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INTERIM REPORT & ACCOUNTS | 2008

delivering specialist construction services

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The first half of the year produced strong results in line with both internal and market expectations. The results also illustrate the quality and sustainability of earnings with over two-thirds of orders coming in the form of repeat business in our specialist sectors and under negotiated forms of contract.

Group revenue for the six months ended 31 March 2008 was £192.9m (2007: £173.0m), an 11% increase over the corresponding period last year. Profit before tax for the period was up 21% to £3.9m (2007: £3.2m).

The Group expects to incur a tax charge for the year ending 30 September 2008 and the applicable rate has been estimated at 14.5%. As a result of the tax charge, the growth in earnings per share was restricted to 4% but nevertheless improved to 5.61p (2007: 5.42p).

The Group's net cash position stood at £25.7m, an increase of £1.3m compared to 30 September 2007. This strong, ungeared position enables the Group to take advantage of opportunities quickly as they arise in an economic environment which may become more challenging.

In accordance with the Group's progressive policy, an interim dividend of 1.0p per share (2007: 0.6p) is being declared. This is an increase of 66% and reflects the Board's confidence of delivering further progress in the remainder of the year. The dividend will be paid on 7 July 2008 to shareholders on the register as at 6 June 2008.

Our declared strategy of focusing on two distinct business streams, Specialist Engineering and Specialist Building, is allowing us to secure sustainable and higher margin work with customers who are increasingly looking to develop longer-term relationships.

Our specialist sectors are demonstrating resilience in the current economic environment. Our order book remains strong and we are continuing to secure good quality opportunities to tender and negotiate. The Board believes that this will enable the Group to deliver further progress in the second half of the year.

Roy Harrison OBE
Chairman
20 May 2008

OVERVIEW

Our strategy of seeking growth in Specialist Engineering whilst maintaining target margins, combined with increasing margins in Specialist Building, continues to provide increasing profits for the Group.

In Specialist Engineering, revenue increased by 32%, reflecting the acquisition of Seymour. Operating profit has grown by 30% to £2.2m and margins have been maintained within our target range at 4.6%.

We saw continued margin improvement in Specialist Building, up from 1.3% to 1.5% alongside a 16% increase in revenue. Operating profit increased by 38% to £2.1m.

Our order book remains strong at £247.7m (2007: £228.7m) with 80% being in our specialist sectors, 70% of orders negotiated and 67% in the form of repeat business. These key performance indicators remain ahead of our targets of 66% in each case.

Part of the strategy of developing our Specialist Engineering activities is to consider complementary acquisitions. The Group continues to look at a number of potential opportunities but is mindful of only making acquisitions that meet our demanding criteria. We have a proven acquisition and integration track record following the PPS Electrical and Seymour transactions in the last two financial years. Both these businesses have reported improved performance in revenue and margin since acquisition.

For the first time, the Group is reporting its results under International Financial Reporting Standards ('IFRS').

REVIEW OF OPERATIONS

Specialist Engineering

Nuclear:

Shepley Engineers continues to be the largest mechanical and electrical contractor at Sellafield operating in the fields of asset support and decommissioning, with the majority of work carried out under three framework agreements. We have just completed the first year of a two-year Multi Disciplined Site Wide framework, from which revenues were 50% above forecast levels. Discussions have commenced regarding a two-year extension to this framework.

Land Remediation:

VHE Construction was awarded five projects during the period including the Diesel Depot remediation project in Bristol for the South West of England Regional Development Agency. VHE has also been appointed to frameworks with the North West Development Agency and Lancashire County Council in addition to our longstanding framework with National Grid. In December 2007, VHE opened an office in Northern Ireland to access the growing number of opportunities there.

Water:

The Seymour acquisition has been fully integrated into the Group and is performing in line with our expectations. The Northumbrian Water framework has recently been extended until 2011. This framework will provide a reliable earnings stream over the next three years and is a good example of our strategic goal of winning repeat business with blue chip clients. The Shiremoor Flood Alleviation project, which was awarded under this framework, secured three awards at the Constructing Excellence Awards for innovation, integration and collaborative working. In addition to a number of flood alleviation schemes secured during the period, Seymour was also awarded a coastal protection contract at Whitby Marina.

Specialist Building

Social Housing:

We currently have six framework agreements in place, all with leading Housing Associations in the South East of England for the delivery of their new build programmes. We successfully completed six projects during the period and also commenced work on five new enabling projects which we expect to lead to confirmed orders over the next three months. The pipeline of future projects with our existing framework partners remains in excess of £100m.

