviation and sea defences. Seymour's revenues have increased by 50% since acquisition.

Seymour's largest client is Northumbrian Water for whom it carries out work on four frameworks. Flood alleviation and combined sewer overflows continue to feature strongly with £15m of orders received in the year. Northumbrian Water is the 8th largest water company measured by investment spend and the frameworks are due for renewal in 2011. Seymour has commenced work to maximise its future position on the AMP5 frameworks.

During the year C&A has been awarded an M&E framework by Scottish Water, the first for this client. Similarly Allenbuild has recently been appointed to our first framework with Severn Trent, which is expected to provide £20m of projects per annum for its framework partners.

Ofwat recently published its draft proposals for a £21bn investment programme over the next five years. This is an increase over the last five year period with a greater spend anticipated on flood alleviation.

Land Remediation
The repositioning of the VHE business last year into regional civil engineering, due to the reduced remediation market, has proved effective. This is demonstrated by the award of the £15m Cudworth Bypass contract which is the fifth contract for Barnsley MBC.

Remediation continues to provide opportunities for VHE and during the year we were awarded a £5.8m project to remediate the site of the Commonwealth Games Athletes Village in Glasgow, one of the largest remediation projects in Scotland. In addition, VHE has been appointed preferred bidder to develop a remediation strategy on a redundant gasworks in Jersey. Work also continues to be awarded under our National Grid framework with discussions ongoing to secure a two year extension.

VHE is the UK's leading specialist contractor undertaking remediation works under Part IIA of the Environmental Protection Act 1990 and recently has secured two further awards, including a £1.5m scheme in Cardiff. This act sets out the regulatory framework for Local Authorities to deal with the estimated 200,000 hectares of land contaminated during previous use.

VHE continues to improve its remediation skills and is investigating different remediation technologies to respond to environmental and energy saving concerns. VHE is developing an expertise in solidification and stabilisation with a European partner. VHE remains well placed to provide its specialist skills as opportunities arise.

Rail

Our rail business, YJL Infrastructure, has seen substantial growth in the year and has now widened its customer base, working for eight client bodies over the last two years.

The principal market is within London and the Home Counties where there are approximately 700 stations and 30 depots. £40bn has been committed to Transport for London to upgrade London's transport system over the next ten years, with Network Rail also having a £35bn development plan running to 2014. YJL Infrastructure, as an accredited rail contractor, is active in both these sectors.

In October 2008, YJL Infrastructure was appointed to the Vendor Capital Programme framework with London Underground which will provide ongoing opportunities over the next four years. During the last year major awards have been the modernisation of Marble Arch and Notting Hill Gate stations, valued at £15m each, station fit outs for South Eastern on CTRL and two projects for Network Rail at Waterloo, including the complex and time sensitive Peak Hour Subway. An award has also been received for an intrusive survey project for Crossrail.

Specialist Building

Social Housing

Allenbuild has now established itself as one of the leading new build social housing contractors in the South East having doubled revenues over the last three years. It continues to receive awards recognising its reputation for quality, delivery, innovation and value engineering and is at the forefront of developments on environmental, sustainability and energy saving issues.

The social housing market has well established spending plans. Allenbuild has a position on ten frameworks, an increase of two in the year. These underpin the business providing access to an annual £650m market. Allenbuild has relationships with six of the top twelve housing associations as listed in the recent Homes & Communities Agency grant allocation awards.

66% of projected revenues in this sector are secured for the coming year with the balance identified and in final negotiation. In addition, there is over £100m of future opportunities in discussion.

Restoration and Refurbishment

This specialist sector has remained strong, particularly for Walter Lilly, which remains a preferred contractor for consultants in high quality residential refurbishment. Walter Lilly has particular skills in providing innovative solutions to the temporary works challenges in extending properties underground, which is a major requirement for most residential projects in London. This skill has been demonstrated in the successful completion of the 11m deep basement to form a stacking car park at their £36m project in Grosvenor Crescent.

During the year, good progress was made on the extensive refurbishment of a large Grade II listed private residence in Regents Park and Walter Lilly was also awarded the £35m contract to

carry out restoration and refurbishment works to a prestigious Grade II listed property in Park Lane.

Walter Lilly was proud to be awarded the project to construct the 7th July memorial in Hyde Park. The memorial, which was officially opened by HRH Prince of Wales, contains 52 stelae, one for each of those who lost their lives in the Central London bombings in July 2005.

The Group has worked on a variety of projects at the Palace of Westminster for over twelve years and was delighted to be awarded the first phase of the cast iron roof restoration, valued at £7m.

Science and Education

Substantial Government funding remains committed to improving the country's science and education facilities. We continue to secure projects both individually and through our eight national frameworks in this sector.

We have continued our long association with Defra with a further £7m award and have recently been awarded our 63rd project in a 17 year relationship with GlaxoSmithKline. In addition we have received a further award on our Imperial College framework.

Following confirmation of Learning and Skills Council funding for the Kirklees College Waterfront Campus, we are now finalising contractual arrangements on this £46m project and have commenced works on site under an enabling contract.

People

Keeping our employees and those who work with us operating safely is of paramount importance to the Group. I am pleased that 2009 has seen us again beat our yearly safety target with a reduction of 17% in the Accident Incidence Rate over the year, which is a 64% reduction over the last four years.

The achievements of the Group, during these challenging times, are a testament to the skills, hard work and commitment of all our employees for which the Board is very grateful.

Summary

The Group continues to make progress in realising its objective of shifting the balance of its revenues progressively into Specialist Engineering.

In Specialist Engineering we are active in markets that are substantially underpinned by regulatory spending, whilst in Specialist Building we are focusing our capacity on more resilient specialist sectors.

The Group is now appropriately structured to meet the challenges of the years ahead. The Board has set a target for 2012 of developing a Specialist Engineering and Construction Services Group with an operating profit margin of over 2% and with Specialist Engineering providing at least 50% of revenue.

B. W. May

Brian May
Chief Executive
24 November 2009

financial review

£14.6m

net cash balance in debt free balance sheet

£10.9m

distributable profits supporting dividend payment

Results

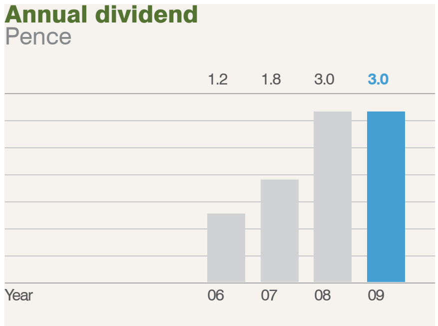
Group revenue from ongoing operations was £316.6m (2008: £390.6m) with a profit before tax of £5.5m (2008: £9.5m) prior to exceptional items and amortisation charges. A tax charge of £1.8m (2008: £2.2m) resulted in a profit after tax for the year of £3.7m (2008: £7.3m) prior to exceptional items and amortisation charges. After exceptional items and amortisation, the profit for the year was £0.4m (2008: £5.3m).

Cash

The year has featured a number of non-recurring or exceptional cash outflows which have contributed to a reduction in our net cash balances which stood at £14.6m (2008: £28.2m) at the year end. The Group's only borrowings are £27k of finance leases and £263k of overdraft funding. The non-recurring outflows include the settlement of the BB&EA pension scheme debt at £3.3m including legal costs, and £2.3m for the acquisitions of C.&A. Pumps Limited and Mothersill Engineering. Further, during the year the Group paid out £3.4m in restructuring and redundancy costs provided in both this financial year and the previous one. As a result of the reduction in revenues in Specialist Building, the amounts received in advance from construction contract customers have also reduced from £15.1m to £8.5m.

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, have been ready for realisation during the financial year as local management progress improvements to planning and zoning consents. This situation is expected to continue through the next financial year as well.

Pensions
The gross deficit in the Lovell Pension Scheme, which was closed to new members in 2000, has increased to £2.4m (2008: £1.5m) as discount rates have declined. The Board has incorporated specific mortality assumptions based upon a postal code analysis of the membership. In accordance with the scheme specific funding requirements of the Pensions Act 2005, the Board has an agreement with the Trustees of the scheme on the level of future contributions which are currently £2.0m per annum inclusive of costs.

Provisions
Provisions have reduced to £1.8m from £5.0m, primarily due to the settlement of the BB&EA pension scheme debt but also 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 made in respect of the OFT fine, further details of which are given in Note 24 to the financial statements.

Taxation
A deferred tax asset included in non-current assets of £4.1m (2008: £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 £0.6m. The deferred tax asset related to the defined benefit pension scheme has increased by £0.2m as a result of the increase in the gross scheme liability.

The payable current year UK tax charge is £nil, however there is a small prior year adjustment leading to a charge of £32k. The rest of the tax charge of £0.8m relates to deferred tax with the majority (£0.6m) attributable to the defined benefit pension scheme. This represents an effective Group tax rate of 68%, although the corporation tax element is less than 3%.

The Group has material tax losses to carry forward and the corporation tax payable in each of the next few years is expected to remain below the headline rate of tax.

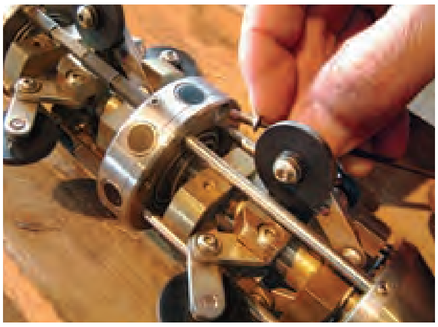
Net assets
The consolidated net assets of the Group were £11.3m (2008: £14.3m).

The reduction comprises £2.1m related to the defined benefit pension scheme, £1.4m due to the dividend being in excess of retained profit for the year and £0.1m related to share options with a £0.6m credit due to foreign exchange gains which are not recorded through the income statement.

The distributable profits of Renew Holdings plc stood at £10.9m (2008: £5.5m) providing the Board with the support to recommend an unchanged dividend for the full year of 3.0p per share. The net assets of the holding company, which do not include the defined benefit pension scheme liability, increased to £27.0m from £21.6m.

John Samuel
Group Finance Director
24 November 2009

specialist engineering

nuclear

2m

man hours completed without a single RIDDOR lost time accident in highly controlled environments

5

UK nuclear licensed sites have seen projects successfully delivered by Shepley Engineers

Specialist Engineering within the nuclear sector is delivered through Shepley Engineers, a major mechanical and electrical contractor and its subsidiary businesses West Cumberland Engineering, PPS Electrical and Mothersill which collectively employ over four hundred people.

In May Shepley completed the complementary acquisition of Mothersill Engineering which further enhances the service offered in the nuclear sector. Mothersill delivers precision machined parts to support both new construction and decommissioning programmes.

Activity in the year has remained focused at Sellafield which continues to command a large proportion of available funding within the national civil nuclear legacy programme. Shepley remains the largest Tier 2 mechanical and electrical contractor and has worked on site at Sellafield for 54 years.

Shepley's work is derived largely from four framework agreements all of which were extended during the year. The largest framework is the Multi Discipline Site Wide agreement at Sellafield which was extended for a third year and resulted in over 480 contract tasks ranging in size from £500 to £1m and providing asset care, maintenance and support across a range of complex operational plant within controlled areas.

One of the most challenging projects in the year was successfully completed when an essential component was replaced within one of the vitrification facilities. The solution included the deployment of remote handling equipment to decontaminate, remove and replace an essential aspect of the plant's operational hardware. Shepley provided the planning and methodology development which included the use of digital modelling. The £3.3m task was delivered safely, within budget and on programme.

