RENISHAW
apply innovation™

2010 results

28th July 2010

Chairman's statement

I am very pleased to announce the results for the year to 30th June 2010. This year has been characterised by a welcome return to growth, with an accelerating order intake culminating in record final quarter sales.

Operating results

Revenues continued to increase strongly during the second half of the year and amounted to a 57% increase over the comparable period in 2009 and 46% over revenues in the first half of the year. This was supported by a superb performance by our manufacturing teams. Total revenues for the year were £181.6m (2009 £171.2m), which includes a currency benefit of £8.1m when compared with the previous year's exchange rates.

Geographically, there was a comparative reduction in turnover in continental Europe and the UK, but modest growth in the Americas and particularly strong growth in the Far East, largely China, and other territories, including India.

After reporting a first half year operating profit of £6.9m (2009 £11.9m), Group operating profit for the year was £28.1m (2009 £6.0m) before an exceptional deduction of £1.7m for impairment costs of the investment in associates.

Profit before tax, including £6.8m currency benefit, amounted to £27.1m compared with £4.7m for the previous year and profit after tax was £21.3m (2009 £3.6m) resulting in earnings per share of 29.3p (2009 4.9p). Adjusted earnings per share, which excludes the exceptional impairment write-down this year and redundancy costs last year, were 31.6p, compared with 9.3p last year.

Segmental analysis

As reported at the half year, the Group has divided its operating, research and development and reporting activities into two main segments: the traditional Metrology business, the cornerstone of Renishaw, and, more recently, the as yet smaller Healthcare activities into which parts of Renishaw have migrated or which have been established or acquired.

(1) Metrology

Metrology revenue grew to £162.1m from £152.9m in 2009, with operating profits, prior to exceptional items, of £31.5m compared with £10.3m in 2009. Particular growth was experienced in the Far East and, in terms of products, there was strong demand for our encoder and laser scale products.

This sector continues to invest heavily in development of new products. Research and Development, including associated engineering costs, was £22.0m (2009 £26.2m).

This year has seen the introduction of a number of new products including the QC20-W wireless Ballbar for checking the servo-ing performance of three-axis machine tools; the RMP40, RLP40 and OLP40 compact probes with radio and optical signal transmissions for multi-axis and mill-turn machine tools and lathes; and the PH20 probe head for co-ordinate measuring machines was successfully launched at the Control Show in Germany in May. The TONIC™ range of encoders and RESOLUTE™ absolute encoders have also been enthusiastically received by the market

Chairman's statement (continued)

On 23rd July 2010 the Group acquired a 29% shareholding in Measurement Devices Limited (MDL) for the sum of £2.3m. An agreement provides for the further purchase of the balance of the shares over a period of four years. 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. MDL's products will add to Renishaw's current range of laser-based products and the Group's investment in MDL will enable MDL to expand further on a global basis and benefit from Renishaw's technology, engineering and manufacturing expertise and worldwide distribution network.

(2) Healthcare

The Healthcare segment comprises the neurosurgical, dental and spectroscopy products, which includes PulseTeq (head coils for the enhancement of MRI images), Renishaw Diagnostics (molecular diagnostics for the early identification of infectious diseases) and Renishaw Mayfield (neurosurgical robots).

Revenue in this sector for the year amounted to £19.5m (2009 £18.4m) which resulted in an operating loss of £3.4m, compared with a loss of £4.3m in the previous year.

Research and Development in this sector amounted to £6.6m (2009 £7.5m) and was focussed on developing the expanding range of Healthcare offerings. Significant resource and expenditure has been directed to addressing very demanding regulatory compliance regulations associated with the global supply of healthcare and medical devices.

The Group has recently entered into an agreement with a world leading dental implant company, Biomet 3i LLC, for the development and marketing of comprehensive digital dental solutions to dental professionals and patients worldwide. The collaboration will see Biomet 3i marketing Renishaw dental scanners, in-lab milling machines and dental *3i incise* CAD software to dental laboratories through its global marketing and sales organisation. Crown and bridge dental frameworks in zirconia and cobalt chrome (cobalt chrome initially available in Europe only) will be manufactured and supplied through a collaboration between both companies.

Spectroscopy product revenue, presently the largest part of our healthcare revenue, continued to show good growth, especially in the Far East.

Balance sheet

Capital expenditure for the year was £2.9m (2009 £11.0m). The Group is currently concluding the fitting out of production facilities at Pune in India, expected to be completed by December 2010 at a cost of around £3m. In addition, the refurbishment (estimated to cost £1.8m) of the recently acquired premises in Charfield, close to New Mills in Gloucestershire, UK, has commenced. These will be occupied by our dental and medical activities early in 2011.

