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29th July 2015

Renishaw plc and subsidiary undertakings
Preliminary announcement of results for the year ended 30th June 2015

HIGHLIGHTS

- **Record revenue of £494.7m (2014: £355.5m).**
- **Record profit before tax of £144.2m (2014: adjusted £70.1m).**
- **High demand for our machine tool, measurement automation, additive manufacturing and encoder products.**
- **Capital expenditure of £48.4m.**
- **18th Queen's Award, for RESOLUTE™ absolute position encoder.**
- **Strong balance sheet, with cash of £82.2m plus £14.7m in the pension scheme escrow account.**
- **Final dividend of 34.0p per share, giving a total for the year of 46.5p, a 13% increase.**

	2015	2014	Change
Revenue (£m)	**494.7**	355.5	+39%
Operating profit (£m)	**143.9**	70.4	+104%
Adjusted profit before tax (£m)*	**144.2**	70.1	+106%
Adjusted earnings per share (pence)*	**167.5**	82.3	+104%
Dividend per share (pence)	**46.5**	41.2	+13%
STATUTORY			
Profit before tax (£m)	**144.2**	96.4	+50%
Basic earnings per share (pence)	**167.5**	118.4	+41%

Adjusted results
Adjusted results are in respect of the year ended 30th June 2014 and exclude the profit on disposal of the shareholding in Delcam plc of £26.3m (see note 3).

CHAIRMAN'S STATEMENT

I am delighted to present our 2015 annual results, representing an exceptional year with record revenue and profit.

Revenue for the year ended 30th June 2015 was £494.7m, compared with £355.5m for last year, an increase of 39%. As highlighted in our Interim results, we had further large orders from Far East customers in the consumer electronics markets, which generated exceptionally good growth in our metrology business sector. Adjusting for these large orders we experienced underlying revenue growth of 11% for the year. There was no material difference between revenue at actual exchange rates and revenue restated at previous year's exchange rates.

Geographic analysis shows growth of 91% in the Far East, 13% in the Americas, 3% in Europe and 7% in the UK. More specifically, revenue in the Far East increased from £134.6m to £257.7m, in the Americas from £85.6m to £96.3m, in Europe from £100.2m to £103.1m, and in the UK from £23.8m to £25.5m.

The Group's profit before tax for the year more than doubled to £144.2m, compared with an adjusted £70.1m last year. Statutory profit before tax for last year was £96.4m, which included the exceptional gain of £26.3m on the disposal of our shareholding in Delcam plc.

This year's tax charge amounts to £22.8m (2014: £10.7m) representing a tax rate of 15.8% (2014: 15.3% adjusted). The patent box and research and development tax credit amounted to £5.7m compared to £2.9m last year.

Earnings per share were 167.5p, compared with an adjusted 82.3p last year, an increase of 104%. Statutory earnings per share were 167.5p and last year were 118.4p.

Metrology

Revenue from our metrology business for the year was £467.0m, compared with £326.6m last year, an increase of 43%. Metrology revenue in the Far East increased by 100%, from £124.8m to £249.9m, and in the Americas, there was growth of 12% from £80.1m last year to £89.4m.

Along with our good growth in our machine tool products line, we also experienced increased demand for our measurement automation, additive manufacturing and encoder products.

Operating profit was £150.7m (2014: £74.4m).

The significant growth has been supported by the sustained investment in our manufacturing facilities, processes and latest plant and machinery in the UK, Ireland and India.

We have continued to invest in research and development with total engineering costs in this business segment of £55.0m, net of capitalised costs (2014: £45.3m) with a number of new product launches during the year.

Healthcare

Revenue from our healthcare business for the year was £27.7m, compared with £28.9m last year. We experienced growth in both our medical dental and neurological product lines, but, as noted in our Interim report, spectroscopy sales were adversely affected in the first half due to delayed academic research funding in some territories and the strength of Sterling. Spectroscopy has however seen very strong second half growth and much improved order intake.

In our neurological products line, we made further sales of our neuromate® surgical robot, including first sales in the USA following FDA authorisation at the end of last year. We also released neuroinspire™ V4.0 surgical planning software, which includes significant new functionality, is CE marked and now available for sale in the EU. This software now integrates with our neuromate robot. We also launched neurolocate™, a CE marked frameless patient registration system for the neuromate stereotactic robot.

In our medical dental products line we entered into an agreement with DENTSPLY Implants, one of the world's leading companies in implant dentistry, which will see them purchase Renishaw additive manufacturing technology for the manufacture of dental products. This product line has also started to supply custom-made craniomaxillofacial implants that support reconstructive surgery, where we act as a subcontractor to hospitals and a university design centre.

In our diagnostics products line, following completion of performance evaluation studies to verify the Fungiplex assay system, the product is expected to be available with a CE mark later in this calendar year.

There was an operating loss of £6.8m, compared with a loss of £4.0m last year. We remain focused on moving this business into profit.

Continued investment for long-term growth

The Group strategy to invest for the long-term, expanding our global marketing and distribution infrastructure, along with increasing manufacturing capacity and research and development activities continues.

Our workforce at the end of June 2015 was 4,112, an increase of 620 from the 3,492 at the start of the financial year to support our production requirements as well as growth in research and development and global sales and marketing activities. The staff increase included 30 apprentices and 58 graduates in the UK, taken on as part of our on-going aim and commitment to train and develop skilled resource for the Group in the future.

Capital expenditure on property, plant and equipment for the year was £48.4m, of which £20.9m was spent on property and £27.5m on plant and equipment. Work has continued to implement regional data centres to further enhance the resilience and efficiency of the Group's IT infrastructure.

In the UK, the building of an additional 153,000 sq ft facility at New Mills has now been completed and this building, the

Renishaw Innovation Centre, was formally opened on 7th July by HRH The Princess Royal. Also in the UK, our additive manufacturing business acquired and relocated into 90,000 sq ft facilities in Stone, Staffordshire, providing capacity for R&D expansion, a customer solution centre and service facility as well as providing capacity for a material development centre.

In Ireland, we have purchased additional properties adjacent to our existing facility and in the USA, Mexico and the Czech Republic, we have purchased land, on which to build offices for our expanding sales and marketing operations in those countries.

In Spain, we acquired additional offices adjacent to our existing premises, providing space for future growth.