Other notable projects undertaken at Sellafield during the year included improvement and refurbishment within the High Level Waste Plants which required some challenging engineering solutions. A collaboration project with our land remediation specialist VHE was completed at Capenhurst where operations were focused on their redundant process facilities.

During the year, Shepley completed a range of operations at Springfield Fuels ranging from the removal, size reduction and disposal of numerous redundant assets to the clean-up and decontamination of waste receptacles. Further decommissioning work was completed at Capenhurst. In total Shepley has been operationally engaged at five nuclear sites around the UK.

In the year both Shepley and PPS Electrical achieved one million man hours of working without a single RIDDOR lost time accident. Shepley's commitment to safety was further recognised during 2009 when they were awarded an additional President's Award from the 'Royal Society for the Prevention of Accidents' ("RoSPA").

specialist engineering

nuclear

nuclear flask lid tipping frame for Sellafield, £3.3m

The delivery of a nuclear materials flask lid tipping frame for Sellafield required the collaboration of Shepley and its subsidiary businesses.

West Cumberland Engineering completed the fabrication and assembly of machined parts supplied by Mothersill with electrical and instrumentation work completed by PPS.

The tipping frame is designed to manipulate flask lids during inspection and cleaning operations.

specialist engineering

water

£15m

of work completed in the year for Northumbrian Water on their flood alleviation and CSO contracts

"C&A has been awarded framework status by Scottish Water for the provision of mechanical and electrical services"

Seymour is a leading civil engineering business and together with its subsidiary C&A, which was acquired in October 2008, forms our specialist water business. Both businesses are based in the North East of England and operate nationally in both the public and private sectors.

Seymour has extensive expertise in water infrastructure development and maintenance, flood alleviation, sea defences, land reclamation and other infrastructure services. The acquisition of C&A which specialises in mechanical and electrical installations and maintenance, pump sales and service, steel fabrications and health and safety training for a wide range of industries, enhances our capabilities in the water sector.

A large portion of work in this sector continues to be procured under longer term framework agreements which included £15m of work completed in the year for Northumbrian Water on their flooding and combined sewer overflow ("CSO") contracts. Recently C&A has been awarded framework status by Scottish Water for the provision of mechanical and electrical services and has secured a framework with National Grid.

Of the work completed under the various frameworks, Seymour has installed their largest flood storage tank to date for Northumbrian Water in South Shields. The tank measures 25 metres in diameter and 11 metres deep and is designed to hold around 4,800 cubic metres of stormwater in the event of localised flooding. The scheme, which was runner up for Civil Engineering Contractors Association Project of the Year Award, is one of many designed to protect people and the environment from the effects of heavy storms.

In addition to flood storage, a number of combined sewer overflow projects were undertaken in the year. These CSOs allow the safe discharge of a combination of stormwater and domestic sewage waste water caused by sewers exceeding capacity during heavy storms.

Together C&A and Seymour completed CSO projects at Lustrum Beck, Tyne Bank, Guisborough, Berwickshire, Barton and Sedgefield. These CSO contracts, the largest at Tyne Bank worth £2.1m, involved restoring or installing new pipelines.

Outside of flood alleviation, a successful sea defence project was completed for Northumberland County Council, in addition to refurbishments of the pier at Hartlepool and the breakwater at Berwick. C&A completed the refurbishment of Zetlands large sewerage pumping station for Northumbrian Water. This £900k project which lasted ten months is one of the largest projects undertaken by C&A.

The businesses play a leading role in the region working on environmental contracts for both the Local Authority and private sector. A large proportion of these are repeat business with high profile clients such as the National Trust, Northumbrian Water, Hartlepool Borough Council, Stockton Borough Council, Cleveland Potash and Bertschi Transport.

Allenbuild has secured a place on the Severn Trent Water £70m property framework, alongside two other contractors. The major projects framework will run for three years and covers building projects to modernise the Severn Trent estate, within a geographical area from the Humber Estuary to the Bristol Channel and from mid Wales to the East Midlands.

specialist engineering

water

Newland Court for Northumbrian Water, £2.4m

The 36 week project at Newland Court in South Shields for Northumbrian Water was to construct a 25 metre diameter storage tank which will provide approximately 4,800 cubic metres of storage for stormwater.

The tank is designed to allow a reverse flow of water from the main sewer to be stored safely until it is able to flow back into the main sewer system.

This important scheme will alleviate flooding for approximately 20 local properties.

SEYMOUR

specialist engineering

land remediation

240

projects successfully completed on former gasworks sites making VHE the UK's most experienced gasworks remediation contractor

0

reportable accidents or environmental incidents in the past twelve months

VHE is a major provider of land remediation services throughout the UK with a client base including local authorities and councils, regional development agencies, privatised utility companies, property and housing developers.

VHE has been actively engaged in brownfield development and contaminated land management since 1979 and has successfully completed over 500 remediation projects including 240 sites previously associated with the historic manufacture of town gas, making VHE the most experienced gasworks remediation contractor in the UK.

In-house capabilities include soil washing, biophysical treatment, solidification and stabilisation. VHE's earthworks and civil engineering background and skills add value to many projects where materials arising from the remedial strategy are processed into high value pavement and drainage materials. VHE's on site validation technology includes x-ray and ultraviolet fluorescence which reduces the need for soil samples to be sent for analysis.

VHE has continued to deliver both voluntary and Part IIA determined remediation projects involving the removal of contaminated soils from both the front and rear of domestic properties. VHE has developed bespoke skills in managing these sensitive projects which often involve excavation to the doorstep of occupied dwellings. During 2009 VHE completed projects ranging from a £2.1m contract in Renfrew with 26 properties, to single dwelling clean ups for the National Grid at Thetford in Norfolk and Kibworth near Leicester. In addition recent project awards by the NHBC in Salisbury and Cardiff City Council for similar schemes will see VHE continue these works into 2010.

VHE's £15m Cudworth and West Green Bypass project for Barnsley MBC commenced in November 2008. The project involves the construction of a 5.2km single carriageway road including five roundabouts, three underpasses and both rail and road bridges. VHE is the main contractor, responsible for major drainage works, structures and surfacing on site. In addition to the bypass, environmental considerations on the project included acid tolerant grass. Cultivated over years during which a local bleach works dried materials in surrounding fields, the grass has been preserved, requiring careful removal and restoring, to protect plants and wildlife which have made this unusual environment their home.

VHE has been awarded a £5.7m contract by Glasgow City Council to carry out initial remediation works preparing land ahead of the construction for the 2014 Commonwealth Games. The works involve site clearance with a large portion being treated by soil washing allowing processed materials to be reused on site.

VHE undertakes remediation work for National Grid Property on sites across the UK under a three year framework agreement and is a panel contractor on the REMADE programme, Reclamation and Management of Derelict Land, which has been established by Lancashire County Council in partnership with the North West Development Agency.

land remediation

Royal Inch Crescent for Renfrewshire Council, £2.1m

VHE's largest domestic contract at Royal Inch Crescent involved the remediation of 26 properties built during the 1970s. Some properties were built above buried storage tanks and investigations revealed the presence of contamination associated with the former gasworks. The £2.1m contract, as part of £3.2m of works funded by the Scottish Government, included the demolition of property, excavation and disposal of contaminated materials from depths up to 4.5 metres, temporary support works, groundwater monitoring and the reinstatement of turf, paving and fencing.

The scheme required VHE to work around people's homes while they remained occupied, necessitating close liaison with residents in order to minimise disruption. VHE carried out extensive monitoring of vibration, dust, noise, vapours and odours to ensure the controls did not compromise the comfort and safety of the residents.

VHE

specialist engineering

rail

640

railway station and train maintenance depot projects completed by YJL Infrastructure to date

"The Waterloo Peak Hour Subway project has been short listed for the National Rail Awards Project of the Year"

Based in London, YJL Infrastructure delivers rail infrastructure for clients such as Network Rail, London Underground and Southeastern. With experience going back 25 years, YJL Infrastructure has carried out works at over 600 railway stations and 40 train maintenance depots within London and the South East. As principal contractor for both refurbishment and new build work, the focus is mainly on stations and depots with sites both below and above ground.

During the year YJL Infrastructure completed a number of station modernisation schemes. One such scheme was Network Rail's Waterloo Peak Hour Subway which involved the remodelling of infrastructure at the station to allow automatic ticket barriers to be installed in passageways. The ticket barriers link the National Rail platforms to the underground system. From a standing start in September 2008, continuous 24 hour working was required to meet the requirement for new gate lines to be fully operational by 1 January 2009. This project has been nominated and short listed for the National Rail Awards 'Project of the Year'.

Another station modernisation scheme completed was the fit out of station boxes at St Pancras, Stratford and Ebbsfleet stations for Southeastern, enabling them to meet operational requirements of a high speed train service.

YJL Infrastructure's relationship with London Underground continues with the award of further station modernisation schemes at Marble Arch and Notting Hill Gate with a combined value of £30m. Works on these stations are well underway and will be completed by early 2011.

During the year YJL Infrastructure has been awarded a £2.5m package by Crossrail for intrusive survey works at eight London Underground stations to facilitate the development of designs for Crossrail.

With the intent of widening its service to customers, YJL Infrastructure works closely with other Renew Group companies to provide national coverage.

rail

Waterloo Peak Hour Subway for Network Rail, £7.5m

The infrastructure remodelling of the Peak Hour Subway station for Network Rail enabled ticket gates to be installed in passageways linking the National Rail platforms to the underground system.

Continuous 24 hour working was required to meet the requirement for new gate lines to be fully operational by 1 January 2009.

This project, which was a complex civil engineering undertaking combined with tight time scales and difficult working conditions, has been nominated and short listed for the National Rail Awards 'Project of the Year'.

YJLi

specialist building

social housing

£44m

Social Housing orders booked in 2009

10

Allenbuild has increased its major housing association frameworks to ten during the year

Our specialist new build social housing capability is predominantly delivered by Allenbuild. Traditional, design and build and partnering on new build and refurbishment projects in the public sector form a large portion of work undertaken.

During the last year Allenbuild has increased the number of major housing association frameworks to ten which include Hexagon and Sanctuary Housing Associations, Notting Hill Housing Trust and Network Housing Group.

Allenbuild is currently involved on a number of major projects, the largest of which is an £18.5m contract at Fairfield Road, London for the Genesis Housing Group as part of the framework contract. The project is to deliver a total of 146 flats and one commercial unit. External works include the provision of roads and associated landscaping.

Also for the Genesis Housing Group is an £11m project to construct three, five and six-storey buildings comprising a total of 74 accommodation units located in Pier Road, London. Due for completion in January 2010, the site is located close to the proposed new 'Cross Rail' line, which has presented challenges particularly with the design of the foundations.

Another major scheme completed during the year was the £9.6m project for Logic Homes at Harrow Road in London. The project was awarded a 'Performance Beyond Compliance' certificate by the Considerate Constructors' Scheme and comprised a six-storey block of 47 flats, a double basement car park with space for 40 cars.

A significant quantity of site waste on the Harrow Road project was excavated and uniquely transported to a local recycling facility via the adjacent Grand Union canal. Use of the canal during this project substantially reduced road bound transport. The Mayor's office and Transport for London propose to use this project as a pilot scheme to promote greater use of the waterway.

Further contract awards during the year include a £9.3m project at Edgware of 53 social housing units, plus commercial, for Genesis. New client awards of £14m for a housing development at Kenworthy Road, East London and a £12.5m scheme to provide 75 housing units for Hexagon Housing Association were also received.

The recently completed scheme in Clyde Vale, Lewisham, an £8.5m project for London and Quadrant Housing Trust, won the sought after 'Building for Life' Gold Standard award from the Commissioners for Architecture and the Built Environment.