Further investment has been made in a number of new machine tools at our Stonehouse factory. At the Woodchester facility, investment that will double the capacity of automated surface-mount electronics assembly and automation of stylus assembly processes are currently being commissioned.

Working capital (accounts receivable plus inventories less creditors) has grown by a net £12m reflecting the significantly increased level of activity, particularly in the final quarter.

Chairman's statement (continued)

Year end net cash balances amounted to £31.1m (2009 £20.5m).

Despite an improving investment performance, the deficit in the pension fund (which has been closed to future accrual since 2007) has increased to £37.3m (£22.5m at 30th June 2009) reflecting changes in the actuarial assumptions used, in particular, a significant reduction in the discount rate and a change to the mortality assumption adopted (reflecting the increasing life expectancy). The Company has a recovery plan to fund the deficit no later than 30th September 2016 and is reviewing the recovery plan with the trustees following the 30th September 2009 triennial actuarial valuation.

Staff

I am very grateful to all our employees worldwide for their loyalty and commitment, especially after the unprecedented difficulties and challenges which were successfully overcome last year.

I now look forward to a more stable business environment in which our employees will continue to play a full and important part in generating a prosperous future for the Company.

Directors

In line with the UK Corporate Governance Code, all the directors are standing for re-election at the annual general meeting, with the exception of Joe McGeehan. Joe has been a director since January 2001 and having completed nine years service, latterly as the senior independent director, will not be seeking re-election. Joe has contributed enormously to the activities of the Board during his period of appointment and his commitment has been valued greatly. On behalf of the Board, I should like to thank Joe for his efforts and contribution to Renishaw.

Bill Whiteley has been appointed the senior independent director with effect from 26th July 2010.

Dividend

Your directors are recommending a final dividend of 13.6p per share, giving a total dividend for the year of 17.6p, compared with 7.76p in 2009 (covered 1.8 times by adjusted earnings per share for the year) payable on 18th October 2010 to shareholders on the share register on 17th September 2010.

Prospects

It is clear from the strong second half performance that the Company is showing real momentum going into the new financial year, highlighted by our record order book for the start of a new year of £23.3m, compared with £9.7m at the start of the previous year.

Whilst economic uncertainties remain, we have a robust international business model that continues to spread its applications into new markets. Our particular optimism for further developments in the expanding range of healthcare offerings, together with our continued investment in new products in our traditional markets, underpins our confidence in future growth.

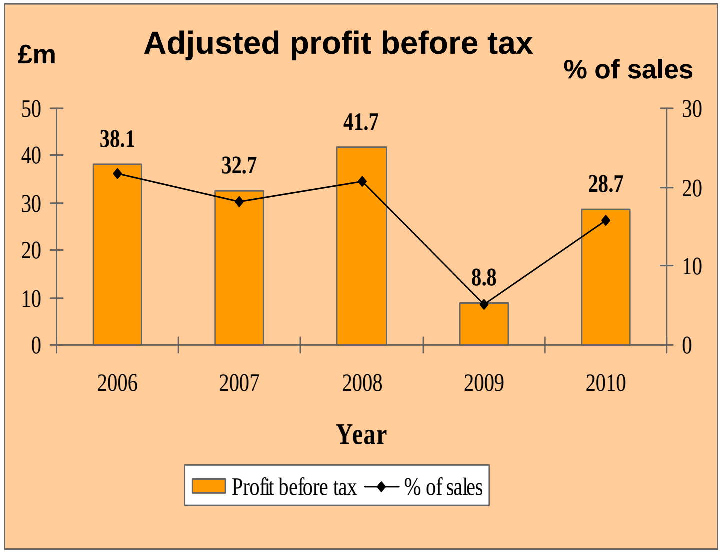
Sir David R McMurtry CBE RDI FREng CEng FIMechE
Chairman & Chief Executive
28th July 2010