Working capital

Group inventory increased to £77.7m from £63.0m at the beginning of the year, to support growth in revenue and our policy of holding finished stock to maintain delivery performance given our short order book of approximately five weeks. Trade debtors increased from £81.8m to £101.2m in line with higher revenue for the year, with debtor days outstanding at the end of the current year at 67 days (2014: 63 days).

Net cash balances at 30th June 2015 were £82.2m, compared with £43.6m at 30th June 2014. Additionally there is an escrow account of £14.7m (2014: £9.5m) relating to the provision of security to the UK defined benefit pension scheme.

Directors and employees

Ben Taylor, Assistant Chief Executive, has informed the Company of his decision to retire at the end of July 2016. He will remain in full-time employment until the end of October this year and continue thereafter on a part-time basis until his retirement. The Board is considering how his duties and responsibilities will be managed and will make appropriate announcements in due course.

With effect from 1st January 2015, Kath Durrant was appointed as an additional non-executive director. Kath was until recently the Group HR Director at Rolls-Royce plc and a member of the executive team. She has significant prior experience with AstraZeneca plc and GlaxoSmithKline plc. Kath currently sits as an advisory board member for the Lancaster University Management School.

During the year we have appointed William Lee to the Executive Board. He is the Director and General Manager of the machine tool and laser and calibration products lines and responsible for the spatial measurement products line. In June, Clive Martell, previously the chief executive of Delcam plc, joined the Group as head of global additive manufacturing and was appointed to the International Sales and Marketing Board.

The directors thank employees for their invaluable support and contribution during this exceptional year.

Investor communications

In line with our commitment to improve investor communications, our second investor day was held on 14th May 2015, for existing and potential new investors. This involved presentations on group strategy, business segments and product lines, given by members of the Board and senior management, as well as tours covering the Group's activities and various Q&A sessions. The event was again well attended and gives shareholders another opportunity, in addition to the AGM and half-year and year-end webcasts, to learn more about Renishaw's business and strategy.

Queen's Award

On 21st April 2015, Renishaw received a Queen's Award for Enterprise 2015 in the Innovations category for its revolutionary absolute position encoder. This award was granted for the development and manufacture of our RESOLUTE™ family of non-contact, optical position feedback devices. RESOLUTE enables a step change in the performance of motion control systems used in manufacturing and other environments.

Outlook

Whilst it is hard to predict to what extent there will be significant large orders in this coming year, with the development of new products and applications and continued growth in our underlying business, your directors remain confident in the long-term prospects for the Group. At this early stage in the current financial year, we anticipate that revenue for this year will be in the range of £460m to £485m and profit before tax will be in the range of £85m to £105m.

Dividends

A final dividend of 34.0 pence net per share will be paid on 19th October 2015, to shareholders on the register on 18th September 2015, giving a total dividend of 46.5 pence for the year, an increase of 13% over last year's 41.2 pence.

Sir David R McMurtry
CBE, RDI, FRS, FREng, CEng, FIMechE
Chairman & Chief Executive
29th July 2015

CONSOLIDATED INCOME STATEMENT
for the year ended 30th June 2015

	2015 £'000	2014 £'000
Revenue	**494,720**	355,498
Cost of sales	**(221,089)**	(178,553)
Gross profit	**273,631**	176,945
Distribution costs	**(87,879)**	(75,367)
Administrative expenses	**(41,828)**	(31,190)
Operating profit	**143,924**	70,388
Exceptional item	**-**	26,280
Financial income	**884**	679
Financial expenses	**(1,492)**	(1,736)
Share of profits of associates less related amortisation	**880**	775
Profit before tax	**144,196**	96,386
Income tax expense	**(22,850)**	(10,720)
Profit for the year from continuing operations	**121,346**	85,666

Profit attributable to:	**2015 £'000**	2014 £'000
Equity shareholders of the parent company	**121,908**	86,215
Non-controlling interest	**(562)**	(549)
Profit for the year from continuing operations	**121,346**	85,666

	Pence	Pence
Dividend per share arising in respect of the year	**46.5**	41.2
Dividend per share paid in the year	**42.4**	40.0
Earnings per share (basic and diluted)	**167.5**	118.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENSE
for the year ended 30th June 2015

	2015 £'000	2014 £'000
Profit for the year	**121,346**	85,666
Other items recognised directly in equity:		
Items that will not be reclassified to the Consolidated income statement:		
Remeasurement of defined benefit pension liabilities	**(6,032)**	(2,233)
Deferred tax on remeasurement of defined benefit pension liabilities	**1,580**	(530)
Total for items that will not be reclassified	**(4,452)**	(2,763)
Items that may be reclassified to the Consolidated income statement:		
Foreign exchange translation differences	**111**	(5,754)
Effective portion of changes in fair value of cash flow hedges, net of recycling	**(10,511)**	32,876
Deferred tax on effective portion of changes in fair value of cash flow hedges	**2,102**	(6,602)
Total for items that may be reclassified	**(8,298)**	20,520
Total other comprehensive income and expense, net of tax	**(12,750)**	17,757
Total comprehensive income and expense for the year	**108,596**	103,423
Attributable to:		
Equity shareholders of the parent company	**109,158**	103,972
Non-controlling interest	**(562)**	(549)
Total comprehensive income and expense for the year	**108,596**	103,423

CONSOLIDATED BALANCE SHEET
at 30th June 2015

	2015	2014
	£'000	£'000
Assets		
Property, plant and equipment	**169,592**	140,922
Intangible assets	**57,664**	56,571
Investments in associates	**3,480**	2,230
Deferred tax assets	**19,536**	16,173
Derivatives	**10,504**	18,644
Total non-current assets	**260,776**	234,540
Current assets		
Inventories	**77,673**	62,979
Trade receivables	**101,213**	81,798
Current tax	**1,064**	1,690
Other receivables	**12,809**	10,847
Derivatives	**14,889**	13,348
Pension scheme cash escrow account	**14,731**	9,541
Cash and cash equivalents	**82,171**	43,634
Total current assets	**304,550**	223,837
Current liabilities		
Trade payables	**21,154**	18,857
Current tax	**10,775**	3,941
Provisions	**1,715**	1,294
Derivatives	**764**	-
Other payables	**28,561**	16,110
Total current liabilities	**62,969**	40,202
Net current assets	**241,581**	183,635
Non-current liabilities		
Employee benefits	**48,094**	43,068
Deferred tax liabilities	**21,991**	23,444
Derivatives	**3,165**	17
Other payables	**589**	883
Total non-current liabilities	**73,839**	67,412
Total assets less total liabilities	**428,518**	350,763
Equity		
Share capital	**14,558**	14,558
Share premium	**42**	42
Currency translation reserve	**(2,714)**	(2,825)
Cash flow hedging reserve	**17,171**	25,580
Retained earnings	**402,559**	315,944
Other reserve	**(460)**	(460)
Equity attributable to the shareholders of the parent company	**431,156**	352,839
Non-controlling interest	**(2,638)**	(2,076)
Total equity	**428,518**	350,763