As a community contractor, Allenbuild is committed to adding value to its clients and local communities by establishing and providing employment and trade skills training opportunities for local tenants, young people and subcontractors. Allenbuild works closely with the Construction Training Initiative team and other trade skills and employment training partners to establish lasting employment, commercial and personal development opportunities in local communities and businesses.

social housing

Mare Street, Hackney for the Metropolitan Housing Trust, £15.5m

In Hackney, Allenbuild has delivered a £15.5m project for the design and build of a seven-storey, 106 unit development for the Metropolitan Housing Trust.

The development is built around a post-tensioned concrete frame with a mixture of brick and rain-screen cladding with zinc cladding and curtain walling to the upper storeys. Communal heating and water services are provided and self metered from a central plant room. The majority of the inverted flat roof area is designed as a living “brown” roof.

The scheme embraces environmental and security expectations by achieving Eco-Homes ‘Very Good’ status, incorporating stringent Secure by Design requirements. In addition a number of the apartments are designed to meet Lifetime Homes standards.

specialist building

restoration and refurbishment

4,218

cast iron roof tiles to be refurbished at the Palace of Westminster

11

metre deep stacking car park at Grosvenor Crescent

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.

Walter Lilly also has particular skills in providing innovative solutions for extending properties underground which is a major requirement for most residential projects in London. In the year Grosvenor Crescent provided some challenging conditions with work on the underground car park and the conversion of eight Georgian townhouses into 17 apartments.

In another residential contract, work is on site at Park Lane with a £35m property refurbishment, the largest private residence project undertaken to date.

Walter Lilly has completed a further apartment fit out at Manresa Road in Kensington making this project the third apartment completed in this prestigious development. 'Shell and Core' works at Compton Avenue with a value of £4.2m was also awarded.

Ongoing works at the Palace of Westminster for the restoration and overhaul of the iron roofs around Speaker's Court is progressing well. Work began in May and a significant amount of iron roof fabric has been returned to our off site restoration facilities where specialist conservation is underway.

Recently completed projects include the faithful restoration of the Peach House at the President's Residence in Phoenix Park, Dublin valued at £1.2m, and the restoration of the historically significant iron conservatory at Ballywalter House on the outskirts of Belfast for the Baron Dunleath.

Earlier in the year Walter Lilly completed the construction of a permanent memorial to the victims of the 7th of July London bombings. Sited in Hyde Park, the memorial consists of 52 stelae and was opened in July by HRH The Prince of Wales.

specialist building

restoration and refurbishment

Grosvenor Crescent underground car stacking system

The project at Grosvenor Crescent continues with the formation of an underground 21 capacity car stacking system. The car park is located in an 11 metre deep basement over three storeys.

To enable work on the basement, access was gained to the rear of the property with a 16 metre long access passage made through the listed building.

With the approval of Grosvenor and English Heritage, part of the ground floor was carefully dismantled before being restored piece by piece once the works were complete. All 300 plus pieces were numbered to ensure each piece was restored correctly.

specialist building

science and education

63

projects awarded to date for GlaxoSmithKline over a 17 year relationship

0

defects on Lytham Medical Centre handover

Many companies within the Renew Group are highly experienced in delivering a range of science and education projects nationwide. Earlier this year Allenbuild completed the £22m Rossington All Saints Church of England School for the Diocese of Sheffield near Doncaster, which was one of the largest projects undertaken this year.

During the year successful completion was achieved on the £7.2m Lytham Medical Centre for Primary Asset which Allenbuild handed over with “zero defects”. Similarly the award-winning Yorkshire Forward Environmental Energy Technology Centre near Rotherham is now operational. The £8.3m zero carbon development has achieved a BREEAM excellent rating and is powered by Europe’s largest capacity hydrogen mini-grid system. Britannia recently completed an energy centre for the National Star College which included a biomass facility which provides the new and existing buildings with a sustainable heating source.

Work also started on the £5m Sandal Magna Junior and Infants School. The sustainable scheme incorporates a sedum roof, photovoltaics, natural ventilation and innovative sun shades. Work also commenced on site for St Helens MBC on the £3.8m Red Bank Community Home partnering scheme.

Enabling works have begun on a new campus for Kirklees College in Huddersfield, part of the Kirklees Council Waterfront Quarter development. The works form part of a larger scheme to provide a £46m state-of-the-art campus, providing approximately 24,000m² of accommodation for the college. Allenbuild is the preferred bidder for the overall scheme which has funding approved by the Learning and Skills Council.

New awards in the year include a £5m contract with Liverpool Hope University to construct their new Media and Performing Arts building at the Cornerstone Campus. Repeat client Sefton MBC awarded Allenbuild the £7.3m design and build project to construct Maghull Leisure Centre and Library.

A large portion of our specialist work in the science sector is undertaken by Walter Lilly and Allenbuild. In the main these are delivered under framework agreements such as the Imperial College framework where Walter Lilly has commenced another laboratory refurbishment valued at £3.8m. In addition, and continuing a 17 year relationship with GlaxoSmithKline, Walter Lilly was recently awarded a laboratory refurbishment at their Stevenage complex and the Virology Containment Facility at DEFRA as part of the Veterinary Laboratories Agencies Framework.

Throughout the year a number of complex projects have been completed successfully including the £12.5m laboratory fit out for new client Eisai Pharmaceuticals and the £5.4m project providing a specialist stores building for DEFRA which achieved a BREEAM excellent rating and a Silver award from the Considerate Constructors’ Scheme.

In this sector Allenbuild has also been awarded the design and build of a £6.4m medical centre at Connah’s Quay for Haven Healthcare.

specialist building

science and education

laboratory fit out for Eisai Pharmaceuticals, £12.5m

This contract for Eisai Pharmaceuticals was to fit out the newly constructed laboratory within the Eisai European Knowledge Centre in Hatfield, Hertfordshire. Facilities include Category II laboratories, write up areas and offices. This is a four-storey concrete framed building, with the project being completed within a challenging 40 week period.

The scope of fitting out included a substantial roof level plant room and an external nitrogen farm.

The laboratory furniture was installed in several phases to allow for the sequential integration of the laboratory gases, data, power and domestic service installations.

The project was carried out on an occupied site, part of which was still under construction, involving close and careful liaison to co-ordinate access, deliveries, security and health and safety.

corporate social responsibility

Renew Holdings plc is committed to minimising the social, economic and environmental impact of our operations and to ensure that we constantly improve compliance beyond that of legal requirements. It is our aim to promote lasting benefits through our work and we continue to improve our corporate social responsibility initiatives to reflect the specialist operations performed by the Group.

Safety

The safety of the Group's employees and those working with us is essential. The Group places safety at the top of its agenda. This is measured in the Accident Incidence Rate which has seen a 64% reduction over the last four years against a cumulative target reduction of 34%.

Every effort is made to ensure health and safety is managed proactively, is key in our business strategy and is prominent throughout all the Group's activities.

Our businesses are highly experienced in some of the most challenging environments and during the year a number of businesses received awards for their work in putting safety first.

Shepley's work in the nuclear sector saw the achievement of another coveted President's Award from RoSPA, with subsidiaries PPS Electrical and West Cumberland Engineering both receiving awards during the year. Britannia also received an award in its first year of entering the RoSPA scheme.

In March Shepley was awarded the 'Best' award by the Engineering Construction Industry Association. The award is a major safety initiative in the industry and given annually to one company which demonstrates substantial improvements in leadership and behavioural safety.

In 2009 Shepley and PPS both achieved one million man hours without a single RIDDOR lost time accident.

Environment and sustainability

Sustainability is central in the Group's commitment to corporate social responsibility. The Group has expertise in sustainable technologies such as ground source heating, biomass boilers and wind turbines. Our work on recycling and treatment of contaminated waste, in conjunction with environmental initiatives such as using canals and waterways, allows both Renew and clients to meet their environmental targets.

Each business in the Group has achieved ISO 14001 accreditation. The voluntary environmental management standard involves rigorous assessment of environmental policies and procedures. Reducing energy consumption, sustainable sourcing of materials and recycling are some of the areas assessed. This year saw Allenbuild awarded the private sector sustainability procurement package by Envirolink in conjunction with Action Sustainability. Allenbuild has continued to work with Envirolink throughout the year.

Considerate Constructors' Scheme

The Considerate Constructors' Scheme is a voluntary initiative to improve the image of construction. It is a requirement that all our sites register with the scheme where they are measured against a code of practice in eight categories. In the past year a number of our excellent sites have been recognised with awards. In addition many more of our sites have won a certificate for performance beyond compliance from the CCS.

Employment and training

Many of the Renew businesses look to close the future gap in specialist skills by embracing apprentice programmes. Within the nuclear and restoration sectors Shepley continues to provide significant investment in the apprenticeship programme. The programme currently supports 27 apprentices at various stages of development.

Allenbuild regularly awards work placements to graduates who are studying subjects such as project management, surveying and structural engineering. Walter Lilly supports a number of students through sponsorship at Loughborough University who are undertaking similar courses and, as part of the sponsorship, students are offered work placements and employment during holiday periods.

Day release schemes are supported throughout the Group as is work experience for younger students. Shepley continues to support the Arkwright scholarship scheme. The scheme selects one scholar annually who is focused on a career in mechanical or electrical engineering.

In November Seymour was proud to be awarded the CECA (NE) Training Company of the Year 2009. Earlier this year at the Constructing Excellence Awards, Seymour received the award for 'Leadership and People Development' and was proud to come second at the national awards. The award focuses on safety awareness, a flexible attitude to tasks, willingness to learn or retrain and project management.

Community engagement

Allenbuild continues its school sponsorship programme with ongoing support of the construction department at Maghull High School in Merseyside.

Seymour, together with local education providers Hartlepool College and St Hild's specialist engineering school, have a 'Memorandum of Understanding' to promote construction amongst young people. The commitment involves a range of opportunities from work experience to site visits and representation at career events.

In January, Shepley established the Shepley Group Fund and, along with the Cumbria Grassroots Endowment Fund, sponsor a range of local causes. In addition to donations, Shepley has introduced social awareness training. Apprentices have carried out extensive work at the Centre for Complimentary Care at Muncaster, a deserving cause in the heart of the local community.

Allenbuild supported Liverpool Hope University and the adjacent Shrewsbury Youth Club in displaying images from their photographic exhibition on hoardings around the site.

Allenbuild has also been working with the school 'Eco Council' at Sandal Magna Primary School to highlight some of the sustainable initiatives that have been incorporated into their new building. Monthly meetings and site tours have increased awareness with both staff and pupils.

All employees are actively encouraged to become involved in their local communities. Work often involves employees giving their personal time for a range of activities such as community forums and fundraising for local causes.

Charitable giving

Across the Group a range of charitable work was undertaken in the year for local charities with whom our employees feel personally connected. Of the many events, our employees participated in the 'Jeans for Genes' day and the Gloucester Dragon Boat race raising funds for CLIC Sargent and children with cancer. VHE completed the gruelling 42 mile Lyke Wake Walk for the Bluebell Wood Children's Hospice. In addition, the James Hopkins Trust, the Sue Ryder Care Court Hospice, the Ilkley Candlelighters, CLIMB and the Hospital Heartbeat Appeal were all supported by Renew and its employees during the year.

The Directors present their report and the audited accounts for the year ended 30 September 2009.

Principal activities

For the year ended 30 September 2009 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 2009 appears on page 73.

Results and dividends

The Group profit for the year was £378,000 (2008: £5,260,000). The Directors recommend the payment of a final dividend on Ordinary Shares of 2.0p (2008: 2.0p) giving a total for the year of 3.0p (2008: 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.