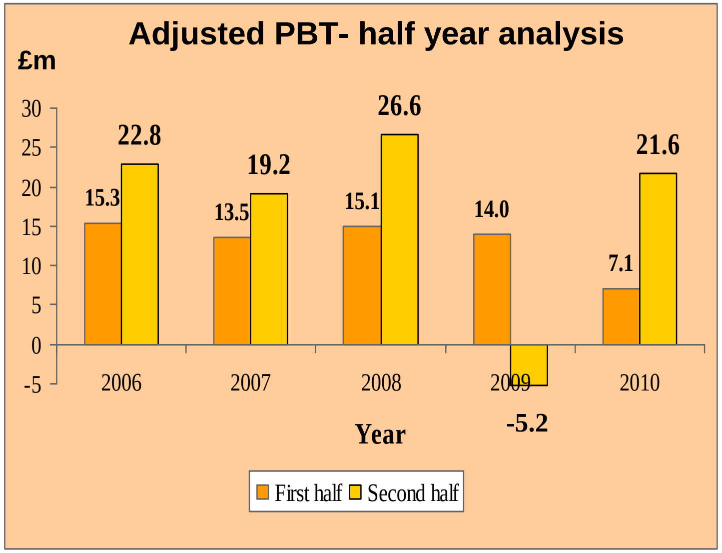
apply innovation™

Financial highlights

	2010 £m	2009 £m	change %
Sales			
At actual exchange rates	**181.6**	171.2	**+6%**
At previous year exchange rates	**173.5**	171.2	**+1%**
Adjusted operating profit			
At actual exchange rates	**28.1**	6.0	**+368%**
At previous year exchange rates	**21.3**	6.0	**+256%**
Adjusted profit before tax			
At actual exchange rates	**28.7**	8.8	**+226%**
At previous year exchange rates	**22.0**	8.8	**+148%**
Adjusted earnings per share	**31.6p**	9.3p	**+240%**
Dividend per share	**17.6p**	7.76p	**+127%**

Adjusted figures exclude the exceptional items – Impairment write-off in 2010 and Redundancy costs in 2009



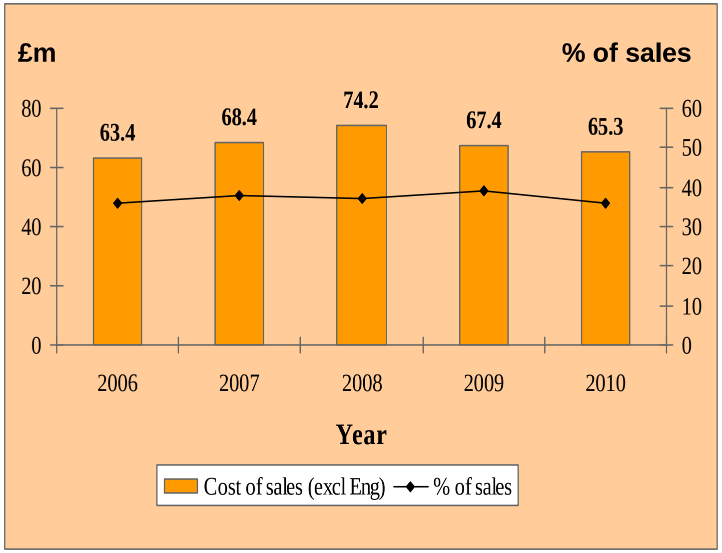


Notes

Profit and loss account

	2010 £m	%	2009 £m	%	change %
Sales	**181.6**	**100**	171.2	100	**+6%**
Cost of sales	**(65.3)**	**(36)**	(67.4)	(39)	**-3%**
Engineering (incl R&D)	**(28.6)**	**(16)**	(33.7)	(20)	**-15%**
Gross profit	**87.7**	**48**	70.1	41	**+25%**
Distribution costs	**(39.7)**	**(22)**	(41.5)	(24)	**-4%**
Administration costs	**(19.9)**	**(11)**	(22.6)	(13)	**-12%**
Operating profit	**28.1**	**15**	6.0	4	**+368%**
Financial income (net)	**0.2**	**-**	2.5	1	**-**
Profit from associates	**0.5**	**-**	0.3	-	**-**
Profit before tax & except	**28.8**	**16**	8.8	5	**+227%**
Exceptional items	**(1.7)**	**(1)**	(4.1)	(2)	-
Reported profit before tax	**27.1**	**15**	4.7	3	**+477%**

Cost of sales (excl. Engineering)



Notes

RENISHAW apply innovation™

Profit and loss account

•Engineering costs (including R&D):

	2010	2009
•Total spend	£30.9m	£35.9m
•Less capitalised	£2.3m	£2.2m
•Remaining in P&L	£28.6m	£33.7m

