

# Interim report 2003

## Financial highlights

	<b>Unaudited</b>	Unaudited		Audited
	<b>6 months to 31st December 2002</b>	6 months to 31st December 2001	% change	Year ended 30th June 2002
	<b>£'000</b>	£'000	%	£'000
Turnover	<b>51,518</b>	51,210	+1%	104,490
Operating profit	<b>5,387</b>	3,988	+35%	13,448
Profit before taxation	<b>6,493</b>	5,276	+23%	16,062
Profit after taxation	<b>5,390</b>	4,202	+28%	15,182
Earnings per share	<b>7.4p</b>	5.8p	+28%	20.9p
Dividends per share	<b>5.34p</b>	5.08p	+5%	15.90p

Registered office:

Renishaw plc  
New Mills  
Wotton-under-Edge  
Gloucestershire  
UK  
GL12 8JR

Registered number: 1106260

Telephone. 01453 524524  
Fax. 01453 524901  
email. [uk@renishaw.com](mailto:uk@renishaw.com)  
Internet. [www.renishaw.com](http://www.renishaw.com)

## Chairman's statement

I am pleased to report the results for the first six months of the current financial year.

Operating profit for the six months to December 2002 was £5.4m (2001 £4.0m), an increase of 35% on 2001 and ahead by 2% if the £1.3m charge in 2001 in respect of the early retirement and voluntary redundancy programme is excluded. After interest receivable and the effect of FRS17 (the treatment of retirement benefits), profit before tax was £6.5m (2001 £5.3m), 23% ahead of the pre-tax profit a year ago. After a tax charge of £1.1m (2001 £1.1m), earnings per share were 7.4p (2001 5.8p).

Turnover for the period was £51.5m compared with £51.2m in 2001. At previous year's exchange rates, turnover would have been £1.8m higher, i.e. an underlying sales growth of 4%. Our sales performances in Japan and the Far East were particularly strong. Also, we achieved significant sales growth in Spain and in our recently established subsidiaries. In terms of product sectors, our Encoder, Spectroscopy and CMM Products Divisions all achieved sales growth. This growth was assisted by the introduction of new products resulting from our ongoing commitment to increased investment in research and development in recent years.

Research and development expenditure during the period, including associated engineering costs, amounted to £9.9m (2001 £9.3m). A number of new products have recently been successfully launched, including the NC3 Non-Contact Toolsetter, the InVia Spectroscopy System and the Ballbar 5 High-Performance software.

A new subsidiary has been formed in South Korea and new subsidiary companies are currently being established in Austria and Sweden. Our new companies in Poland and Russia have successfully commenced trading. The Group now has 22 overseas subsidiary companies and branch offices throughout the world selling and supporting our products.

As a result of our cost control measures, capital expenditure was held at £3.2m (2001 £4.8m); this included further refurbishment at Woodchester and the purchase of offices in Brazil. Also, a substantial investment is being made in micro-electronic design production and test equipment. Net cash balances at the end of December were £33.2m (2001 £30.2m).

Whilst demand for the Company's products is still below the level of two years ago, there has been a continuing improvement in trading conditions, particularly in the last three months. We are hopeful - despite world uncertainties - that this trend will continue.

An interim dividend of 5.34p per share (2001 5.08p) will be paid on 7th April 2003 to shareholders on the register on 7th March 2003.



Sir David R McMurtry CBE RDI CEng FIMechE FREng  
Chairman & Chief Executive  
22nd January 2003