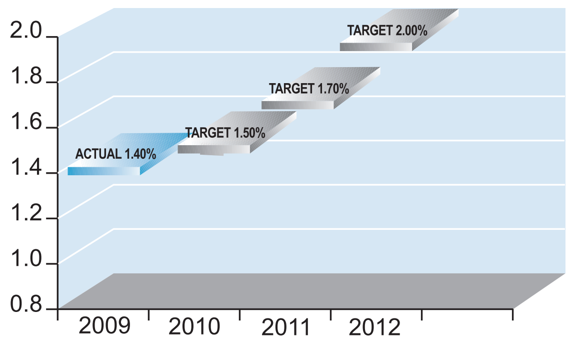
Acquisitions and disposals

The Group acquired the whole of the issued share capital of C.& A. Pumps Limited with effect from 1 October 2008 for a cash consideration of £1,760,000. On 22 May 2009, the Group also acquired the business of Mothersill Engineering for a cash consideration of £432,000. On 24 September 2009, the Group disposed of its interest in the share capital of Rubber Recovery Limited for a minimal net consideration.

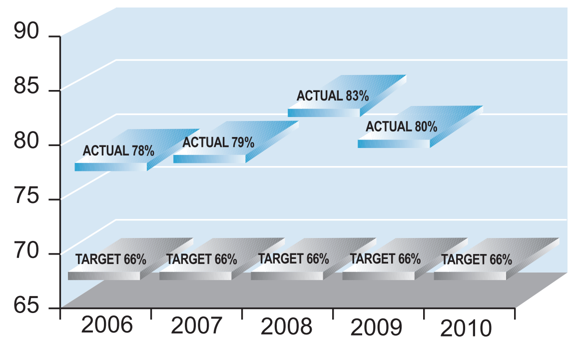
Key performance indicators

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. Due to the challenging economic conditions which have prevailed throughout the 2008/09 financial year, the Board has revised its short term target for operating profit performance. The target, which is set prior to financial income or expense, exceptional costs and amortisation charges, as a percentage of revenue has been reduced from 2.2% by 2010 to 1.5%. 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.

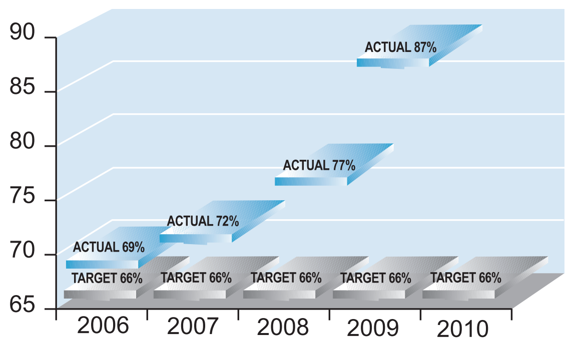
Operating profit as percentage of revenue



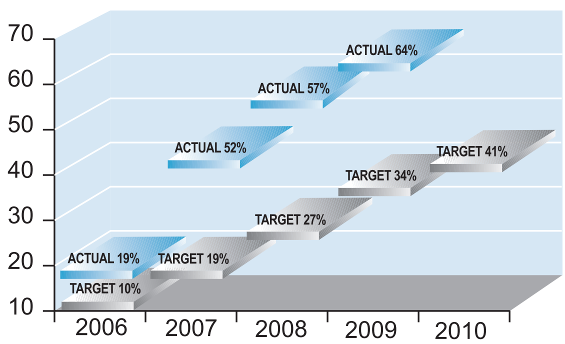
Percentage of orders in specialist sectors



Percentage of orders from repeat clients



Improvement in accident incidence rate



Principal risks and uncertainties

This Annual Report contains certain forward looking statements. These statements are made by the Directors in good faith, based on the information available to them up to the time of approval of this report. Actual results may differ to those expressed in such statements, depending on a variety of factors. These factors include customer acceptance of the Group's services, levels of demand in the market, restrictions to market access, competitive pressure on pricing or additional costs, failure to retain or recruit key personnel and overall economic conditions.

A risk inherent in the 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. 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 main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and foreign currency risk.

Interest rate risk

The Group borrows in dollars at floating rates of interest under the terms of loan facilities with Barclays Bank plc. Interest rates are linked to the Bank's prime US dollar lending rate, hence enabling the Group to track market interest rates. 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. The Company seeks to limit the effect of this currency exposure by using foreign currency borrowings to hedge the debt due to it by its US subsidiary against currency depreciation. The principal hedging instrument used by the Group is a US$9.5m loan which was taken out on 26 March 2009 when the exchange rate was $1.463: £1. As at 30 September 2009, £12,048,000 (2008: £11,942,000) 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 were 33 days (2008: 32 days).

Donations
Charitable donations made by the Group during the year amounted to £31,781 (2008: £34,592).

The Group made no political donations during the year (2008: £nil).

Employees
The Directors recognise the need for communication with employees at every level. All employees have access to a copy of the Annual Report and Accounts which, together with staff briefings, internal notice-board statements and newsletters, keeps them informed of the Group's progress. During the year, the Group appointed a Group Communications Coordinator, whose responsibilities include the collection and dissemination of 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.

Health and safety management

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 2009, measured on the standard base line of 100,000 persons at work, is a key area where the Group measures its performance. At the start of the financial year, the Chief Executive set a target of further reducing the AIR by 5%. Against this taxing target the Group actually achieved a 17% reduction.

Corporate social responsibility and the environment

The Group's Corporate Social Responsibility Report, which includes its report on the environment, is on pages 24 and 25.

Directors

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

Non-executive Directors

John Bishop – Director, 64, 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, 62, 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, 58, 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, 53, joined the Board in May 2006 as Group Finance Director. He was previously group finance director at Filtronic plc from 1991 until 2004 and subsequently Chief Financial Officer of Zetex plc from July 2004 until February 2006. He qualified as a Chartered Accountant in 1981 with Deloitte, Haskins and Sells before serving as a partner with Baker Tilly from 1987 until 1991.

An organogram with the Directors' areas of responsibility can be found on the Company's website: www.renewholdings.com.

John Samuel will retire by rotation at the 2009 Annual General Meeting ("AGM") and will offer himself for reappointment. The Board recommends the reappointment of John Samuel as it is considered that he brings considerable management and financial 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 33. No Director has any interest in any other Group company. Details of the Directors' remuneration and service contracts appear on page 32.

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	6,647,764	11.10%
Brewin Dolphin Limited	3,620,498	6.04%
Hargreave Hale Limited	2,581,900	4.31%
Rensburg Sheppards Investment Management Limited	2,467,820	4.12%
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 24 November 2009.

By Order of the Board

John Samuel FCA
Company Secretary
24 November 2009

The Directors present the Directors' Remuneration Report (the "Remuneration Report") for the financial year ended 30 September 2009.

As an AIM listed company, Renew is not required to prepare the Report in accordance with the Directors' Remuneration Report Regulations 2002 (the "Regulations"), which introduced new requirements in respect of financial periods ending on or after 31 December 2002. 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

Following the appointment of Roy Harrison as Executive Chairman in March 2004, there was only one independent non-executive Director on the Board and the Committee was rendered inquorate. The Board therefore decided in July 2004 to temporarily suspend all Committees. Roy Harrison's previous role as an Executive Director precludes him from being considered as independent under the Combined Code (the "Code") and so the Board decided to review remuneration matters as a full Board. During the year however, the Board decided to reinstate the Committee with Roy Harrison as its Chairman and John Bishop, the sole independent non-executive Director, also serving. The Committee held three 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 829,403 options were granted under the 2004 ESOS to the Executive Directors. There are 1,702,156 other options outstanding under the scheme.

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

Until 1 April 2008, the Group provided retirement benefits to employees through independent pension schemes. The assets of these schemes are held by trustees and managed by independent investment managers. On 1 April 2008, the principal such scheme, the Renew Holdings Retirement Benefits Scheme, commenced winding up and the Group established individual stakeholder plans for each member into which the Group continues to make contributions; B May and J Samuel are not members of these schemes and 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 2009, 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 2009:

	Notes	Salary/ fees £000	Bonuses £000	Benefits £000	Total emoluments 2009 £000	Total emoluments 2008 £000
Executive Directors						
B May	1,2,3,4	287	131	54	472	539
J Samuel	1,2,3,4	221	55	42	318	368
					790	907
Non-executive Directors						
R Harrison		55	—	—	55	53
J Bishop		30	—	—	30	30
					875	990

Notes:

1. The highest paid Director for 2009 and 2008 was B May who received emoluments of £472,000 (2008: £539,000).
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 include £60k earned by B May relating to prior years, which was charged in the current financial year. The other bonuses were earned by B May and J Samuel during the current financial year and will be paid in the year ending 30 September 2010.

Directors' share options

Options have been granted to B May and J Samuel under the Renew ESOS as set out in the table below. No other options lapsed, were exercised or were awarded during the year. The market price of the Company's shares at 30 September 2009 was 36.5p and the range of market prices during the year was between 26.5p and 66.5p.

Information is provided below for Directors who served during the financial year and as at 30 September 2009:

					Cumulative Total	
	2009 Award	2008 Award	2007 Award	2006 Award	**30 September 2009**	1 October 2008
B May	525,963	265,048	331,210	476,190	**1,598,411**	1,072,448
J Samuel	303,440	152,912	191,082	285,714	**933,148**	629,708
Date of award	26 November 2008	3 December 2007	8 January 2007	7 June 2006		
Exercise price (£)	0.545	1.03	0.785	0.525		
Earliest exercise date	26 November 2011	3 December 2010	8 January 2010	7 June 2009		
Expiry of exercise period	26 November 2018	3 December 2017	8 January 2017	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 2009 as follows:

	Ordinary Shares of £0.10 each	
	30 September 2009	30 September 2008
J Bishop	**10,000**	10,000
R Harrison	**60,000**	60,000
B May	**305,000**	155,000
J Samuel	**210,000**	130,000

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 24 November 2009 and signed on its behalf by:

Roy Harrison OBE
Chairman
24 November 2009

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 have been 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 page 29.

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

In July 2004, the Board decided to suspend all Committees temporarily due to the shortage of independent non-executive Directors on the Board. Since the Committees became inquorate, any matters normally reserved for consideration by the Committees have been decided upon by the full Board, with any individual having a personal interest in the matter under consideration not taking part in the meeting. As at 1 October 2005, R Harrison reverted to non-executive Chairman, however, his previous role as an Executive Director prevents him from being considered as independent under the Combined Code 2003. Following the appointment of J Bishop, he became the sole independent non-executive Director. During the year, the Board decided to re-instate the Committees with J Bishop acting as Chairman of the Audit Committee and R Harrison acting 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 31 to 33.

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, reappointment or re-election of Directors upon conclusion of a specified term or retirement by rotation.

Board Committees continued

The Company ceased to comply with the Code guidance (Section C 3.1) that the Audit Committee should comprise of at least two non-executive Directors following the appointment of R Harrison as an Executive Director. 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 it 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.

Internal controls

Throughout the financial year ended 30 September 2009 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 Company 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. However, during 2009, the Group 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.

Company Secretary

As part of the Group's redundancy and restructuring costs during the year, B Feather resigned as Company Secretary and the Board appointed J Samuel, the Group Finance Director, to the position.

Annual General Meeting

The AGM will be held on 27 January 2010, the Notice for which is set out on page 75. 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 76.

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 24 November 2009.

By Order of the Board

J Samuel

John Samuel
Company Secretary
24 November 2009

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 parent company 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.