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 30th June 2015

Year ended 30th June 2014	Share capital £'000	Share premium £'000	Currency translation reserve £'000	Cash flow hedging reserve £'000	Retained earnings £'000	Other reserve £'000	Non-controlling interest £'000	Total £'000
Balance at 1st July 2013	14,558	42	2,929	(694)	261,607	(389)	(1,334)	276,719
Profit/(loss) for the year	-	-	-	-	86,215	-	(549)	85,666
Other comprehensive income and expense (net of tax)								
Remeasurement of defined benefit pension liabilities	-	-	-	-	(2,763)	-	-	(2,763)
Foreign exchange translation differences	-	-	(5,754)	-	-	-	-	(5,754)
Changes in fair value of cash flow hedges	-	-	-	26,274	-	-	-	26,274
Total other comprehensive income	-	-	(5,754)	26,274	(2,763)	-	-	17,757
Total comprehensive income	-	-	(5,754)	26,274	83,452	-	(549)	103,423
Acquisition of non-controlling interest	-	-	-	-	-	(71)	(193)	(264)
Dividends paid	-	-	-	-	(29,115)	-	-	(29,115)
Transactions with owners recorded directly in equity	-	-	-	-	(29,115)	(71)	(193)	(29,379)
Balance at 30th June 2014	14,558	42	(2,825)	25,580	315,944	(460)	(2,076)	350,763
Year ended 30th June 2015								
Profit/(loss) for the year	-	-	-	-	121,908	-	(562)	121,346
Other comprehensive income and expense (net of tax)								
Remeasurement of defined benefit pension liabilities	-	-	-	-	(4,452)	-	-	(4,452)
Foreign exchange translation differences	-	-	111	-	-	-	-	111
Changes in fair value of cash flow hedges	-	-	-	(8,409)	-	-	-	(8,409)
Total other comprehensive income	-	-	111	(8,409)	(4,452)	-	-	(12,750)
Total comprehensive income	-	-	111	(8,409)	117,456	-	(562)	108,596
Dividends paid	-	-	-	-	(30,841)	-	-	(30,841)
Balance at 30th June 2015	**14,558**	**42**	**(2,714)**	**17,171**	**402,559**	**(460)**	**(2,638)**	**428,518**

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30th June 2015

	2015 £'000	2014 £'000
Cash flows from operating activities		
Profit for the year	**121,346**	85,666
Adjustments for:		
Amortisation of development costs	**10,141**	8,345
Amortisation of other intangibles	**2,990**	3,304
Depreciation	**14,925**	11,304
Profit on sale of property, plant and equipment	**(99)**	(24)
Share of profits from associates	**(880)**	(950)
Exceptional gain	**-**	(26,280)
Financial income	**(884)**	(679)
Financial expenses	**1,492**	1,736
Tax expense	**22,850**	10,720
	50,535	7,476
(Increase)/decrease in inventories	**(14,694)**	2,289
Increase in trade and other receivables	**(21,712)**	(19,089)
Increase/(decrease) in trade and other payables	**15,204**	(2,573)
Increase/(decrease) in provisions	**421**	(336)
	(20,781)	(19,709)
Defined benefit pension contributions	**(2,427)**	(2,275)
Income taxes paid	**(16,410)**	(11,407)
Cash flows from operating activities	**132,263**	59,751
Investing activities		
Purchase of property, plant and equipment	**(48,387)**	(39,050)
Development costs capitalised	**(12,975)**	(11,830)
Purchase of other intangibles	**(1,207)**	(483)
Investment in subsidiaries and associates	**(480)**	(808)
Sale of property, plant and equipment	**2,408**	704
Interest received	**884**	679
Dividend received from associates	**110**	210
Exceptional item – sale of shareholding in Delcam plc	**-**	32,018
Payments (to)/from pension scheme escrow account (net)	**(5,190)**	1,441
Cash flows from investing activities	**(64,837)**	(17,119)
Financing activities		
Interest paid	**(43)**	(176)
Dividends paid	**(30,841)**	(29,115)
Cash flows from financing activities	**(30,884)**	(29,291)
Net increase in cash and cash equivalents	**36,542**	13,341
Cash and cash equivalents at beginning of the year	**43,634**	26,605
Effect of exchange rate fluctuations on cash held	**1,995**	3,688
Cash and cash equivalents at end of the year	**82,171**	43,634

STATUS OF THIS PRELIMINARY ANNOUNCEMENT

The financial information set out above does not constitute the Company's statutory accounts for the years ended 30th June 2015 or 2014 but is derived from those accounts. Statutory accounts for 2014 have been delivered to the registrar of companies, and those for 2015 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

This preliminary announcement and the presentation of results will be available on the Company's website www.renishaw.com.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

Renishaw plc (the "Company") is a company incorporated in the UK.

The group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group") and equity account the Group's interest in associates.

The parent company financial statements present information about the Company as a separate entity and not about the Group. The group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"). The Company has elected to prepare its parent company financial statements in accordance with UK GAAP.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements. Judgements made by the directors, in the application of these accounting policies, that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are noted below.

Basis of accounting

The financial statements have been prepared under the historical cost convention, subject to items referred to in the derivative financial instruments note below. The accounting policies set out below have been consistently applied in preparing both the 2014 and 2015 financial statements.

Critical accounting judgements

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the next financial year are listed below:

(i) Inventory

Determining the value of inventory requires judgement, especially in respect of provisioning for slow moving and potentially obsolete inventory. Management consider historic and future forecast sales patterns of individual stock items when calculating inventory provisions.

(ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of cash-generating units ("CGUs") to which goodwill has been allocated. The value in use calculation involves an estimation of the future cash flows of CGUs and also the selection of appropriate discount rates, which involves judgement, to calculate present values.

Other estimates and judgements that have been made in these financial statements are as follows:

(i) Defined benefit pension scheme liabilities

Determining the value of the future defined benefit obligation requires judgement in respect of the assumptions used to calculate present values. These include future mortality, discount rate, inflation and salary increases. Management makes these judgements in consultation with an independent actuary.

(ii) Amortisation of intangibles and impairment

The periods of amortisation of intangible assets require judgements to be made on the estimated useful lives of the intangible assets to determine an appropriate rate of amortisation. Future assessments of impairment may lead to the writing off of certain amounts of intangible assets and the consequent charge in the Consolidated income statement for the accelerated amortisation.

(iii) Capitalisation of development costs

Product development costs are capitalised once a project has reached a certain stage of development and these costs are subsequently amortised over a five-year period. Judgements are required to assess whether the new product development has reached the appropriate point for capitalisation of costs to begin. Should a product be subsequently obsoleted, the accumulated capitalised development costs would need to be immediately written off in the Consolidated income statement.

Revenue

Revenue from the sale of goods is recognised in the Consolidated income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is the time of despatch. Where certain products require installation, part of the revenue may be deferred until the installation is complete. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, or the possible return of goods.

Revenue from the sale of services is recognised over the period to which the service relates. Where goods and services are sold as a bundle, the fair value of services is deferred and recognised over the period to which the service relates with the remaining revenue recognised on despatch.

Basis of consolidation

Subsidiaries - Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates - Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Application of the equity method to associates - Associates are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Transactions eliminated on consolidation - Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Consolidated income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Hedge of net investment in foreign operation

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in equity. Any ineffective portion is recognised immediately in the Consolidated income statement. The effectiveness of the hedging is tested monthly.

Inventory and work in progress

Inventory and work in progress is valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses which are required to bring inventories to their present location and condition. Overheads are absorbed into inventories on the basis of normal capacity or on actual hours if higher.

Goodwill and other intangible assets

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred. Deferred consideration relating to acquisitions is subject to discounting to the date of acquisition and subsequently unwound to the date of the final payment. Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired, net of deferred tax. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Where there exists an option to purchase the non-controlling interest of a subsidiary and the option is deemed to have been exercised, the Group has adopted the anticipated-acquisition method. Any changes to the carrying amount of the liability are recognised in the Consolidated income statement.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

Goodwill is stated at cost less any accumulated impairment losses. It is not amortised but is tested annually for impairment or earlier if there are any indications of impairment. The annual impairment review involves comparing the carrying amount to the estimated recoverable amount and recognising an impairment loss if the recoverable amount is lower. Impairment losses are recognised through the Consolidated income statement.

Intangible assets such as customer lists, patents, trade marks, know-how and intellectual property that are acquired by the Group are stated at cost less amortisation and impairment losses. Amortisation is charged to the Consolidated income statement on a straight-line basis over the estimated useful lives of the intangible assets. The estimated useful lives of the intangible assets included in the Consolidated balance sheet reflect the benefit derived by the Group and vary from five to ten years.

On a transaction by transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date. Where there are changes to the Company's interests in subsidiaries while retaining control, any differences between the amount by which non-controlling interests are adjusted and fair value of consideration paid or received is recognised directly in equity in the "other reserve".

Intangible assets – research and development costs

Expenditure on research activities is recognised in the Consolidated income statement as an expense as incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and the Group can measure reliably the expenditure attributable to the intangible asset during its development.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the Consolidated income statement as an expense as incurred. Capitalised development expenditure is amortised over five years and is stated at cost less accumulated amortisation and less accumulated impairment losses. Capitalised development expenditure is removed from the balance sheet ten years after being fully amortised.

Employee benefits

The Group operates contributory pension schemes, largely for UK, Ireland and USA employees, which were of the defined benefit type up to 5th April 2007, 31st December 2007 and 30th June 2012 respectively, at which time they ceased any future accrual for existing members and were closed to new members.

The schemes are administered by trustees who are independent of the group finances. Pension scheme assets of the defined benefit schemes are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability. Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans are included in the Consolidated income statement.

The pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the Consolidated balance sheet under employee benefits. Where a guarantee is in place in relation to a pension scheme deficit, liabilities are reported in accordance with IFRIC 14. Foreign-based employees are covered by state, defined benefit and private pension schemes in their countries of residence. Actuarial valuations of foreign pension schemes were not obtained, apart from Ireland and USA, because of the limited number of foreign employees. For defined contribution schemes, the amount charged to the Consolidated income statement represents the contributions payable to the schemes in respect of the accounting period.

Accruals are made for holiday pay, based on a calculation of the number of days holiday earned during the year, but not yet taken.

Going concern

The Group has considerable financial resources at its disposal and the directors have considered the current financial projections. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual report and accounts.

2. SEGMENTAL ANALYSIS

Renishaw manages its operations in two segments, comprising metrology and healthcare products. The results of these segments are regularly reviewed by the Board to allocate resources to segments and to assess their performance. The Group evaluates performance of the segments on the basis of revenue and profits. Within metrology, there are multiple operating segments that are aggregated into a reporting segment for reportable purposes, where the nature of the products and their customer base are similar. The revenue, depreciation and amortisation, and operating profit for each reportable segment were:

Year ended 30th June 2015	**Metrology £'000**	**Healthcare £'000**	**Total £'000**
Revenue	**467,001**	**27,719**	**494,720**
Depreciation and amortisation	**24,055**	**4,001**	**28,056**
Operating profit/(loss)	**150,770**	**(6,846)**	**143,924**
Share of profits from associates	**880**	**-**	**880**
Net financial expense	**-**	**-**	**(608)**
Profit before tax	**-**	**-**	**144,196**

Year ended 30th June 2014	Metrology £'000	Healthcare £'000	Total £'000
Revenue	326,633	28,865	355,498
Depreciation and amortisation	19,036	3,917	22,953
Operating profit/(loss)	74,374	(3,986)	70,388
Share of profits from associates	775	-	775
Exceptional gain on disposal of shareholding in Delcam plc	26,280	-	26,280
Net financial expense	-	-	(1,057)
Profit before tax	-	-	96,386

There is no allocation of assets and liabilities to operating segments. Depreciation is included within certain other overhead expenditure which is allocated to segments on the basis of the level of activity.