## Consolidated profit and loss account

	Notes	Unaudited 6 months to 31st December 2002	Unaudited 6 months to 31st December 2001	Audited Year ended 30th June 2002
		£'000	£'000	£'000
<b>Turnover</b>	2	<b>51,518</b>	51,210	104,490
Cost of sales		<u>28,592</u>	<u>28,818</u>	<u>56,273</u>
<b>Gross profit</b>		<b>22,926</b>	22,392	48,217
Distribution costs		<u>11,044</u>	<u>10,873</u>	<u>21,524</u>
Administrative expenses		<u>6,495</u>	<u>7,531</u>	<u>13,245</u>
		<u>17,539</u>	<u>18,404</u>	<u>34,769</u>
<b>Operating profit</b>		<b>5,387</b>	3,988	13,448
Interest receivable less payable		<u>986</u>	<u>1,033</u>	<u>1,974</u>
Other finance income		<u>120</u>	<u>255</u>	<u>640</u>
<b>Profit on ordinary activities before tax</b>		<b>6,493</b>	5,276	16,062
Tax on profit on ordinary activities	3	<u>1,103</u>	<u>1,074</u>	<u>880</u>
<b>Profit on ordinary activities after tax</b>		<b>5,390</b>	4,202	15,182
Dividends		<u>3,887</u>	<u>3,698</u>	<u>11,573</u>
<b>Retained profit for the period</b>		<u><b>1,503</b></u>	<u>504</u>	<u>3,609</u>
<b>Earnings per share</b>	4	<u><b>7.4p</b></u>	<u>5.8p</u>	<u>20.9p</u>
<b>Dividends per share</b>	5	<u><b>5.34p</b></u>	<u>5.08p</u>	<u>15.90p</u>

## Consolidated balance sheet

	Notes	Unaudited At 31st December 2002 £'000	Unaudited At 31st December 2001 £'000	Audited At 30th June 2002 £'000
<b>Tangible fixed assets</b>	6	<b>48,935</b>	47,801	49,088
<b>Current assets</b>				
Stock		21,214	23,741	22,076
Debtors	7	25,989	25,676	27,206
Cash at bank		33,202	30,189	35,656
		<b>80,405</b>	79,606	84,938
<b>Creditors</b>				
Amounts due within one year	8	12,563	14,344	18,176
<b>Net current assets</b>		<b>67,842</b>	65,262	66,762
<b>Total assets less current liabilities</b>		<b>116,777</b>	113,063	115,850
<b>Provisions for liabilities and charges</b>	9	<b>(2,861)</b>	(3,119)	(3,035)
<b>Net assets excluding pension liability</b>		<b>113,916</b>	109,944	112,815
Pension liability		(4,660)	(155)	(5,130)
<b>Net assets including pension liability</b>		<b>109,256</b>	109,789	107,685
<b>Capital and reserves</b>				
Called up share capital	10	14,558	14,558	14,558
Share premium account		42	42	42
Profit and loss account	11	94,656	95,189	93,085
<b>Shareholders' funds - equity</b>		<b>109,256</b>	109,789	107,685

## Consolidated cash flow statement

	Notes	Unaudited 6 months to 31st December 2002 £'000	Unaudited 6 months to 31st December 2001 £'000	Audited Year ended 30th June 2002 £'000
<b>Net cash inflow from operating activities</b>	12	7,567	5,190	18,291
<b>Returns on investments and servicing of finance</b>				
Interest received		947	1,153	2,244
Interest paid		(25)	(81)	(131)
		922	1,072	2,113
<b>Tax paid</b>		(1,073)	(3,545)	(5,195)
<b>Capital expenditure</b>				
Purchase of tangible fixed assets		(3,274)	(4,901)	(8,962)
Sale of tangible fixed assets		48	127	427
		(3,226)	(4,774)	(8,535)
<b>Equity dividends paid</b>		(7,876)	(7,497)	(11,195)
<b>Cash outflow before management of liquid resources</b>		(3,686)	(9,554)	(4,521)
<b>Management of liquid resources</b>				
Decrease in bank deposits		2,064	3,622	2,828
<b>Decrease in cash in the period</b>		(1,622)	(5,932)	(1,693)