We have audited the financial statements of Renew Holdings plc for the year ended 30 September 2009 set out on pages 39 to 73. 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 Sections 495 and 496 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 37, 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 website at www.frc.org.uk/apb/scope/UKP.

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 2009 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 matters 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
Chartered Accountants
Registered Auditor
24 November 2009

for the year ended 30 September 2009

	Note	Before exceptional items and amortisation of intangible assets 2009 £000	Exceptional items and amortisation of intangible assets 2009 £000	Total 2009 £000	Before exceptional items and amortisation of intangible assets 2008 £000	Exceptional items and amortisation of intangible assets 2008 £000	Total 2008 £000
Group revenue from continuing activities	2	316,648	—	316,648	390,557	—	390,557
Cost of sales		(282,638)	—	(282,638)	(347,820)	—	(347,820)
Gross profit		34,010	—	34,010	42,737	—	42,737
Administrative expenses		(29,423)	(4,375)	(33,798)	(35,137)	(2,765)	(37,902)
Operating profit	3	4,587	(4,375)	212	7,600	(2,765)	4,835
Finance income		939	—	939	1,618	—	1,618
Finance costs	4	(46)	—	(46)	(254)	—	(254)
Other finance income – defined benefit pension scheme	4	65	—	65	543	—	543
Profit before income tax		5,545	(4,375)	1,170	9,507	(2,765)	6,742
Income tax expense	6	(1,877)	1,085	(792)	(2,209)	727	(1,482)
Profit for the year attributable to equity holders of the parent company		3,668	(3,290)	378	7,298	(2,038)	5,260
Basic earnings per share	8			0.63p			8.78p
Diluted earnings per share	8			0.62p			8.55p

group statement of recognised income and expense

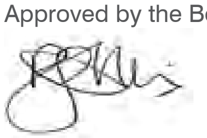
for the year ended 30 September 2009

	Note	2009 £000	2008 £000
Profit for the year attributable to equity holders of the parent company		378	5,260
Exchange movement in reserves		622	574
Movement in actuarial deficit	25	(2,895)	(497)
Movement on deferred tax relating to the defined benefit pension scheme		811	116
Total recognised income and expense for the year attributable to equity holders of the parent company		(1,084)	5,453

at 30 September 2009

	Note	2009 £000	2008 £000
Non-current assets			
Intangible assets – goodwill	9	9,558	8,548
– other	9	474	620
Property, plant and equipment	10	5,368	4,503
Deferred tax assets	6	4,097	4,069
		19,497	17,740
Current assets			
Inventories	11	8,082	6,367
Trade and other receivables	12	67,249	87,766
Current tax assets		44	455
Cash and cash equivalents	14	14,863	28,289
		90,238	122,877
Total assets		109,735	140,617
Non-current liabilities			
Obligations under finance leases	17	(6)	(10)
Retirement benefit obligations	25	(2,351)	(1,479)
Deferred tax liabilities	6	(233)	(256)
Provisions	18	(680)	(1,068)
		(3,270)	(2,813)
Current liabilities			
Borrowings	16	(263)	(110)
Trade and other payables	15	(93,612)	(119,246)
Obligations under finance leases	17	(21)	(67)
Current tax liabilities		(121)	(159)
Provisions	18	(1,119)	(3,941)
		(95,136)	(123,523)
Total liabilities		(98,406)	(126,336)
Net assets		11,329	14,281
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 reserve	21	1,046	424
Share based payments reserve	21	162	233
Retained earnings	21	(5,658)	(2,155)
Total equity	22	11,329	14,281

Approved by the Board and signed on its behalf by:



R Harrison OBE
Chairman
24 November 2009

for the year ended 30 September 2009

	2009 £000	2008 £000
Profit for the year	378	5,260
Amortisation of intangible assets	309	248
Depreciation	1,497	1,708
Profit on sale of property, plant and equipment	(71)	(262)
(Increase)/decrease in inventories	(935)	716
Decrease in receivables	21,646	2,405
Decrease in payables	(30,165)	(1,599)
Current service cost in respect of defined benefit pension scheme	70	72
Cash contribution to defined benefit pension scheme	(2,028)	(2,106)
(Income)/expense in respect of share options	(71)	136
Financial income	(1,004)	(2,161)
Financial expenses	46	254
Interest paid	(46)	(254)
Income taxes received/(paid)	323	(1,344)
Income tax expense	792	1,482
Net cash (outflow)/inflow from operating activities	(9,259)	4,555
Investing activities		
Interest received	939	1,618
Proceeds on disposal of property, plant and equipment	399	1,267
Purchases of property, plant and equipment	(1,606)	(2,028)
Acquisition of subsidiaries net of cash acquired	(2,260)	(32)
Net cash (outflow)/inflow from investing activities	(2,528)	825
Financing activities		
Dividends paid	(1,797)	(1,317)
Repayments of obligations under finance leases	(104)	(470)
Net cash outflow from financing activities	(1,901)	(1,787)
Net (decrease)/increase in cash and cash equivalents	(13,688)	3,593
Cash and cash equivalents at beginning of year	28,179	24,400
Effect of foreign exchange rate changes on cash and cash equivalents	109	186
Cash and cash equivalents at end of year	14,600	28,179
Bank balances and cash	14,863	28,289
Borrowings	(263)	(110)
	14,600	28,179

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 recognised income and expense. The actual financial outcomes may ultimately differ from that which is indicated by these judgements and estimates.

Estimates and judgements are reviewed by management and the Board on an ongoing basis and changes which may arise in them are reflected in the financial statements for the period in which such changes are made.

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

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

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

c) Recognition and measurement of intangible assets in accordance with IFRS 3 "Business Combinations" and IAS 38 "Intangible Assets"
IFRS 3 requires that fair values are attributed to the assets and liabilities acquired in a business combination. As a result of the Seymour and C&A acquisitions, the Group has recognised as an intangible asset the value of certain contractual rights Seymour and C&A have in framework agreements with major customers. The recognition and subsequent measurement of these assets required management to make estimates as to the future economic benefits which were encapsulated within the framework agreements. This was done by reviewing the historic cash flows which had been received by Seymour and C&A during the life of the agreements, estimating the future cash flows and then discounting them to determine a net present value. The life of these cash flows was determined as the remaining period of the agreements. More information is given in Note 9 to these financial statements.

d) 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 25 to these financial statements.

1 Accounting policies continued

e) 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.

f) 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.

Principal accounting policies

(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 cash flow 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:

Amendment to IAS 39 "Financial Instruments: Recognition and Measurement on Eligible Hedged Items". This amendment has not had a material impact on the Group's operations.

New IFRS standards and interpretations not applied:

IAS 1 (revised) "Presentation of Financial Statements – A Revised Presentation".

IFRS 2 (amendment)* "Share Based Payment – Vesting Conditions and Cancellations".

IFRS 8* "Operating Segments".

IFRIC 15* "Agreements for Construction of Real Estate".

IAS 23 (revised) "Borrowing Costs".

IAS 27 (amendment) "Consolidated and Separate Financial Statements".

IAS 39 (amendment) "Eligible Hedged Items".

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

The application of these standards and interpretations is not expected to have a material impact on the Group's reported financial performance or position. However, they may give rise to additional disclosures being made in the financial statements.

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

1 Accounting policies continued

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.

(v) Segment reporting

Segment reporting is based on two segment formats, of which the primary format is for business streams in accordance with the Group's internal reporting structure and strategic plan. The secondary format is for geographical areas. Transactions between segments are conducted on an arm's length basis. 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

1 Accounting policies continued

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

(ix) Inventories
Inventories comprise developments, land held for development and raw materials and are stated at the lower of cost and net realisable value. Cost includes appropriate attributable overheads and excludes interest. Where necessary, provision is made for obsolete slow moving and defective inventories.

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

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

(xii) Cash and cash equivalents
Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand, including bank deposits with original maturities of less than three months, net of bank overdrafts.

Bank overdrafts are included within borrowings within current liabilities in the balance sheet.

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

(xiv) Leasing commitments
Assets held under finance leases, where substantially all the benefits and risks of ownership of an asset have been transferred to the Group, are capitalised and are depreciated in accordance with the depreciation policy for the relevant class of asset or the lease term if shorter. The interest element of the rental obligation is charged to the income statement and represents a constant proportion of the balance of capital repayments outstanding. Rentals under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

(xv) Defined benefit pension 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 total recognised income and expense.

Pension scheme surpluses, to the extent they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

(xvi) Defined contribution pension plans
Contributions to the Group's stakeholder pension plans are charged to the income statement as incurred.

1 Accounting policies continued

(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 equity. All other exchange differences are taken to the income statement.

(xix) Financial instruments

Financial assets are divided into the following categories: trade receivables and financial assets at fair value. The Board assigns financial assets to each category on initial recognition dependant on the purpose for which the asset was acquired. The categorisation of these assets is reconsidered at each reporting date at which a choice of categorisation or accounting treatment is available. All financial assets are recognised whenever the Group becomes party to the contractual provisions of the financial instrument. All such assets are initially recognised at fair value. Derecognition of such assets occurs when the Group's right to receive cash flows from the asset ceases or the rights and rewards of ownership have been transferred. All such assets are reviewed for impairment at least annually. Interest and other cash flows which arise from holding a financial asset are 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 cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated cash flows discounted at the original effective interest rate. All impairment losses are recognised in the income statement.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. All interest related charges are recognised as an expense in the income statement. Bank loans and hire purchase liabilities are entered into to provide financing for the Group's operations and are recognised as funds are received. Financial liabilities are measured at amortised cost.

(xx) Share based payments

IFRS 2 "Share Based Payment" requires a fair value to be established for any equity settled share based payments. Fair value has been independently measured using a Black-Scholes valuation model. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest.

1 Accounting policies continued

(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.

(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

For management purposes the Group is organised into three operating divisions: Building, Engineering and Property & central activities. The three operating segments are the basis on which the Group reports its primary segment information.

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

(a) Business analysis
Revenue is analysed as follows:

	2009 £000	2008 restated* £000
Building	202,358	287,044
Engineering	114,779	100,795
Property & central activities	535	8,213
Inter divisional revenue	(1,024)	(5,495)
Group revenue from continuing operations	**316,648**	**390,557**

Analysis of operating profit

	Before exceptional items and amortisation of intangible assets 2009 £000	Exceptional items and amortisation of intangible assets 2009 £000	2009 £000	Before exceptional items and amortisation of intangible assets 2008 £000	Exceptional items and amortisation of intangible assets 2008 £000	2008 £000
Building	2,525	(2,300)	225	4,892	(889)	4,003
Engineering	4,008	(1,446)	2,562	3,469	(361)	3,108
Property & central activities	(1,946)	(629)	(2,575)	(761)	(1,515)	(2,276)
Operating profit	4,587	(4,375)	212	7,600	(2,765)	4,835
Net financing income	958	—	958	1,907	—	1,907
Profit on ordinary activities before income tax	5,545	(4,375)	1,170	9,507	(2,765)	6,742

2 Segmental analysis continued

Balance sheet analysis of business segments

	2009			2008 restated*		
	Assets £000	Liabilities £000	Net assets £000	Assets restated* £000	Liabilities restated* £000	Net assets restated* £000
Building	120,832	(139,361)	(18,529)	151,386	(165,477)	(14,091)
Engineering	44,440	(37,096)	7,344	36,738	(30,556)	6,182
Property & central activities	263,520	(241,006)	22,514	234,959	(212,769)	22,190
Group eliminations	(319,057)	319,057	—	(282,466)	282,466	—
Group net assets	109,735	(98,406)	11,329	140,617	(126,336)	14,281

Other information

	2009			2008		
	Capital additions £000	Depreciation £000	Amortisation £000	Capital additions £000	Depreciation £000	Amortisation £000
Building	106	345	—	436	372	—
Engineering	796	1,104	—	1,568	1,302	—
Property & central activities	704	48	309	24	34	248
	1,606	1,497	309	2,028	1,708	248

(b) Geographical analysis

Revenue is analysed as follows:

	2009 £000	2008 £000
UK	316,127	384,485
USA	521	6,072
Group revenue from continuing operations	316,648	390,557

Balance sheet analysis of geographical segments

	Assets £000	Assets £000
UK	97,687	128,675
USA	12,048	11,942
Group assets	109,735	140,617

Other information

	Capital additions £000	Capital additions £000
UK	1,606	2,028
USA	—	—
	1,606	2,028

* The Board has reclassified the Rail Infrastructure activities from Specialist Building to Specialist Engineering as this reflects better the nature of work carried out. Consequently Specialist Building's revenue has been reduced in the 2008 comparative by £7.5m, with a corresponding increase in Specialist Engineering. Gross assets of £5.9m and gross liabilities of £5.8m have also been reclassified. The reclassification has had no impact on segmental operating profit or other information.