Retail:

Britannia Construction's first project with Marks & Spencer is nearing completion. Tesco continues to provide opportunities with a new store at Aston, Birmingham recently completed and another at Cullompton, Devon under construction. Allenbuild is constructing a £25m negotiated hotel and mixed retail development at Southport which includes the refurbishment of the adjacent Floral Hall Theatre.

Science and Education:

Allenbuild was awarded its first project under a new framework with Wigan Council and also secured three further school projects including the contract for the Kingfisher School, Solihull. This is the eighth year of our DEFRA framework at Weybridge where Walter Lilly has received a further award of a new building which has a major emphasis on environmental specifications. Allenbuild has also secured the contract to construct the Yorkshire Environmental Energy Technology Centre near Sheffield, which is aiming to have the lowest carbon footprint of any building in the UK.

Restoration and Refurbishment:

The high-end residential sector in London has been extremely busy during the period with Walter Lilly securing six awards. The largest of these was a prestigious £37m scheme in Grosvenor Crescent. This project is to refurbish and convert several listed buildings into high quality residential apartments and includes substantial temporary engineering works to form an underground stacking car park. We also continue to be awarded further projects from our Grosvenor Estates framework.

SUMMARY

We are continuing to make progress on the implementation of our strategy. Our operating businesses are recognised for their excellent skills and experience across our chosen specialist sectors and are seen as long-term partners by our customers. Our specialist markets remain robust within the broader context of the current economic environment. Through our high level of negotiated work, we are managing risk effectively and securing a higher quality of earnings. This strategy has enabled us to improve Group operating margins to 1.6% from 1.3% a year ago, indicating further progress towards our objective of an operating profit margin of at least 2.5% by 2010.

Brian May
Chief Executive
20 May 2008

GROUP INCOME STATEMENT

for the six months ended 31 March 2008

	Notes	Six months ended 31 March 2008 Unaudited £000	Six months ended 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Group revenue from continuing activities	2	**192,850**	172,971	348,149
Cost of sales		**(170,142)**	(153,654)	(311,486)
Gross profit		**22,708**	19,317	36,663
Administrative expenses		**(19,622)**	(17,075)	(31,445)
Operating profit	2	**3,086**	2,242	5,218
Finance income		**800**	895	2,199
Finance costs		**(207)**	(239)	(768)
Other finance income - IAS 19 pension		**250**	350	745
Profit before income tax	2	**3,929**	3,248	7,394
Income tax expense	3	**(569)**	-	(74)
Profit for the period attributable to equity holders of the parent company		**3,360**	3,248	7,320
Basic earnings per share	4	**5.61p**	5.42p	12.22p
Diluted earnings per share	4	**5.47p**	5.35p	11.99p
Proposed dividend	5	**1.00p**	0.60p	1.20p

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the six months ended 31 March 2008

	Six months ended 31 March 2008 Unaudited £000	Six months ended 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Profit for the period attributable to equity holders of the parent company	**3,360**	3,248	7,320
Exchange movements in reserves	**20**	(96)	(150)
Movements in actuarial deficit	**(857)**	(890)	(1,804)
Movement on deferred tax relating to the defined pension scheme	**-**	-	427
Total recognised income and expense	**2,523**	2,262	5,793

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GROUP BALANCE SHEET

at 31 March 2008

	Notes	2008 Unaudited £000	31 March 2007 Unaudited £000	30 September 2007 Audited £000
Non-current assets				
Intangible assets: goodwill		**8,516**	4,527	8,516
Intangible assets: other		**744**	-	868
Property, plant and equipment		**5,035**	3,513	5,188
Deferred tax assets		**4,987**	4,329	4,987
		19,282	12,369	19,559
Current assets				
Inventories		**8,499**	5,222	6,391
Trade and other receivables		**94,149**	72,989	85,319
Cash and cash equivalents		**25,817**	27,022	24,565
		128,465	105,233	116,275
Total assets		**147,747**	117,602	135,834
Non-current liabilities				
Obligations under finance leases		**(59)**	(202)	(118)
Retirement benefit obligations		**(3,559)**	(3,955)	(3,559)
Deferred tax liabilities		**(418)**	(90)	(418)
Provisions		**(1,172)**	(1,277)	(1,172)
		(5,208)	(5,524)	(5,267)
Current liabilities				
Trade and other payables		**(126,751)**	(102,309)	(116,954)
Obligations under finance leases		**(243)**	(151)	(429)
Current tax liabilities		**(1,049)**	-	(480)
Borrowings		**(85)**	(298)	(165)
Provisions		**(2,530)**	(2,530)	(2,530)
		(130,658)	(105,288)	(120,558)
Total liabilities		**(135,866)**	(110,812)	(125,825)
Net assets		**11,881**	6,790	10,009
Share capital		**5,990**	5,990	5,990
Share premium account		**5,893**	5,893	5,893
Capital redemption reserve		**3,896**	3,896	3,896
Cumulative translation adjustment		**(130)**	(96)	(150)
Share based payments reserve	6	**165**	49	97
Profit and loss account		**(3,933)**	(8,942)	(5,717)
Total equity	7	**11,881**	6,790	10,009

