

## Renishaw plc

### Interim Management Statement

This statement has been prepared for the Group and relates to the three months ended 30<sup>th</sup> September 2009. It contains unaudited information that covers the first quarter and the period since the quarter end to the date of this interim management statement.

#### Trading activity

The recent improvements in order intake and revenue reported on 29<sup>th</sup> September 2009 have continued, but are still substantially below that of twelve months ago. In the first quarter, good growth has been experienced in the Far East, compared with the last two quarters of the previous year. In product terms, the strongest increase in demand has been for our Encoder products and there has been an encouraging recovery for most other product lines, with order intake still running ahead of sales. Spectroscopy has seen an increase in sales compared with the same quarter last year.

In the three-month period the operating profit amounted to £1.3m and the profit before tax amounted to £2.0m compared to £9.8m last year on revenue of £32.5m, down from £53.0m last year. Revenue at previous year exchange rates would have been lower by £2.3m and the profit before tax lower by £1.2m.

The Board has restored half the voluntary 20% reduction in salaries from 1<sup>st</sup> October 2009 to 31<sup>st</sup> December 2009 at which time salaries will be fully restored. Provision will be made for further payment, which may take employees back up to full salary for part of the period, depending upon group performance up to 31<sup>st</sup> December 2009 and, if appropriate, will be paid within the December 2009 payroll.

The Group continues to invest strongly in research and development programmes in both the Metrology and Healthcare sectors and a number of new products are being introduced in this financial year, some of which were exhibited at the EMO exhibition held last week in Milan, Italy.

Current indications are that there will be an improvement in Group profits for the year, although the overall outcome is expected to be well below the level of two years ago.

#### Financial position, significant events and transactions

The Group has a strong balance sheet and there is a continuing focus on working capital management. At 30<sup>th</sup> September 2009, net cash balances amounted to £21.9m.

There have been no other significant events or transactions that could have had a material impact on the financial position of the Group over the period since the beginning of the financial year.

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

15<sup>th</sup> October 2009

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