## Reconciliation of net cash flow to movement in net funds

	Unaudited 6 months to 31st December 2002 £'000	Unaudited 6 months to 31st December 2001 £'000	Audited Year ended 30th June 2002 £'000
<b>Decrease in cash in the period</b>	(1,622)	(5,932)	(1,693)
Movement in liquid resources	(2,064)	(3,622)	(2,828)
Currency differences	1,232	448	882
<b>Movement in net funds in the period</b>	(2,454)	(9,106)	(3,639)
Net funds at 1st July	35,656	39,295	39,295
<b>Net funds at 31st December</b>	33,202	30,189	35,656

## Consolidated statement of total recognised gains and losses

	Unaudited 6 months to 31st December 2002	Unaudited 6 months to 31st December 2001	Audited Year ended 30th June 2002
	£'000	£'000	£'000
<b>Profit for the financial period</b>	5,390	4,202	15,182
Currency translation differences on foreign currency net investments	328	(17)	864
Actuarial loss recognised in the pension schemes	(410)	(20)	(8,590)
Deferred tax thereon	150	-	2,480
	(260)	(20)	(6,110)
<b>Total recognised gains in the period</b>	<b>5,458</b>	<b>4,165</b>	<b>9,936</b>

## Reconciliation of movements in shareholders' funds

	Unaudited 6 months to 31st December 2002	Unaudited 6 months to 31st December 2001	Audited Year ended 30th June 2002
	£'000	£'000	£'000
<b>Profit for the financial period</b>	5,390	4,202	15,182
Dividends	(3,887)	(3,698)	(11,573)
<b>Retained profit for the period</b>	<b>1,503</b>	<b>504</b>	<b>3,609</b>
Other recognised gains and losses	68	(37)	(5,246)
<b>Net addition to/(reduction in) shareholders' funds</b>	<b>1,571</b>	<b>467</b>	<b>(1,637)</b>
Shareholders' funds at 1st July	107,685	109,322	109,322
<b>Shareholders' funds at 31st December</b>	<b>109,256</b>	<b>109,789</b>	<b>107,685</b>

## Notes

### 1. Basis of preparation

This Interim report has been prepared on a basis consistent with the audited financial statements for the year ended 30th June 2002. The Interim report does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The comparative figures for the financial year ended 30th June 2002 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

The Interim report was approved by the Board of directors on 22nd January 2003. A copy has been sent to all shareholders and is available to the public from the registered office.

### 2. Turnover

An analysis of sales by geographical market is:-

	<b>6 months to 31st December 2002 £'000</b>	6 months to 31st December 2001 £'000	Year ended 30th June 2002 £'000
USA	14,026	14,898	31,041
Germany	8,272	8,213	16,642
Japan	6,599	5,848	11,956
Far East (excluding Japan)	5,303	5,051	10,207
Italy	3,972	3,896	8,310
France	2,300	2,408	4,719
Other overseas countries	6,170	5,653	11,894
Total sales to overseas customers	<u>46,642</u>	<u>45,967</u>	<u>94,769</u>
United Kingdom	4,876	5,243	9,721
Total group turnover	<u><u>51,518</u></u>	<u><u>51,210</u></u>	<u><u>104,490</u></u>

### 3. Tax on profit on ordinary activities

	<b>6 months to 31st December 2002 £'000</b>	6 months to 31st December 2001 £'000	Year ended 30th June 2002 £'000
UK corporation tax at 30%	-	(388)	(1,182)
Deferred tax	(143)	240	708
Foreign tax	1,246	1,222	1,354
	<u><u>1,103</u></u>	<u><u>1,074</u></u>	<u><u>880</u></u>

Taxation has been estimated at the rate expected to be incurred for the full year.



#### 4. Earnings per share

Earnings per share are calculated on earnings of £5,390,000 (December 2001 £4,202,000) and on 72,788,543 shares, being the number of shares in issue during the period.

#### 5. Dividends per share

The interim dividend of 5.34p per share will be paid on 7th April 2003 to shareholders on the register on 7th March 2003, with an ex-dividend date of 5th March 2003.