GROUP CASH FLOW STATEMENT

for the six months ended 31 March 2008

	Six months ended 31 March		Year ended 30 September
	2008 Unaudited £000	2007 Unaudited £000	2007 Audited £000
Profit for the period	**3,360**	3,248	7,320
Amortisation of intangible assets	**124**	-	41
Depreciation	**834**	563	1,326
Profit on sale of property, plant and equipment	**(94)**	(37)	(85)
(Increase)/decrease in inventories	**(2,015)**	12,966	11,909
(Increase)/decrease in receivables	**(8,806)**	7,205	(1,766)
Increase/(decrease) in payables	**9,891**	(4,827)	6,360
Current service cost	**36**	48	79
Cash contribution to defined benefit scheme	**(893)**	(588)	(1,534)
Expense in respect of share options	**68**	49	97
Finance income	**(1,050)**	(1,245)	(2,944)
Finance costs	**207**	239	768
Interest paid	**(207)**	(239)	(768)
Income taxes paid	**-**	-	(107)
Income tax expense	**569**	-	74
Net cash inflow from operating activities	**2,024**	17,382	20,770
Investing activities			
Interest received	**800**	895	2,199
Proceeds on disposal of property, plant and equipment	**194**	145	309
Purchases of property, plant and equipment	**(781)**	(365)	(1,060)
Acquisition of subsidiary net of cash acquired	**-**	-	(5,932)
Net cash inflow/(outflow) from investing activities	**213**	675	(4,484)
Financing activities			
Dividends paid	**(719)**	(479)	(839)
Repayment of obligations under finance leases	**(245)**	(319)	(542)
Repayment of development loans	**-**	(9,795)	(9,795)
Net cash outflow from financing activities	**(964)**	(10,593)	(11,176)
Net increase in cash and cash equivalents	**1,273**	7,464	5,110
Cash and cash equivalents at beginning of the period	**24,400**	19,570	19,570
Effect of foreign exchange rate changes	**59**	(310)	(280)
Cash and cash equivalents at end of the period	**25,732**	26,724	24,400
Bank balances and cash	**25,817**	27,022	24,565
Bank overdrafts	**(85)**	(298)	(165)
	25,732	26,724	24,400

NOTE 1 **ACCOUNTING POLICIES**

Explanatory note on adoption of IFRS for the 6 months ended 31 March 2008

A1 Presentation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by for use in the EU. The Group has applied all accounting standards and interpretations issued by the IASB and International Financial Reporting Interpretations Committee relevant to its operations and expected to be effective for the date of the Group's first IFRS financial statements. In accordance with IFRS 1, estimates consistent with those made in the UK GAAP financial statements for the year ended 30 September 2007 have been used. The financial statements are presented in sterling since this is the currency in which the majority of the Group's transactions are denominated.

A2 First time adoption of international financial reporting and accounting standards

The Group has applied IFRS 1 "First time adoption of International Financial Reporting Standards" to provide a starting point for reporting under IFRS. The date of transition to IFRS was 1 October 2006 and all comparative information in these financial statements has been restated to reflect the Group's adoption of IFRS.

The adoption of IFRS has resulted in the following transition adjustments to the Group's accounting policies:

Goodwill

Under UK GAAP goodwill was amortised over its useful economic life. Under IFRS 3 "Business Combinations" goodwill is not amortised but is carried at cost with impairment reviews being undertaken annually or when there is an indication that the carrying value has been reduced. Under IFRS 1 the Group has applied the change from the date of transition as opposed to full application to all business combinations prior to that date. The goodwill in the balance sheet at the date of transition to IFRS was £4,527,000. The impact on the 2007 profit for the financial year is a reversal of the amortisation previously charged under UK GAAP of £356,000.

Intangible assets

IFRS 3 "Business Combinations" requires the measurement of intangible assets and their annual amortisation. The Group acquired £909,000 in relation to contractual rights on the acquisition of Seymour, which are being amortised over 44 months giving rise to a charge of £41,000 in 2007. Deferred tax has been provided on these intangible assets.