3 Operating profit

	2009 £000	2008 £000
Operating profit is arrived at after charging/(crediting):		
Auditors' remuneration – audit services	180	170
Depreciation of owned assets	1,285	1,429
Depreciation of assets held under finance leases	212	279
Operating lease rentals – plant and machinery	18	29
Operating lease rentals – motor vehicles	360	408
Operating lease rentals – other	2,905	2,880
Rental income	(1,471)	(1,275)
Profit on sale of property, plant and equipment	(71)	(262)
Foreign exchange gains	(2)	(332)

During the period, the following services were provided by the Group's Auditor:

	2009 £000	2008 £000
Fees payable to the Company's Auditor for the audit of the financial statements	60	60
Fees payable to the Company's Auditor and its associates for other services:		
Audit of the financial statements of the Company's subsidiaries pursuant to legislation	120	110
Other services related to IFRS conversion	—	27
Other services related to employment matters	36	121
	216	318

Cost of sales includes £nil (2008: £2.0m) 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 (2008: £nil).

Exceptional items and amortisation of intangible assets

	2009 £000	2008 £000
Redundancy and restructuring costs	2,566	1,471
Legacy contract settlement	1,000	—
Provision for Office of Fair Trading fine (see Note 18)	500	—
Costs in relation to BB&EA pension scheme (see Note 18)	—	1,168
Profit on disposal of plant fleet	—	(122)
Total exceptional items	4,066	2,517
Amortisation of intangible assets (see Note 9)	309	248
	4,375	2,765

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 has incurred redundancy and restructuring costs of £2,566,000 (2008: £1,471,000). 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.

The Group has 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 24.

The Board has also separately identified the charge of £309,000 (2008: £248,000) 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.

4 Finance costs

	2009 £000	2008 £000
Interest payable:		
On bank loans and overdrafts	13	223
Other interest payable	33	31
	46	254
Other finance income – defined benefit pension scheme		
Expected return on scheme assets	6,919	6,957
Interest on scheme liabilities	(6,854)	(6,414)
	65	543

Further information on the defined benefit pension scheme is set out in Note 25 to the accounts.

5 Employee numbers and remuneration

	2009 Number	2008 Number
The average monthly number of employees, including Executive Directors, employed in continuing activities during the year was:	1,274	1,441
At 30 September:	1,191	1,378
Production	714	736
Administrative	560	705
	1,274	1,441

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

	£000	£000
Wages and salaries	46,762	57,056
Social security costs	4,901	6,286
Other pension costs	1,553	1,819
Share based payments	(71)	136
	53,145	65,297

Details of individual Directors' emoluments and pension contributions can be found in the Directors' Remuneration Report on page 32. These numbers have been audited.

6 Income tax expense

(a) Analysis of expense in year

	2009 £000	2008 £000
Current tax:		
UK corporation tax on profits of the year	—	(159)
Adjustments in respect of previous periods	(32)	(409)
	(32)	(568)
Foreign tax	—	(51)
Total current tax	(32)	(619)
Deferred tax – defined benefit pension scheme	(566)	(699)
Deferred tax – other timing differences	(194)	(164)
Total deferred tax	(760)	(863)
Income tax expense	(792)	(1,482)

6 Income tax expense continued

(b) Factors affecting income tax expense for the year

	2009 £000	2008 £000
Profit before income tax	1,170	6,742
Profit multiplied by standard rate of corporation tax in the UK of 28% (2008: 29%)	(328)	(1,955)
Effects of:		
Expenses not deductible for tax purposes	(263)	(187)
Timing differences not provided in deferred tax	1,371	(408)
Benefit of tax losses	96	—
Losses not recognised as an asset	(1,636)	—
Losses utilised not previously recognised	—	1,480
Change in tax rate	—	48
Foreign tax	—	(51)
Adjustments to tax charge in respect of previous periods	(32)	(409)
	(792)	(1,482)

The Group has available further unused UK tax losses of £76m (2008: £89m) to carry forward against future taxable profits.

The Group also has unused USA tax losses of $28m (£17.5m) (2008: $27m (£15m)) 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 £26m (2008: £29m).

(c) Deferred tax asset

	2009 £000	2008 £000
Defined benefit pension scheme	658	414
Accelerated capital allowances	418	—
Other timing differences	166	191
Future tax losses	2,855	3,464
	4,097	4,069

(d) Deferred tax liabilities

	2009 £000	2008 £000
Accelerated capital allowances	—	(9)
Fair value adjustments	(233)	(247)
	(233)	(256)

(e) Reconciliation of deferred tax asset

	2009 £000	2008 £000
As at 1 October	4,069	4,987
Origination of timing differences	(217)	(335)
Defined benefit pension scheme – income statement	(566)	(699)
Defined benefit pension scheme – SORIE	811	116
At 30 September	4,097	4,069

(f) Reconciliation of deferred tax liability

	2009 £000	2008 £000
As at 1 October	(256)	(418)
Accelerated capital allowances	9	81
Arising on fair value adjustments	14	81
At 30 September	(233)	(256)

7 Dividends

	2009 Pence/share	2008 Pence/share
Interim (related to the year ended 30 September 2009)	**1.00**	1.00
Final (related to the year ended 30 September 2008)	**2.00**	1.20
Total dividend paid	**3.00**	2.20

	£000	£000
Interim (related to the year ended 30 September 2009)	**598**	598
Final (related to the year ended 30 September 2008)	**1,199**	719
Total dividend paid	**1,797**	1,317

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 2009. This will be accounted for in the 2009/10 financial year.

8 Earnings per share

	2009			2008		
	Earnings £000	EPS Pence	DEPS Pence	Earnings £000	EPS Pence	DEPS Pence
Earnings before exceptional costs	**3,668**	**6.12**	**5.98**	7,298	12.18	11.87
Exceptional costs and amortisation	**(3,290)**	**(5.49)**	**(5.36)**	(2,038)	(3.40)	(3.32)
Basic earnings per share	**378**	**0.63**	**0.62**	5,260	8.78	8.55
Weighted average number of shares		**59,899**	**61,352**		59,899	61,497

The dilutive effect of share options is to increase the number of shares by 1,453,000 (2008: 1,598,000) and reduce basic earnings per share by 0.01p (2008: 0.23p).

9 Intangible assets

	Goodwill £000	Contractual rights £000
Cost		
At 1 October 2007	8,516	909
Additions	32	—
At 1 October 2008	8,548	909
Additions	1,010	163
At 30 September 2009	**9,558**	**1,072**
Impairment losses/amortisation		
At 1 October 2007	—	41
Charge for year	—	248
At 1 October 2008	—	289
Charge for year	—	309
At 30 September 2009	**—**	**598**
Carrying amount		
At 30 September 2009	**9,558**	**474**
At 30 September 2008	8,548	620
At 1 October 2007	8,516	868

9 Intangible assets continued

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

	2009 £000	2008 £000
Building	**2,503**	2,503
Engineering	**7,055**	6,045
	9,558	8,548

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 will be reviewed for impairment one year after acquisition (see Note 27).

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 four years.

In order to test goodwill for impairment the Group performs value in use calculations by preparing cash flow forecasts for each cash generating unit derived from the most recent financial budgets and strategic plans approved by management going forward three years, and then extrapolates cash flows based on conservative estimated growth rates according to management's view of longer term prospects for each cash generating unit for a further two years. The cash generating units are deemed to be the subsidiaries to which the goodwill relates. The growth rate used at 30 September 2009 was 3%. This rate does not exceed the average long-term growth rate for the construction industry or Gross Domestic Product. The rate used to discount the forecast cash flows is 8% as the Board considers that rate appropriate in the current financial market as an approximation to the cost of funds to the Group. The calculation shows that there is substantial headroom, and the impairment calculations are not particularly sensitive to changes in the discount rate applied.

10 Property, plant and equipment

	Freehold land and buildings £000	Long leasehold land and buildings £000	Plant, vehicles and equipment £000	Total £000
Cost				
At 1 October 2007	500	789	6,527	7,816
Additions	—	—	2,028	2,028
Disposals	—	—	(3,735)	(3,735)
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 30 September 2009	**1,821**	**789**	**5,024**	**7,634**
Depreciation				
At 1 October 2007	—	650	1,978	2,628
Charge for year	—	5	1,703	1,708
Disposals	—	—	(2,730)	(2,730)
At 1 October 2008	—	655	951	1,606
Charge for year	18	5	1,474	1,497
Disposals	—	—	(837)	(837)
At 30 September 2009	**18**	**660**	**1,588**	**2,266**
Net book value				
At 30 September 2009	**1,803**	**129**	**3,436**	**5,368**
At 30 September 2008	500	134	3,869	4,503
At 30 September 2007	500	139	4,549	5,188

The net book value of assets under finance leases at 30 September 2009 was £296,000 (2008: £460,000). During the year £212,000 (2008: £279,000) of depreciation was charged against assets held under finance leases.

11 Inventories

	2009 £000	2008 £000
Developments and undeveloped land	7,905	6,231
Raw materials	177	136
	8,082	6,367

£0.5m (2008: £0.4m) of inventories are pledged as security for liabilities.

12 Trade and other receivables

	2009 £000	2008 £000
Trade receivables	417	346
Amounts due from construction contract customers	59,522	80,044
Other receivables	5,766	5,943
Prepayments and accrued income	1,544	1,433
	67,249	87,766

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 £9.8m (2008: £7.8m) 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 301 days (2008: 341 days).

Ageing of past due but not impaired receivables:

	2009 £000	2008 £000
30–180 days	3,786	1,502
180–365 days	1,637	2,247
Greater than 1 year	4,328	4,013
	9,751	7,762

13 Construction contracts

	2009 £000	2008 £000
Contracts in progress at balance sheet date:		
Amounts due from construction contract customers included in trade and other receivables	59,522	80,044
Amounts due to construction contract customers included in trade and other payables	(8,501)	(15,082)
	51,021	64,962
Contract costs incurred plus recognised profits less recognised losses to date	2,923,646	3,303,391
Less: progress billings	(2,872,625)	(3,238,429)
	51,021	64,962

At 30 September 2009 retentions held by customers amounted to £15.1m (2008: £17.0m). Advances received from customers for contract work amounted to £8.5m (2008: £15.1m).

Amounts due from construction contract customers which are past due at the reporting date amounted to £9.8m (2008: £7.8m).

This amount includes retention balances of £3.4m (2008: £4.5m). The Group does not hold any collateral over these balances or other trade and other receivables.

Contract revenue recognised in the year amounted to £316.1m (2008: £382.3m).