The analysis of revenue by geographical market was:

	2015 £'000	2014 £'000
Far East, including Australasia	**257,665**	134,569
Continental Europe	**103,106**	100,199
North, South and Central America	**96,284**	85,562
UK and Ireland	**25,499**	23,816
Other regions	**12,166**	11,352
Total group revenue	**494,720**	355,498

Revenue in the above table has been allocated to regions based on the geographical location of the customer. Countries with individually material revenue figures in the context of the Group were:

	2015 £'000	2014 £'000
China	**119,551**	66,575
USA	**82,350**	71,007
South Korea	**73,113**	10,523
Germany	**44,658**	43,043
Japan	**43,946**	39,190

There was revenue from transactions with one external customer which amounted to more than 10% or more of the Group's total revenue. This was in the Metrology segment and amounted to £62,607,000.

The following table shows the analysis of non-current assets by geographical region:

	2015 £'000	2014 £'000
United Kingdom	**166,468**	142,079
Overseas	**64,268**	57,644
Total non-current assets	**230,736**	199,723

3. EXCEPTIONAL ITEM (previous year)

Year ended 30th June 2014

In February 2014, Autodesk Development B.V., a wholly owned subsidiary of Autodesk, Inc. acquired the whole of the issued share capital of Delcam plc at a price of £20.75 per share. Renishaw held 1,543,032 Delcam shares (19.4%) which resulted in a total consideration of £32.0m. The investment held in the balance sheet was £5.7m, giving a profit on disposal of £26.3m, which has been disclosed as an exceptional item. Delcam plc was accounted for as an associate undertaking.

4. FINANCIAL INCOME AND EXPENSES

Financial income	**2015 £'000**	2014 £'000
Bank interest receivable	**884**	679
Financial expenses		
Net interest on pension schemes' liabilities	**1,421**	1,392
Bank interest payable	**43**	176
Unwinding of discount on deferred consideration	**28**	168
Total financial expenses	**1,492**	1,736

5. INCOME TAX EXPENSE

	2015 £'000	2014 £'000
Current tax:		
UK corporation tax on profits for the year	**11,526**	3,983
UK corporation tax – prior year adjustments	**327**	-
Overseas tax on profits for the year	**12,131**	8,354
Total current tax	**23,984**	12,337
Deferred tax		
Origination and reversal of other temporary differences	**(1,134)**	(99)
Effect on deferred tax for change in UK tax rate to 20%	**-**	(1,518)
	(1,134)	(1,617)
Tax charge on profit	**22,850**	10,720
Effective tax rate (based on profit before tax)	**15.8%**	11.1%

The tax for the year is lower (2014: lower) than the weighted average UK standard rate of corporation tax of 20.75% (2014: 22.5%). The differences are explained as follows:

	2015 £'000	2014 £'000
Profit before tax	**144,196**	96,386
Tax at 20.75% (2014: 22.5%)	**29,921**	21,687
Effects of:		
Different tax rates applicable in overseas subsidiaries	**(2,723)**	(911)
Research and development tax credit and patent box	**(5,745)**	(2,923)
Expenses not deductible for tax purposes	**324**	345
Companies with unrelieved tax losses	**749**	477
Items with no tax effect	**(183)**	(6,400)
Prior year adjustments	**327**	-
Effect on deferred tax for change in UK tax rate to 20%	**-**	(1,518)
Other differences	**180**	(37)
Tax charge on profit	**22,850**	10,720

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1st April 2014) and 20% (effective from 1st April 2015) were substantively enacted on 2nd July 2013. In the Budget on 8th July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the Company's future current tax charge accordingly. As at 30th June 2015, UK deferred tax has been calculated at the rate of 20% for all timing differences.

6. EARNINGS PER SHARE

Basic and diluted earnings per share are calculated on earnings after tax of £121,908,000 (2014: £86,215,000) and on 72,788,543 shares, being the number of shares in issue during both years. There is no difference between the weighted average earnings per share and the basic and diluted earnings per share.

The adjusted earnings per share figure for 2014 excludes the exceptional item.

7. PROPERTY, PLANT AND EQUIPMENT

Year ended 30th June 2015	Freehold land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Assets in the course of construction £'000	Total £'000
Cost					
At 1st July 2014	98,056	131,134	8,049	13,930	251,169
Additions	7,329	12,222	1,550	27,286	48,387
Transfers	25,495	7,846	-	(33,341)	-
Disposals	(1,381)	(4,120)	(695)	-	(6,196)
Currency adjustment	(2,402)	(1,440)	(329)	-	(4,171)
At 30th June 2015	127,097	145,642	8,575	7,875	289,189
Depreciation					
At 1st July 2014	21,114	83,952	5,181	-	110,247
Charge for the year	2,292	11,444	1,189	-	14,925
Released on disposals	(303)	(2,985)	(599)	-	(3,887)
Currency adjustment	(495)	(1,018)	(175)	-	(1,688)
At 30th June 2015	22,608	91,393	5,596	-	119,597
Net book value					
At 30th June 2015	**104,489**	**54,249**	**2,979**	**7,875**	**169,592**
At 30th June 2014	76,942	47,182	2,868	13,930	140,922

At 30th June 2015, properties with a net book value of £45,033,000 (2014: £37,597,000) were subject to a registered charge to secure the UK defined benefit pension scheme liabilities.