Employee benefits

IAS 19 "Employee Benefits" requires that liabilities for employee benefits should be recognised in the period in which services are provided by the employee. This includes specific guidance on dealing with short-term employee benefits such as holiday pay for which there is no equivalent under UK GAAP. Consequently the 2007 profit for the year is reduced by £114,000 being the increase in accrual to £626,000 from the opening position at 1 October 2006 of £512,000. Deferred tax has been provided on these employee benefits.

NOTE 1 **ACCOUNTING POLICIES (continued)**

Explanatory note on adoption of IFRS for the 6 months ended 31 March 2008 (continued)

IFRS 1 Transition Exemptions

IFRS 1 provides certain exemptions which the Group has decided to utilise. Under IFRS 3 "Business Combinations", the Group has elected not to apply the standard retrospectively to business combinations prior to the date of transition. Accordingly, the classification of such business combinations remains unchanged from that under UK GAAP. Assets and liabilities are recognised at the date of transition if they would be recognised under IFRS and are measured using their UK GAAP carrying amount immediately following acquisition as deemed cost under IFRS, unless IFRS requires fair value measurement. IFRS 1 permits revaluations of property, plant and equipment which had been carried out under UK GAAP to be treated as the deemed cost at the date of transition and the Group has applied this exemption.

Cumulative translation differences

The Group has taken advantage of the exemption whereby the cumulative translation differences are deemed to be zero at the date of transition to IFRS.

Share based payments

The Group has applied IFRS 2 "Share based payment" from the date of transition to IFRS as at 30 September 2006.

In preparing its opening IFRS balance sheet, the Group has adjusted amounts previously reported in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to adopted IFRS has affected the Group's financial position, performance and cashflow is set out below.

Reconciliation on transition to IFRS

	October 2006 £000	September 2007 £000
Total equity as presented under UK GAAP	5,316	10,145
Employee benefits	(512)	(626)
Amortisation of goodwill	-	356
Amortisation of intangible asset	-	(41)
Deferred tax	154	175
Equity as presented under IFRS	4,958	10,009

NOTE 1 **ACCOUNTING POLICIES (continued)**

Explanatory note on adoption of IFRS for the 6 months ended 31 March 2008 (continued)

	September 2007 £000
Profit as presented under UK GAAP	7,098
Amortisation of goodwill	356
Amortisation of intangible asset	(41)
Employee benefits	(114)
Income taxes	21
Profit as presented under IFRS	7,320

A3 Explanation of material adjustments to the cash flow statement for 2007

Interest paid of £768,000 during 2007 is classified as operating cash flow under IFRS, but was included in a separate category of returns on investments and servicing of finance under previous GAAP.

NOTE 2 **SEGMENTAL ANALYSIS**

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

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

	Six months ended 31 March		Year ended 30 September
	2008 Unaudited £000	2007 Unaudited £000	2007 Audited £000
Revenue is analysed as follows:			
Building	**142,886**	122,910	265,668
Engineering	**47,231**	35,795	68,777
Inter divisional revenue	**(2,941)**	(2,943)	(3,265)
Property and central activities	**5,674**	17,209	16,969
Group revenue from continuing operations	**192,850**	172,971	348,149
Analysis of operating profit			
Building	**2,137**	1,554	3,652
Engineering	**2,176**	1,678	3,294
Property and central activities	**(1,227)**	(990)	(1,728)
Operating profit	**3,086**	2,242	5,218
Net finance income	**843**	1,006	2,176
Profit before income tax	**3,929**	3,248	7,394

NOTES TO THE ACCOUNTS

NOTE 3 INCOME TAX EXPENSE

	Six months ended 31 March 2008 Unaudited £000	Six months ended 31 March 2007 Unaudited £000	Year ended 30 September 2007 Audited £000
Current tax:			
UK corporation tax on profits for the period	**(569)**	-	(291)
Foreign tax	**-**	-	(107)
Total current tax	**(569)**	-	(398)
Deferred tax	**-**	-	324
Income tax expense	**(569)**	-	(74)

The Group has unused tax losses available to carry forward against future taxable profits, although a significant element of these losses relates to activities which are not forecast to generate the level of profits needed to utilise these losses. A related deferred tax asset of £3,990,000 has been recognised to the extent considered reasonable by the Directors.