14 Cash and cash equivalents

	2009 £000	2008 £000
Cash at bank	**14,855**	28,281
Cash in hand	**8**	8
	14,863	28,289

Cash at bank includes £0.1m (2008: £nil) in respect of the net position on a sterling bank deposit of £6.0m (2008: £2.0m) and a connected US $ loan of £5.9m (US $9.5m) (2008: £2.0m ($3.5m)) translated at the year end rate used to hedge the inter-company balance with the US subsidiary company.

15 Trade and other payables

	2009 £000	2008 £000
Amounts due to construction contract customers	**8,501**	15,082
Trade payables	**27,533**	35,519
Other taxation and social security	**1,767**	2,021
Other payables	**1,335**	1,272
Accruals and deferred income	**54,476**	65,352
	93,612	119,246

16 Borrowings

	2009 £000	2008 £000
Bank loans and overdrafts	**263**	110

Of the £263,000 of bank loans and overdrafts, £29,000 is payable after more than one year.

17 Obligations under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2009 £000	2008 £000	2009 £000	2008 £000
Amounts payable under finance leases:				
Within one year	**23**	73	**21**	67
Within two to five years	**6**	11	**6**	10
	29	84	**27**	77
Less: future finance charges	**(2)**	(7)	**—**	—
Present value of lease obligations	**27**	77	**27**	77
Less: amount due for settlement within twelve months			**(21)**	(67)
Amount due for settlement after twelve months			**6**	10

It is the Group's policy to lease certain of its plant and equipment under finance leases. The average outstanding lease term is one year (2008: one year). For the year ended 30 September 2009, the average effective borrowing rate was 7% (2008: 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 2008	1,757	3,252	5,009
Provision increase during year	—	500	500
Provision decrease during year	(458)	(3,252)	(3,710)
At 30 September 2009	**1,299**	**500**	**1,799**
Non-current liabilities	**680**	**—**	**680**
Current liabilities	**619**	**500**	**1,119**
At 30 September 2009	**1,299**	**500**	**1,799**

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.

The increase in Other provisions in 2009 is in respect of the fine levied by the Office of Fair Trading, details of which are given in Note 24.

In 2008, other provisions related to the debt on the employer liability arising from the winding up of the British Building & Engineering Appliances plc pension scheme. The winding up of the scheme commenced in 1999 and completed in the 2009 financial year. The Trustees, who are independent of the Group, determined the level of the statutory debt on the employer in conjunction with the independent scheme actuary. The debt together with related legal costs has been discharged in full, in line with the amount provided, during the year.

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
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)**

19 Other financial instruments continued

	Fixed rate weighted average interest rate %	Financial assets/(liabilities) Fixed rate £000	Floating rate £000	Total £000
2008				
Assets				
Sterling	—	—	29,484	29,484
Dollar	—	—	794	794
		—	30,278	30,278
Liabilities				
Sterling	7.0	(77)	—	(77)
Dollar	—	—	(2,099)	(2,099)
		(77)	(2,099)	(2,176)

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 one year (2008: one year). The dollar floating rate liabilities are repayable on demand.

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 cash flow forecasts and budgets. The Board has considered the cash flow 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 25. An analysis of the maturity profile for finance lease liabilities is given in Note 17.

19 Other financial instruments

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 2009 the unhedged portion of the inter-company loan was $nil (2008: $4,934,000). At 30 September 2009 the balance on the US dollar bank account was $1,000 (2008: $1,000). The dollar closing exchange rate was $1.60: £1 (2008: $1.78: £1) resulting in a foreign exchange gain of £2,000 being credited 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.'s net assets are charged to the cumulative translation adjustment within total equity. The exchange gain arising on the translation of Lovell America, Inc.'s net assets was £612,000. The total equity statement will be impacted by £38,000 for each $ cent 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.

The Company has a loan of $9,500,000 (2008: $3,537,000) which acts as an economic hedge against the inter-company balance due by Lovell America, Inc. Exchange losses of £551,000 (2008: loss £317,000) were made during the year on foreign currency borrowings. This has been fully offset against exchange gains made on the inter-company balance due by Lovell America, Inc.

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 £59,000 subject to foreign exchange rate movements, on the assumption of a US$9.5m loan being outstanding for one year.

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

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

	2009 £000	2008 £000
Authorised:		
100,000,000 (2008: 100,000,000) Ordinary Shares of 10p each	**10,000**	10,000
Allotted, called up and fully paid:		
59,898,927 (2008: 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 2009 or 2008.

20 Share capital continued

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 Board has determined that it is unlikely that the performance criteria will be met and so 940,252 of previously granted options are no longer expected to be exercised. 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 9p. For 100% vesting to occur, the Group's earnings per share for the year ending 30 September 2011 must be at least 13.5p.

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.

21 Reserves

	Share premium account £000	Capital redemption reserve £000	Cumulative translation reserve £000	Share based payments reserve £000	Retained earnings £000
Group					
At 1 October 2007	5,893	3,896	(150)	97	(5,717)
Transfer from income statement for the year					5,260
Dividends paid					(1,317)
Recognition of share based payments				136	
Exchange differences			574		
Actuarial loss recognised in pension scheme					(497)
Movement on deferred tax relating to the pension scheme					116
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 30 September 2009	**5,893**	**3,896**	**1,046**	**162**	**(5,658)**

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.

21 Reserves continued

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 Group's estimate of shares that will eventually vest.

£71,000 has been credited (2008: charged £136,000) to administrative expenses as a result of the Board's expectation that 940,252 of previously granted options will not vest.

There is no impact on net assets since an equivalent amount has been charged against the share based payments reserve.

No options were exercised or lapsed 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 2009 were as follows:

Date of grant	7 June 2006	8 January 2007	3 December 2007	26 November 2008	Total
Awards outstanding at 30 September 2009					
– Directors	761,904	522,292	417,960	829,403	2,531,559
Exercise price and price at date of grant	52.5p	78.5p	103.0p	54.5p	—
Maximum option life	10 years	10 years	10 years	10 years	—
Assumed option life for purposes of valuation	3 years	3 years	3 years	3 years	—
Expected volatility	47%	46%	40%	41%	—
Dividend yield	1%	1.50%	1.80%	5.90%	—
Risk free interest rate	4.67%	4.88%	4.46%	3.85%	—
Value per option	20.5p	25.9p	28.0p	10.2p	—

The options granted on 7 June 2006 have vested in full. The Board does not expect the options granted on 8 January 2007 and 3 December 2007 to vest. There were 1,702,156 options outstanding at 1 October 2008 being those issued in June 2006, January 2007 and December 2007 as detailed above.

22 Reconciliation of movements in total equity

	2009 £000	2008 £000
Profit for the year	378	5,260
Dividends paid	(1,797)	(1,317)
	(1,419)	3,943
Other recognised gains and losses for the year	(1,462)	193
Recognition of share based payments	(71)	136
Net movement in total equity	(2,952)	4,272
At 1 October 2008	14,281	10,009
At 30 September 2009	11,329	14,281

23 Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2009 £000	Total 2008 £000
Commitments under non-cancellable operating leases:				
Under one year	2,623	329	2,952	3,030
Two to five years	8,738	186	8,924	9,347
Five or more years	22,593	—	22,593	23,661
	33,954	515	34,469	36,038

With regard to the operating leases held by the Group as lessor, the Group recognised £1,471,000 (2008: £1,275,000) of rental income in the income statement for 2009, 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 2009 £000	Total 2008 £000
Receivables under non-cancellable operating leases:				
Under one year	1,184	—	1,184	1,239
Two to five years	3,060	—	3,060	4,001
Five or more years	404	—	404	2,541
	4,648	—	4,648	7,781

The Group had no capital commitments at 30 September 2009 (2008: £nil).

24 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 these results, the Group has 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.

Other

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

A letter of credit of £nil (2008: £353,000) remains outstanding at 30 September 2009 in respect of Lovell America, Inc.

25 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 pensions advisors and have determined that they are appropriate.

The following disclosures required by IAS 19 have been based on the most recent actuarial valuation as at 30 September 2009 carried out by Barnett Waddingham, Consulting Actuaries, using the following financial assumptions:

	As at 30 September 2009	As at 30 September 2008	As at 30 September 2007
Rate of increase in salaries	**4.00%**	4.00%	4.00%
LPI increases to pensions in payment	**3.10%**	3.10%	2.90%
Discount rate	**5.70%**	7.00%	6.20%
Inflation assumption	**3.10%**	3.50%	2.90%
Increases in deferred pensions	**3.10%**	3.10%	2.90%

The mortality tables adopted for the 2009 valuation 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 postal code analysis of the membership. The Directors believe that this analysis provides a more reliable estimate of the mortality characteristics of the scheme's membership than has been used in previous years.

In 2008 and previous years, the PA1992 series tables were used. A medium cohort adjustment was incorporated in 2008 and a short cohort adjustment in 2007. An example of the effect of the changes in mortality assumption is that under the 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 2007 assumptions estimated a period of of 26 years.

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

	Value as at 30 September 2009 £000	**Expected rate of return**	Value as at 30 September 2008 £000	Expected rate of return	Value as at 30 September 2007 £000	Expected rate of return
Annuities	**526**		632		—	
Gilts + 2.5% fund	**59,583**	**6.60%**	50,659	7.20%	54,914	7.50%
Bonds	**51,050**	**5.60%**	48,190	7.00%	47,998	6.20%
Cash	**102**	**0.05%**	39	4.50%	36	5.75%
Total	**111,261**		99,520		102,948	

25 Employee benefits: retirement benefit obligations continued

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

	2009 £000	2008 £000
Movements in scheme assets and liabilities		
Total fair value of scheme assets brought forward	99,520	102,948
Expected return on scheme assets	6,919	6,957
Employer contributions	2,028	2,106
Annuities	526	631
Benefits paid	(6,280)	(6,217)
Actuarial gain/(loss) on scheme assets	8,548	(6,905)
Total fair value of scheme assets carried forward	111,261	99,520
Present value of scheme obligations brought forward	100,999	106,507
Interest costs	6,854	6,414
Current service costs	70	72
Experience gain on scheme liabilities	—	(600)
Annuities	526	631
Benefits paid	(6,280)	(6,217)
Actuarial increase/(decrease) in scheme obligations	11,443	(5,808)
Total fair value of scheme obligations carried forward	113,612	100,999
Deficit in the scheme	(2,351)	(1,479)
Deferred tax	658	414
Net deficit	(1,693)	(1,065)
Amounts charged to operating profit:		
Current service cost	(70)	(72)
	(70)	(72)
Amount credited to other financial income:		
Expected return on scheme assets	6,919	6,957
Interest on scheme liabilities	(6,854)	(6,414)
	65	543
Amounts recognised in the statement of recognised income and expense:		
Actual less expected return on scheme assets	8,548	(6,905)
Experience gain on scheme liabilities	—	600
Effect of change in assumptions on scheme liabilities	(11,443)	5,808
Actuarial loss	(2,895)	(497)
Movement in the net scheme deficit during the year:		
Net scheme deficit brought forward	(1,479)	(3,559)
Current service cost	(70)	(72)
Cash contribution	2,028	2,106
Other finance income	65	543
Actuarial loss	(2,895)	(497)
Net scheme deficit carried forward	(2,351)	(1,479)

25 Employee benefits: retirement benefit obligations continued

	2009	2008	2007	2006	2005
Difference between the expected and actual return on scheme assets	**£8,548,000**	£(6,905,000)	£(7,960,000)	£(1,786,000)	£6,623,000
As a percentage of the assets at the end of the year	**7.7%**	(6.9)%	(8.0)%	(1.6)%	6.10%
Experience gains/(losses) on scheme liabilities	**—**	£600,000	£(575,000)	£(72,000)	£647,000
As a percentage of the liabilities at the end of the year	**—**	0.59%	(0.54)%	0.00%	0.61%
Total amount recognised in the statement of recognised income and expense	**£(2,895,000)**	£(497,000)	£(1,804,000)	£(7,803,000)	£412,000
As a percentage of the liabilities at the end of the year	**(2.55)%**	(0.49)%	(1.69)%	(6.93)%	0.39%

The scheme has been in operation for many years and, after taking advice from the Group's pensions advisors, the Directors have determined that it is not possible to allocate the assets and liabilities of the scheme between the various Group companies. As permitted by IAS 19, the Group has taken advantage of the multi-employer exemption and the deficit of the scheme is accounted for as an unallocated consolidation adjustment.