Additions to assets in the course of construction comprise:

	2015 £'000	2014 £'000
Freehold land and buildings	**13,556**	13,185
Plant and equipment	**13,730**	11,055
	27,286	24,240

8. INTANGIBLE ASSETS

Year ended 30th June 2015	Goodwill on consolidation £'000	Other intangible assets £'000	Internally generated development costs £'000	Software licences: In use £'000	Software licences: In the course of acquisition £'000	Total £'000
Cost						
At 1st July 2014	19,873	10,644	78,188	20,509	36	129,250
Additions	-	36	12,975	994	177	14,182
Transfers	-	-	-	188	(188)	-
Disposals	(198)	-	(1,688)	(189)	-	(2,075)
Currency adjustment	61	(25)	-	(12)	-	24
At 30th June 2015	19,736	10,655	89,475	21,490	25	141,381
Amortisation						
At 1st July 2014	198	8,631	50,371	13,479	-	72,679
Charge for the year	-	1,293	10,141	1,697	-	13,131
Released on disposal	(198)	-	(1,688)	(189)	-	(2,075)
Currency adjustment	-	(10)	-	(8)	-	(18)
At 30th June 2015	-	9,914	58,824	14,979	-	83,717
Net book value						
At 30th June 2015	**19,736**	**741**	**30,651**	**6,511**	**25**	**57,664**
At 30th June 2014	19,675	2,013	27,817	7,030	36	56,571

Goodwill acquired has arisen on the acquisition of a number of businesses and has an indeterminable useful life. Therefore it is not amortised but is tested for impairment annually and at any point during the year when an indicator of impairment exists. Goodwill is allocated to the CGUs, which are currently the statutory entities acquired. This is the lowest level in the Group at which goodwill is monitored for impairment and is at a lower level than the Group's operating segments. In the table below, only the goodwill relating to the acquisition of R&R Fixtures, LLC is expected to be subject to tax relief.

The analysis of acquired goodwill on consolidation is:

	2015 £'000	2014 £'000
itp GmbH	**2,456**	2,770
Renishaw Diagnostics Limited (92.4%)	**1,784**	1,784
Renishaw Mayfield S.A. (75%)	**1,537**	1,487
Measurement Devices Limited	**6,661**	6,661
Renishaw Software Limited	**1,559**	1,559
R&R Fixtures, LLC	**4,411**	4,050
Other smaller acquisitions	**1,328**	1,364
Total acquired goodwill	**19,736**	19,675

The recoverable amounts of acquired goodwill are based on value in use calculations. These calculations use cash flow projections with assumptions as follows:

- itp GmbH and Renishaw Software Limited (both part of the metrology segment) - actual operating results and an average growth rate of 5% for 5 years with a nil growth rate to perpetuity (2014: same basis).
- Renishaw Diagnostics Limited, Renishaw Mayfield S.A. (both in the healthcare segment), Measurement Devices Limited and R&R Fixtures, LLC (both in the metrology segment) - 5-year business plans with a nil growth rate to perpetuity (2014: same basis).

These are considered prudent estimates based on management's view of the future and experience of past performance. The growth rates used in the business plans vary from 10% to 24%, except for Renishaw Diagnostics Limited, which is in its research and development phase and thus has negligible revenue to date.

A pre-tax discount rate of 12% has been used in discounting the projected cash flows of itp GmbH, Renishaw Software Limited, Measurement Devices Limited and R&R Fixtures, LLC (2014: 12%). A pre-tax discount rate of 15% has been used for Renishaw Diagnostics Limited and Renishaw Mayfield S.A. (2014: 15%). The discount rates have been derived by comparison with rates adopted by other market participants, adjusted to reflect Group and CGU specific risks. On this basis, no impairment write-downs are required.

There is significant headroom in all except Measurement Devices Limited and for an impairment to arise, there would need to be a significant material deterioration in business; this is considered to be remote. An increase of 5% in the discount rate would not result in an impairment, except for Measurement Devices Limited, where, with a headroom of £1.7m, the discount rate would have to increase to 14.5%.

9. INVESTMENT IN ASSOCIATES

The Group's investments in associates (all investments being in the ordinary share capital of the associate), whose accounting years end on 30th June, except where noted otherwise, were:

	Country of incorporation	**Ownership 2015 %**	Ownership 2014 %
RLS merilna tehnika d.o.o.	Slovenia	**50**	50
Metrology Software Products Limited	England & Wales	**50**	50
HiETA Technologies Limited (31st December)	England & Wales	**20**	-

Movements during the year were:

	2015 £'000	2014 £'000
Balance at the beginning of the year	**2,230**	7,403
Dividends received	**(110)**	(210)
Share of profits of associates	**880**	950
Amortisation of intangibles	**-**	(175)
Disposal of shareholding in Delcam plc	**-**	(5,738)
Additions	**480**	-
Balance at the end of the year	**3,480**	2,230

Summarised aggregated financial information for associates:

	2015	2014
	£'000	£'000
Revenue	**5,713**	9,278
Share of profits for the year	**880**	950
Assets	**4,978**	4,172
Liabilities	**2,393**	2,258

10. DEFERRED TAX ASSETS AND LIABILITIES

Balances at the end of the year were:

	2015			2014		
	Assets £'000	**Liabilities £'000**	**Net £'000**	Assets £'000	Liabilities £'000	Net £'000
Property, plant and equipment	**-**	**(5,589)**	**(5,589)**	-	(4,439)	(4,439)
Intangible assets	**-**	**(8,017)**	**(8,017)**	-	(7,724)	(7,724)
Intragroup trading (inventory)	**9,237**	**-**	**9,237**	7,224	-	7,224
Pension schemes	**9,398**	**-**	**9,398**	8,141	-	8,141
Other	**901**	**(8,385)**	**(7,484)**	808	(11,281)	(10,473)
Balance at the end of the year	**19,536**	**(21,991)**	**(2,455)**	16,173	(23,444)	(7,271)

The movements in the deferred tax balance during the year were:

	2015	2014
	£'000	£'000
Balance at the beginning of the year	**(7,271)**	(1,756)
Movements in the Consolidated income statement	**1,134**	1,617
Movement in relation to the cash flow hedging reserve	**2,102**	(6,602)
Movement in relation to the pension schemes	**1,580**	(530)
Total movement in the Consolidated statement of comprehensive income and expense	**3,682**	(7,132)
Balance at the end of the year	**(2,455)**	(7,271)

No deferred tax asset has been recognised in respect of tax losses carried forward of £13,045,000 (2014: £10,675,000) due to the uncertainty over their recoverability, as a significant proportion held in overseas subsidiaries may only be carried forward for a limited period of time.