#### 6. Fixed assets

	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1st July 2002	36,748	39,746	3,729	80,223
Additions	1,132	1,845	213	3,190
Disposals	-	(42)	(246)	(288)
Currency adjustment	(308)	(130)	(23)	(461)
At 31st December 2002	<u>37,572</u>	<u>41,419</u>	<u>3,673</u>	<u>82,664</u>
<b>Depreciation</b>				
At 1st July 2002	4,336	24,840	1,959	31,135
Charge for the period	346	2,278	336	2,960
Released on disposals	-	(21)	(221)	(242)
Currency adjustment	(21)	(94)	(9)	(124)
At 31st December 2002	<u>4,661</u>	<u>27,003</u>	<u>2,065</u>	<u>33,729</u>
<b>Net book value</b>				
At 31st December 2002	<u>32,911</u>	<u>14,416</u>	<u>1,608</u>	<u>48,935</u>
At 30th June 2002	<u>32,412</u>	<u>14,906</u>	<u>1,770</u>	<u>49,088</u>

#### 7. Debtors

	At 31st December 2002 £'000	At 31st December 2001 £'000	At 30th June 2002 £'000
Trade debtors	23,728	22,791	24,766
Prepayments	2,261	2,885	2,440
	<u>25,989</u>	<u>25,676</u>	<u>27,206</u>

**8. Creditors**  
**Amounts due within one year**

	At 31st December 2002 £'000	At 31st December 2001 £'000	At 30th June 2002 £'000
Trade creditors	3,633	3,721	3,960
Corporation tax	186	2,515	284
Proposed dividend payable	3,887	3,698	7,876
Other creditors	4,857	4,410	6,056
	<u>12,563</u>	<u>14,344</u>	<u>18,176</u>

**9. Provisions for liabilities and charges**

	At 31st December 2002 £'000	At 31st December 2001 £'000	At 30th June 2002 £'000
Deferred taxation	2,405	2,551	2,548
Warranty provisions	456	502	487
Other	-	66	-
	<u>2,861</u>	<u>3,119</u>	<u>3,035</u>

**10. Share capital**

	At 31st December 2002 £'000	At 30th June 2002 £'000
Ordinary shares of 20p each		
<b>Authorised</b>		
75,000,000 shares	<u>15,000</u>	<u>15,000</u>
<b>Allotted, called up and fully paid</b>		
72,788,543 shares	<u>14,558</u>	<u>14,558</u>

## 11. Profit and loss account

	<b>6 months to 31st December 2002</b>	6 months to 31st December 2001	Year ended 30th June 2002
	£'000	£'000	£'000
At 1st July	93,085	94,722	94,722
Retained profit for the period	1,503	504	3,609
Movement in currency reserve	328	(17)	864
Actuarial loss recognised	(410)	(20)	(8,590)
Deferred tax thereon	150	-	2,480
	(260)	(20)	(6,110)
At 31st December	<u>94,656</u>	<u>95,189</u>	<u>93,085</u>

## 12. Consolidated cash flow statement

### Reconciliation of operating profit to net cash inflow from operating activities:-

	<b>6 months to 31st December 2002</b>	6 months to 31st December 2001	Year ended 30th June 2002
	£'000	£'000	£'000
Operating profit	5,387	3,988	13,448
Depreciation charges	2,960	2,791	5,826
Profit on sale of tangible fixed assets	(2)	(7)	(130)
Decrease/(increase) in stocks	862	(1,611)	54
(Increase)/decrease in debtors	(242)	4,550	2,021
Decrease in creditors	(1,367)	(4,517)	(2,843)
Decrease in provisions	(31)	(4)	(85)
Net cash inflow from operating activities	<u>7,567</u>	<u>5,190</u>	<u>18,291</u>

## Financial calendar

Record date for interim dividend	7th March 2003
Interim dividend payment	7th April 2003
Announcement of full year results	24th July 2003
Mailing of Annual report	Mid August 2003
Annual general meeting	17th October 2003
Final dividend payment	20th October 2003