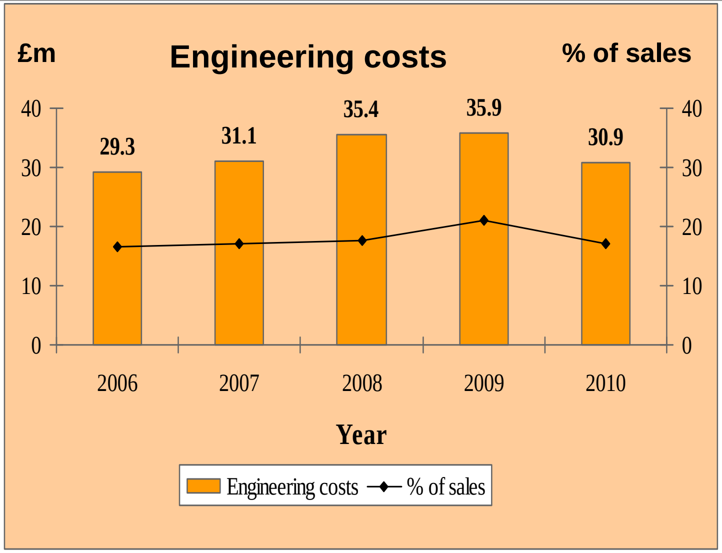
•Gross decrease -14%

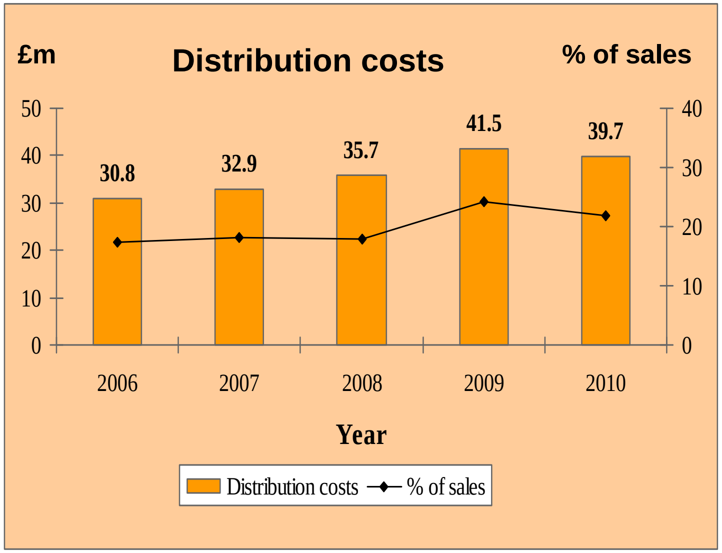
•Engineering segmental split:

•Metrology	£22.0m	£26.2m
•Healthcare	£6.6m	£7.5m

•Distribution costs:

•Costs increased by £1.0m due to different exchange rates relative to the previous year