11. DERIVATIVES

Derivatives comprising the fair value of outstanding forward contracts with positive fair values are shown within:	**2015 £'000**	2014 £'000
Non-current assets	**10,504**	18,644
Current assets	**14,889**	13,348
Total of derivatives with positive fair values	**25,393**	31,992

Derivatives comprising the fair value of outstanding forward contracts with negative fair values are shown within:	**2015 £'000**	2014 £'000
Non-current liabilities	**3,165**	17
Current liabilities	**764**	-
Total of derivatives with negative fair values	**3,929**	17

12. EMPLOYEE BENEFITS

The Group operates a number of pension schemes throughout the world. As noted in the accounting policies, actuarial valuations of foreign pension schemes are not obtained for the most part because of the limited number of foreign employees.

The major scheme, which covers the UK-based employees, was of the defined benefit type. This scheme, along with the Ireland and USA defined benefit schemes, has ceased any future accrual for current members and these schemes are closed to new members. UK, Ireland and USA employees are now covered by defined contribution schemes.

The total pension cost of the Group for the year was £16,347,000 (2014: £13,246,000), of which £178,000 (2014: £182,000) related to directors and £5,035,000 (2014: £3,537,000) related to overseas schemes.

The latest full actuarial valuation of the UK defined benefit scheme was carried out as at September 2012 and updated to 30th June 2015 by a qualified independent actuary. The mortality assumption used for 2015 is S2PMA and S2PFA tables, CMI (core) 2014 model with long term improvements of 0.2% per annum.

The major assumptions used by the actuary for the UK and Ireland schemes were:

	2015		2014	
	UK scheme	**Ireland scheme**	UK scheme	Ireland scheme
Rate of increase in pension payments	**3.4%**	**1.6%**	3.5%	1.9%
Discount rate	**4.0%**	**3.0%**	4.4%	2.7%
Inflation rate (RPI)	**3.6%**	**1.6%**	3.7%	1.9%
Inflation rate (CPI)	**2.6%**	**-**	2.7%	-
Retirement age	**64**	**65**	64	65

The assets and liabilities in the defined benefit schemes at the end of the year were:

	2015 £'000	2014 £'000
Market value of assets:		
Equities	**138,174**	127,805
Bonds and cash	**2,325**	1,950
	140,499	129,755
Actuarial value of liabilities	**(188,593)**	(172,823)
Deficit in the schemes	**(48,094)**	(43,068)
Deferred tax thereon	**9,398**	8,141

All equities have quoted prices in active markets in the UK, North America, Europe, Asia-Pacific, Japan and emerging markets.

The weighted average duration of the defined benefit obligation is around 24 years.

The movements in the schemes' assets and liabilities were:

Year ended 30th June 2015	**Assets £'000**	**Liabilities £'000**	**Total £'000**
Balance at the beginning of the year	129,755	(172,823)	(43,068)
Contributions paid	2,427	-	2,427
Interest on pension schemes	5,547	(6,968)	(1,421)
Remeasurement gain/(loss)	5,028	(11,060)	(6,032)
Benefits paid	(2,258)	2,258	-
Balance at the end of the year	**140,499**	**(188,593)**	**(48,094)**

Under the UK and Ireland defined benefit pension scheme deficit funding plans, there are certain UK properties, owned by the Company, and a property owned by Renishaw (Ireland) Limited, which are subject to registered fixed charges to secure the UK and Ireland defined benefit pension schemes' deficits respectively. The Company has also established an escrow account, which is subject to a registered floating charge to secure the UK defined benefit pension scheme liabilities. The balance of this account was £14,731,000 at the end of the year (2014: £9,541,000).

The Company has given a guarantee relating to recovery plans for the UK defined benefit pension scheme and the trustees have the right to enforce the charges to recover any deficit up to £48,200,000 if an insolvency event occurs in relation to the Company before 30th September 2016 or if the Company has not made good any deficit up to £48,200,000 by midnight on 30th September 2016. No scheme assets are invested in the Group's own equity.

The value of the guarantee discussed above is greater than the value of the pension scheme's deficit. As such, in line with IFRIC 14, the UK defined benefit pension scheme's liabilities have been increased by £10,200,000, to represent the maximum discounted liability as at 30th June 2015 (2014: £8,000,000).

13. INVENTORIES

An analysis of inventories at the end of the year was:

	2015 £'000	2014 £'000
Raw materials	**28,344**	22,795
Work in progress	**20,087**	15,338
Finished goods	**29,242**	24,846
Balance at the end of the year	**77,673**	62,979

During the year, the amount of inventories recognised as an expense in the Consolidated income statement was £144,547,000 (2014: £114,597,000) and the amount of write-down of inventories recognised as an expense in the Consolidated income statement was £1,254,000 (2014: £1,017,000).

14. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents at the end of the year was:

	2015 £'000	2014 £'000
Bank balances and cash in hand	**77,282**	38,930
Short-term deposits	**4,889**	4,704
Balance at the end of the year	**82,171**	43,634

The UK defined benefit pension scheme cash escrow account is shown separately within current assets.

15. PROVISIONS

Warranty provision

Movements during the year were:

	2015 £'000	2014 £'000
Balance at the beginning of the year	**1,294**	1,630
Created during the year	**1,518**	458
Utilised in the year	**(1,097)**	(794)
	421	(336)
Balance at the end of the year	**1,715**	1,294

The warranty provision has been calculated on the basis of historical return-in-warranty information and other internal reports. It is expected that most of this expenditure will be incurred in the next financial year and all expenditure will be incurred within three years of the balance sheet date.

16. OTHER PAYABLES

Balances at the end of the year were:

	2015 £'000	2014 £'000
Payroll taxes and social security	**5,097**	4,153
Other creditors and accruals	**23,464**	11,957
Total other payables	**28,561**	16,110

17. OTHER PAYABLES (NON-CURRENT)

The deferred consideration of £589,000 is in respect of investments in subsidiaries, which is payable over the next two years (2014: £883,000).

18. CAPITAL AND RESERVES

Share capital

	2015 £'000	2014 £'000
Allotted, called-up and fully paid		
72,788,543 ordinary shares of 20p each	**14,558**	14,558

The ordinary shares are the only class of share in the Company. Holders of ordinary shares are entitled to vote at general meetings of the Company and receive dividends as declared. The Articles of Association of the Company do not contain any restrictions on the transfer of shares nor on voting rights.

Currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the foreign operations, offset by foreign exchange differences on bank liabilities which have been accounted for directly in equity on account of them being classified as hedging instruments. The movement in the year of a gain of £111,000 (2014: loss £5,754,000) comprises a loss on the net assets of foreign currency operations of £2,390,000 (2014: loss £11,307,000) and a gain on foreign currency overdrafts held for the purpose of net investment hedging of £2,501,000 (2014: gain £5,553,000).

Cash flow hedging reserve

The cash flow hedging reserve comprises all foreign exchange differences arising from the valuation of forward exchange contracts which are effective hedges and mature after the year end. These are valued on a mark-to-market basis, are accounted for directly in equity and are recycled through the Consolidated income statement when the hedged item affects the Consolidated income statement. The forward contracts mature over the next three and a half years.

Movements during the year were:

	2015 £'000	2014 £'000
Balance at the beginning of the year	**25,580**	(694)
Amounts transferred to the Consolidated income statement	**(13,348)**	(1,565)
Revaluations during the year	**2,837**	34,441
Deferred tax movement	**2,102**	(6,602)
Balance at the end of the year	**17,171**	25,580

Dividends paid

Dividends paid comprised:

	2015 £'000	2014 £'000
2014 final dividend paid of 29.87p per share (2013: 28.67p)	**21,742**	20,868
Interim dividend paid of 12.5p per share (2014: 11.33p)	**9,099**	8,247
Total dividends paid	**30,841**	29,115

A final dividend in respect of the current financial year of £24,748,105 (2014: £21,741,938), at the rate of 34.0p net per share (2014: 29.87p) is proposed, to be paid on 19th October 2015 to shareholders on the register on 18th September 2015, with an ex-dividend date of 17th September 2015.

Non-controlling interest

Movements during the year were:

	2015 £'000	2014 £'000
Balance at the beginning of the year	**(2,076)**	(1,334)
Acquisition of further share in subsidiary	**-**	(193)
Share of loss for the year	**(562)**	(549)
Balance at the end of the year	**(2,638)**	(2,076)

The non-controlling interest represents the minority shareholdings in Renishaw Diagnostics Limited – 7.6%, Renishaw Sàrl – 25% and Renishaw Mayfield S.A. – 25%.

19. RELATED PARTIES

During the year, associates and other related parties purchased goods and services from the Group to the value of £1,288,000 (2014: £249,000) and sold goods and services to the Group to the value of £8,648,000 (2014: £6,515,000). At 30th June 2015, associates owed £525,000 to the Group (2014: £56,000). Associates were owed £499,000 by the Group (2014: £318,000). Dividends of £110,000 were received from associates during the year (2014: £210,000). Loans to related parties from the Group at 30th June 2015 were £3,048,000 (2014: £2,520,000).

There were no bad debts written off during the year (2014: £nil).

20. PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties are considered by management to be:

Area of risk	**Description**	**Potential impact**	**Mitigation**
Current trading levels and order book	Revenue growth is unpredictable and orders from customers generally involve short lead-times with the outstanding order book at any time being around one month's worth of revenue value.	Global market conditions continue to highlight risks to growth and demand which can lead to fluctuating levels of revenue. Whilst global investment in production systems and processes is expected to expand, future growth is difficult to predict, especially with such a short-term order book. This limited forward order visibility leaves the annual revenue forecasts uncertain.	• The Group is expanding and diversifying its product range in order to maintain a world-leading position in its sales of metrology products. Investment in sales and marketing resource continues in order to support the diversified product range. • The Group is applying its measurement expertise to grow its healthcare business activities. • The Group regularly monitors the integration of acquisitions which expand its product range in new and complementary market sectors.
Research and development	The development of new products and processes involves risk, such as development timescales, meeting the required technical specification and the impact of alternative technology developments.	Being at the leading edge of new technology in metrology and healthcare, there are uncertainties whether new developments will provide an economic return.	• Patent and intellectual property generation is core to new product developments. • R&D programmes are regularly reviewed against milestones and forecast business plans and, when necessary, projects are cancelled. • Medium to long term R&D strategies are reviewed at least annually by both the plc and executive boards. • New products involve beta testing at customers to ensure they will meet the needs of the market. • Market developments are closely monitored.

Supply chain management	Customer deliveries may be threatened by a failure in the supply chain.	Inability to meet customer deliveries could result in loss of revenue and profit.	• Production facilities are maintained with fire and flood risk in mind. • Critical production processes are replicated at different locations where practical. • Ability to flex manufacturing resource levels and shift patterns. • Regular vendor reviews are performed for critical part suppliers. • Stock policies are reviewed by the Board on a regular basis. • Product quality is closely monitored.

Note: the unprecedented demand for our products this year has tested a number of these mitigating controls and demonstrated the Group's ability to react to such events.

Regulatory legislation for healthcare products	The expansion of the Group's business into the healthcare markets involves a significantly increased requirement to obtain regulatory approval prior to the sale of these products.	Regulatory approval can be very expensive and time-consuming. This area is also very complex and there is a risk that the correct approvals are not obtained which could result in loss of revenue and profit	• Specialist legal and regulatory staff have been recruited to support the healthcare business. • Experience of healthcare regulatory matters at Board level. • Healthcare operations in UK, and France have ISO13485 certification for their quality management systems, with Ireland and other subsidiary healthcare operations falling under the UK quality management system.
Defined benefit pension schemes	Investment returns and actuarial valuations of the defined benefit pension fund liabilities are subject to economic and social factors which are outside of the control of the Group.	Volatility in investment returns and actuarial assumptions can significantly affect the defined benefit pension fund deficit, impacting on future funding requirements.	• The investment strategy is managed by the pension fund trustees who operate in line with a statement of investment principles. • Recovery plans are in place for the 2006, 2009 and 2012 actuarial valuations.
Treasury	Fluctuating foreign exchange rates may affect the results of the Group.	With over 94% of revenue generated outside of the UK, there is an exposure to major currency fluctuations, mainly in respect of the US Dollar, Euro and Japanese Yen. Such fluctuations could adversely impact the Group's income statement and balance sheet.	• The Group enters into forward contracts in order to hedge varying proportions of forecast US Dollar, Euro and Japanese Yen revenue. • The Group uses currency borrowings to hedge the foreign currency denominated assets held in the Group's balance sheet.

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