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 £1,553,000 (2008: £1,819,000) into these plans during the year. There are also £181,000 (2008: £182,000) of accruals relating to these plans.

26 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 £875,000 all of which was represented by short-term employment benefits.

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

27 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 will be reviewed for impairment one year after the acquisition as required by IFRS 3. The goodwill is attributable to the expertise and workforce of the acquired businesses. Other intangible assets of £163,000, representing contractual rights of C&A, were also acquired and will be amortised over their useful economic life 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.

at 30 September 2009

	Note	2009 £000	2008 £000
Fixed assets			
Tangible assets	E	842	186
Investments	F	90,525	90,525
		91,367	90,711
Current assets			
Stocks and work in progress	G	342	—
Debtors: due within one year	H	26,353	21,356
Cash at bank and in hand	I	14,065	18,655
		40,760	40,011
Creditors: amounts falling due in less than one year	J	(105,174)	(109,119)
Net current liabilities		(64,414)	(69,108)
Total assets less current liabilities		26,953	21,603
Net assets		26,953	21,603
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
Revaluation reserve	M	73	73
Share based payments reserve	M	162	233
Profit and loss account	M	10,939	5,518
Equity shareholders' funds	N	26,953	21,603

Approved by the Board and signed on its behalf by:

R Harrison OBE
Chairman
24 November 2009

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 or valuation for certain properties, less provision for impairment if required. Depreciation is provided on all tangible fixed assets, other than freehold land. Provision is made at rates calculated to write off the cost of each asset, less estimated residual value, evenly over its expected useful life as follows:

Freehold land	– 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 Company’s 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, and also in respect of the pensions deficit recorded under FRS 17 where the Directors consider that the asset will be utilised by the expected profitability of the Company.

(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 Group’s stakeholder pension plans are charged to the profit and loss account as incurred.

A Accounting policies continued

(x) Dividends

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

(xi) Stocks and work in progress

Stocks comprise land held for development and are stated at the lower of cost and net realisable value. Cost includes appropriate attributable overheads and excludes interest. Where necessary, provision is made for obsolete, slow moving and defective stocks.

B Profit and loss account

As permitted by Section 408 of the Companies Act 2006, the Company has not presented its own profit and loss account. The profit after taxation for the financial year dealt with in the accounts of the Company was £7,218,000 (2008: £2,959,000).

The audit fee charged within the profit and loss account amounted to £60,000 (2008: £60,000).

C Employee numbers and remuneration

	2009 Number	2008 Number
The average monthly number of employees, all of whom were administrative staff including Executive Directors, employed in continuing activities during the year was:	41	44
At 30 September	38	44

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

	£000	£000
Wages and salaries	2,265	2,546
Social security costs	293	304
Other pension costs	184	106
Share based payments	(71)	136
	2,671	3,092

Details of individual Directors' emoluments and pension contributions can be found in the Directors' Remuneration Report on page 32. These numbers have been audited.

D Dividends

	2009 Pence/share	2008 Pence/share
Interim (related to the year ended 30 September 2009)	1.00	1.00
Final (related to the year ended 30 September 2008)	2.00	1.20
Total dividend paid	3.00	2.20

	£000	£000
Interim (related to the year ended 30 September 2009)	598	598
Final (related to the year ended 30 September 2008)	1,199	719
Total dividend paid	1,797	1,317

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 2009. This will be accounted for in the 2009/10 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 2008	—	789	311	1,100
Additions	701	—	3	704
At 30 September 2009	**701**	**789**	**314**	**1,804**
Depreciation				
At 1 October 2008	—	655	259	914
Charge for year	9	5	34	48
At 30 September 2009	**9**	**660**	**293**	**962**
Net book value				
At 30 September 2009	**692**	**129**	**21**	**842**
At 30 September 2008	—	134	52	186

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

F Investments

	Subsidiary undertakings £000
Shares at cost	
At 1 October 2008 and 30 September 2009	159,405
Provisions	
At 1 October 2008 and 30 September 2009	68,880
Net book value	
At 30 September 2009	**90,525**
At 30 September 2008	90,525

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

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

G Stock and work in progress

	2009 £000	2008 £000
Undeveloped land	**342**	—

H Debtors

	2009 £000	2008 £000
Due within one year:		
Trade debtors	**332**	316
Due from subsidiary undertakings	**25,369**	19,110
Other debtors	**68**	1,253
Deferred tax	**83**	99
Prepayments and accrued income	**501**	578
	26,353	21,356

I Cash at bank and in hand

	2009 £000	2008 £000
Cash at bank	**14,065**	18,655

Cash at bank includes £0.1m (2008: £nil) in respect of the net position on a sterling bank deposit of £6.0m (2008: £2.0m) and a connected US$ loan of £5.9m (US$9.5m) (2008: £2.0m (US$3.5m)) translated at the year end rate used to hedge the inter-company balance with the US subsidiary company.

J Creditors: amounts falling due within one year

	2009 £000	2008 £000
Trade creditors	**590**	621
Other taxation and social security	**826**	987
Due to subsidiary undertakings	**97,612**	97,576
Other creditors	**288**	761
Accruals and deferred income	**5,858**	9,174
	105,174	109,119

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 2009 the unhedged portion of the inter-company loan was $nil (2008: $4,934,000). At 30 September 2009 the balance on the US dollar bank account was $1,000 (2008: $1,000).

The Company's operations are denominated in sterling.

Hedges

The Company has a loan of $9,500,000 (2008: $3,537,000) with Barclays Bank Plc acting as an economic hedge against the inter-company balance due by Lovell America, Inc. Exchange losses of £551,000 (2008: loss £317,000) were made during the year on foreign currency borrowings. This has been fully offset against exchange gains made on the inter-company balance due by Lovell America, Inc.

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

	2009 £000	2008 £000
Authorised:		
100,000,000 (2008: 100,000,000) Ordinary Shares of 10p each	**10,000**	10,000
Allotted, called up and fully paid:		
59,898,927 (2008: 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 are 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 Board has determined that it is unlikely that the performance criteria will be met and so 940,252 of previously granted options are no longer expected to be exercised. 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 9p. For 100% vesting to occur, the Group's earnings per share for the year ending 30 September 2011 must be at least 13.5p.

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

M Reserves

	Share premium account £000	Capital redemption reserve £000	Revaluation reserve £000	Share based payments reserve £000	Profit and loss account £000
At 1 October 2008	5,893	3,896	73	233	5,518
Transfer from profit and loss account for the year					7,218
Recognition of share based payments				(71)	
Dividends paid					(1,797)
At 30 September 2009	**5,893**	**3,896**	**73**	**162**	**10,939**

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 Company's estimate of shares that will eventually vest.

£71,000 has been credited (2008: charged £136,000) to administrative expenses as a result of the Board's expectation that 940,252 of previously granted options will not vest.

There is no impact on net assets since an equivalent amount has been charged against the share based payments reserve.

No options were exercised or lapsed 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 2009 were as follows:

Date of grant	7 June 2006	8 January 2007	3 December 2007	26 November 2008	Total
Awards outstanding at 30 September 2009					
– Directors	761,904	522,292	417,960	829,403	2,531,559
Exercise price and price at date of grant	52.5p	78.5p	103.0p	54.5p	—
Maximum option life	10 years	10 years	10 years	10 years	—
Assumed option life for purposes of valuation	3 years	3 years	3 years	3 years	—
Expected volatility	47%	46%	40%	41%	—
Dividend yield	1%	1.50%	1.80%	5.90%	—
Risk free interest rate	4.67%	4.88%	4.46%	3.85%	—
Value per option	20.5p	25.9p	28.0p	10.2p	—

The options granted on 7 June 2006 have vested in full. The Board does not expect the options granted on 8 January 2007 and 3 December 2007 to vest.

There were 1,702,156 options outstanding at 1 October 2008 being those issued in June 2006, January 2007 and December 2007 as detailed above.

N Reconciliation of movements in equity shareholders' funds

	2009 £000	2008 £000
Profit for the year	7,218	2,959
Dividends paid	(1,797)	(1,317)
	5,421	1,642
Recognition of share based payments	(71)	136
At 1 October 2008	21,603	19,825
At 30 September 2009	26,953	21,603

O Capital and leasing commitments

	Land and buildings £000	Other £000	Total 2009 £000	Total 2008 £000
Annual commitments under non-cancellable operating leases expiring in:				
Under one year	—	11	11	21
Two to five years	—	8	8	92
Five or more years	1,519	—	1,519	1,379
	1,519	19	1,538	1,492

The Company has capital commitments at 30 September 2009 of £nil (2008: £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.

The Company has guaranteed a letter of credit of £nil (2008: £353,000) on behalf of Lovell America, Inc.

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

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, the Board believes that Renew has no liability. Accordingly, in these results, the Group has 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 liability in respect of this matter.

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 £184,000 (2008: £106,000) into these plans during the year. There are also £6,000 (2008: £8,000) 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 and 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%
V.H.E. 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 subsidiary	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 £875,000 all of which was represented by short-term employment benefits.

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

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

Annual General Meeting	**27 January 2010**
Results	**Announcement of interim results – May 2010**
	Preliminary announcement of full year results – November 2010

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 5.30 pm 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 often 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 is hereby given that the fiftieth Annual General Meeting of the Company will be held at the offices of KPMG LLP, 1 The Embankment, Leeds, LS1 4DW on 27 January 2010 at 11.00am to consider and, if thought fit, pass resolutions 1 to 6 below as ordinary resolutions and resolution 7 below as a special resolution.

The meeting will consider the following business:

Ordinary business

1. To receive and adopt the audited financial statements for the year ended 30 September 2009 and the Reports of the Directors and Auditors thereon.
2. To declare a final dividend of 2p per share.
3. To re-elect John Samuel, 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 John Samuel are included in the Directors' Report in the Annual Report and Accounts).

4. To approve the Remuneration Report for the year ended 30 September 2009.
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 and are hereby given the general power pursuant to Section 570 of the Companies Act 2006 ("Act") to allot equity securities (as defined by Section 560 of the Act) wholly for cash 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 as 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) up to an aggregate nominal amount of £299,495.

   The power granted by this resolution will expire on 28 April 2011 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 7 the Directors are seeking renewal of the power to allot shares for cash for the purposes of a rights issue or otherwise 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 24 November 2009. If given, this power will expire at the Company's AGM in 2011 or on 28 April 2011, whichever is the earlier.)

By order of the Board

J Samuel FCA
Company Secretary
24 November 2009

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

Notes

1. A member of the Company must be entered on the Register of Members at 6pm on 25 January 2010 (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. Completion of a proxy or any CREST proxy instruction (as described in paragraph 4 below) will not preclude a shareholder from attending and voting in person at the meeting.
4. 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 25 January 2010. 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.

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