

**Renishaw plc**  
**Interim management statement**

This statement has been prepared for the Group and relates to the three months ended 30th September 2010. It contains unaudited information that covers the first quarter and the period since.

**Trading activity**

I am pleased to report that the increased level of activity, reported in our trading statement on 9th September 2010, continues. Revenue for the three months to 30th September 2010 was a first quarter record £60.1m, an increase of 85% over the £32.5m achieved in the difficult first quarter of the previous year.

In the metrology sector, revenue was ahead by 91% at £57.0m, compared with £29.8m in the previous year, with significant growth across all product lines. The healthcare sector, still in the development stages for a number of the product lines, saw a 15% increase in revenue, from £2.7m last year to £3.1m this year.

Geographically, the Far East (mainly China) has experienced the highest growth over the comparable period last year, an increase of 117% over last year and now accounting for 42% of group revenue, compared with 35% last year.

Profit before tax for the first quarter amounted to £15.1m, compared with £2.0m last year. Revenue and profit before tax at the previous year's exchange rates benefited by £1.4m and £0.9m respectively.

The Group continues to invest heavily in its research and development programmes in both the metrology and healthcare sectors. Group headcount at the end of September 2010 was 2,207, up from 2,099 at 30th June 2010, the additional people primarily being taken on to support the increasing production and R&D activities.

Despite world economic uncertainties, current trends indicate a significant increase in group revenue and profit for the full year, although it is very early in the year to be confident that the current level of demand for the Group's products will be maintained.

**Financial position, significant events and acquisitions**

On 23rd July 2010, the Group acquired a 29% shareholding in Measurement Devices Limited (MDL) for the sum of £2.3m. MDL is a metrology company based in York, with offices in Aberdeen and USA (Houston). Its laser scanner products are primarily marketed in the areas of marine positioning and mine/quarry scanning. Whilst MDL's products will add to Renishaw's current range of laser-based products, MDL will also benefit from Renishaw's technology, engineering and manufacturing expertise and its worldwide distribution network.

On 3rd September 2010, the Group acquired a 51% shareholding in Diameter Limited for the sum of £0.3m. Diameter Limited specialises in diamond-like carbon coatings and shape memory alloys and has been a long-term supplier to the Company.

The Group continues to have a strong balance sheet with net cash balances at 30th September 2010 of £30.8m (30th June 2010 £31.1m).

I should like to thank our staff for their loyalty and how they have handled the rollercoaster ride over the last year, terminating in a very special effort, particularly by our manufacturing staff, that has made a major contribution to these results.

**Sir David McMurtry CBE, RDI, FREng, CEng, FIMechE**  
**Chairman and Chief Executive**

**14th October 2010**

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