NOTE 4 EARNINGS PER SHARE

	Six months ended 31 March 2008 Earnings £000	31 March 2008 Weighted average number of shares '000	31 March 2008 EPS Pence	31 March 2007 Earnings £000	31 March 2007 Weighted average number of shares '000	31 March 2007 EPS Pence	Year ended 30 Sept 2007 Earnings £000	30 Sept 2007 Weighted average number of shares '000	30 Sept 2007 EPS Pence
Basic earnings per share	**3,360**	**59,899**	**5.61**	3,248	59,899	5.42	7,320	59,899	12.22
Dilutive effect of share options	**-**	**1,493**	**(0.14)**	-	765	(0.07)	-	1,154	(0.23)
Diluted earnings per share	**3,360**	**61,392**	**5.47**	3,248	60,664	5.35	7,320	61,053	11.99

NOTE 5 DIVIDENDS

The proposed interim dividend is 1.0p per share (2007: 0.6p). This will be paid out of the Company's available distributable reserves to shareholders on the register on 6 June 2008, payable on 7 July 2008. In accordance with IAS 1 dividends are recorded only when paid and are shown as a movement in equity rather than as a charge in the income statement.

NOTE 6 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 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.

In total 1,702,156 share options are in issue with a vesting period of three years. 417,960 of these options were issued during the period and £68,000 has been charged to administrative expenses.

There is no impact on total equity since an equivalent amount is credited to the share based payments reserve.

NOTE 7 RECONCILIATION OF MOVEMENTS IN TOTAL EQUITY

	Six months ended 31 March		Year ended 30 September
	2008 Unaudited £000	2007 Unaudited £000	2007 Audited £000
Profit for the period	**3,360**	3,248	7,320
Dividends	**(719)**	(479)	(839)
	2,641	2,769	6,481
Movement in share based payments reserve	**68**	49	97
Other recognised gains and losses for the period [net]	**(837)**	(986)	(1,527)
Net movement on total equity	**1,872**	1,832	5,051
Opening total equity	**10,009**	4,958	4,958
Closing total equity	**11,881**	6,790	10,009

NOTE 8 **BASIS OF PREPARATION**

(a) The accounts for the six months ended 31 March 2008 and the equivalent period in 2007 have not been audited or reviewed by the Company's auditors. They have been prepared on a going concern basis in accordance with IFRS as set out in Note 1. The interim report was approved by the Directors on 20 May 2008.

(b) The accounts for the year ended 30 September 2007 were prepared under UK GAAP and the auditors issued an unqualified opinion on them. They did not contain a statement under S237(2) of the Companies Act 1985 and were delivered to the Registrar of Companies. The comparative figures for the year ended 30 September 2007 have been audited as part of the conversion to IFRS. The comparative figures for the period ended 31 March 2007 are unaudited.

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

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

ELECTRONIC COMMUNICATIONS

Following shareholder approval to amend the Company's Articles at the AGM in March 2006, the Company may deliver shareholder information including annual and interim reports and Notices of General Meetings in an electronic format to shareholders.

If you would like to receive shareholder information in electronic format, please register your request on the Company's Registrar's electronic database at www.capitaregistrars.com. You will initially need your unique "investor code", which you will find at the top of your share certificate. There is no charge for this service. If you wish to subsequently change your mind, you may do so by contacting the Company's Registrars by post or through their website.

If you elect to receive shareholder information electronically, please note that it is the shareholder's responsibility to notify the Registrars of any change to their name, address, e-mail address or other contact details. Shareholders should also note that, with electronic communication, the Company's obligations will be satisfied when it transmits the notification of availability of information or such other document as may be involved to the electronic address it has on file. The Company cannot be held responsible for any failure in transmission beyond its control any more than it can for postal failure. In the event of the Company becoming aware that an electronic notification is not successfully transmitted, a further two attempts will be made. In the event that the transmission is still unsuccessful a hard copy of the notification will be mailed to the shareholder. In the event that specific software is required to access information placed on the Company's website it will be available via the website without charge. Before electing for electronic communications shareholders should ensure that they have the appropriate equipment and computer capabilities sufficient for the purpose. The Company takes all reasonable precautions to ensure no viruses are present in any communication it sends out but cannot accept responsibility for loss or damage arising from the opening or use of any e-mail or attachments from the Company and recommends that shareholders subject all messages to virus checking procedures prior to use. Any electronic communication received by the Company that is found to contain any virus will not be accepted.

Shareholders wishing to receive shareholder information in the conventional printed form will continue to do so and need take no further action.

Should you have any further questions on this please contact the Company's Registrars, Capita Registrars, on 0870 162 3131.

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Directors and Advisors

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B May (Chief Executive Officer)
J Samuel FCA (Finance Director)
J Bishop FCA (Non-executive Director)

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