Notes

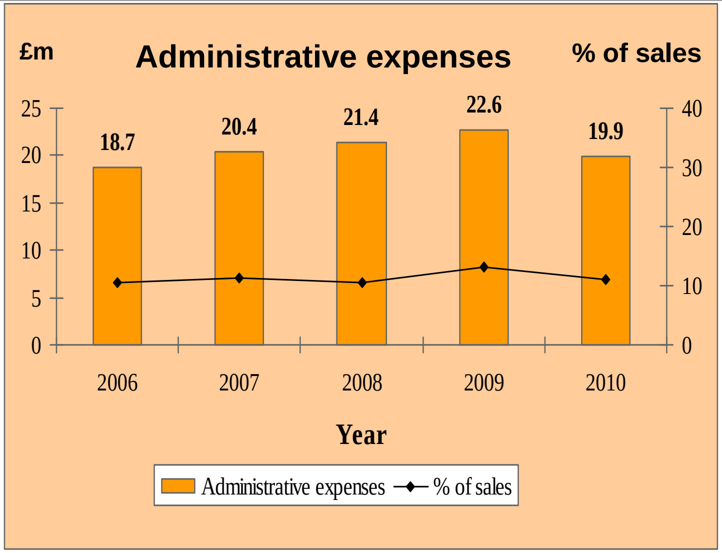
RENISHAW apply innovation™

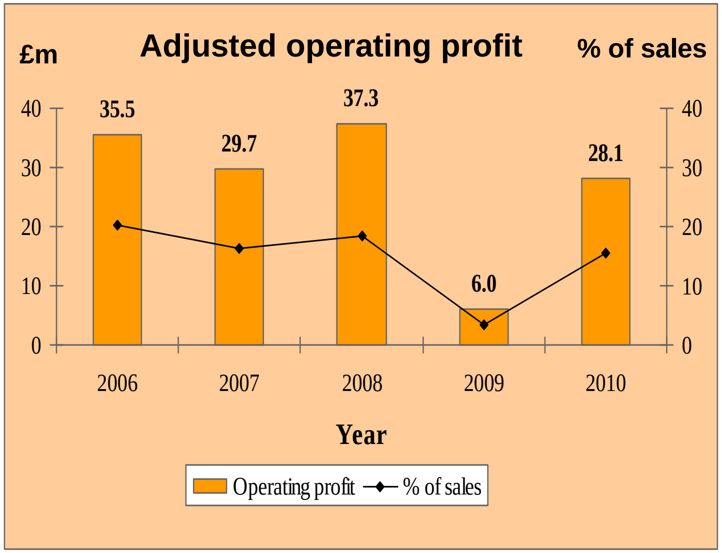
Profit and loss account

- **Administrative expenses:**
  - 2009 included £1.4m legal costs relating to previous patent infringement case in USA.
  - Costs increased by £0.1m due to different exchange rates relative to the previous year
- **Currency effects on profit**
  - Profit benefitted by £6.8m, when comparing current year's results at previous year's exchange rates
- **Adjusted operating profit segmental split:**

	2010	2009
•Metrology	£31.5m	£10.3m
•Healthcare	£(3.4)m	£(4.3)m

Notes

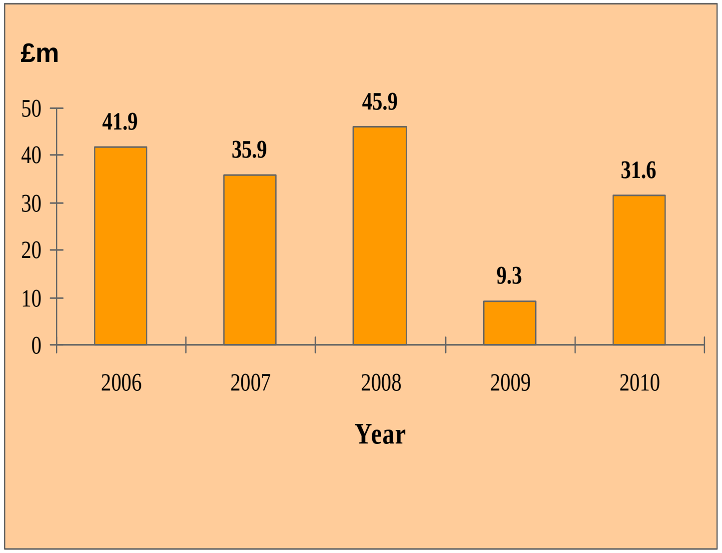




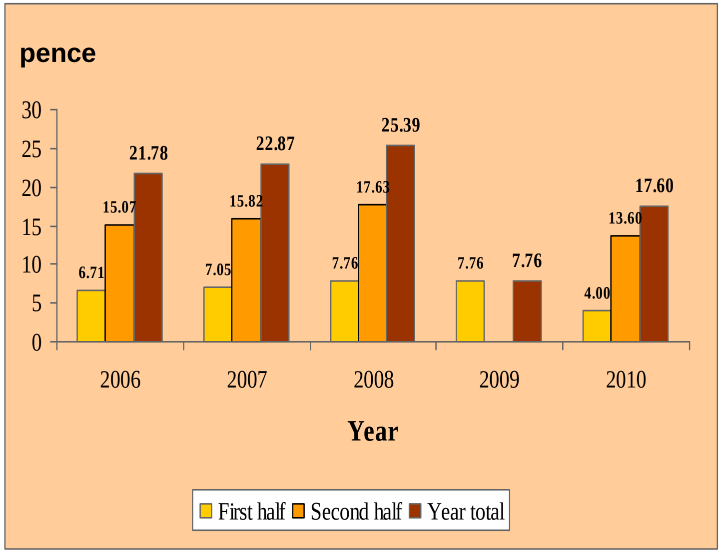
RENISHAW
apply innovation™

Profit and loss account

Adjusted earnings per share



Dividend per share



Year	2006	2007	2008	2009	2010
Dividend increase for full year	+10%	+5%	+11%	-69%	+127%
Full year dividend cover	1.9	1.6*	1.8*	1.2*	1.8*

* Excluding exceptional items

Notes

RENISHAW apply innovation™

Expense cost control

Expenses management controls

- **Headcount and labour**
  - Voluntary 20% pay reduction reinstated with effect from late September 2009 onwards and special bonus provided at year-end to cover reimbursement of July to September reduction
  - Total labour cost for the year of £78.5m, 2% down on previous year of £80.0m
  - Headcount at the year-end was 2,099, up 256 from 1,843 at June 2009. Headcount movements were:

	June 2008	additions	redundancies	June 2009	additions	June 2010
UK	1,463	+46	-316	1,193	+165	1,358
Overseas	688	+83	-121	650	+91	741
Total	2,151	+129	-437	1,843	+256	2,099

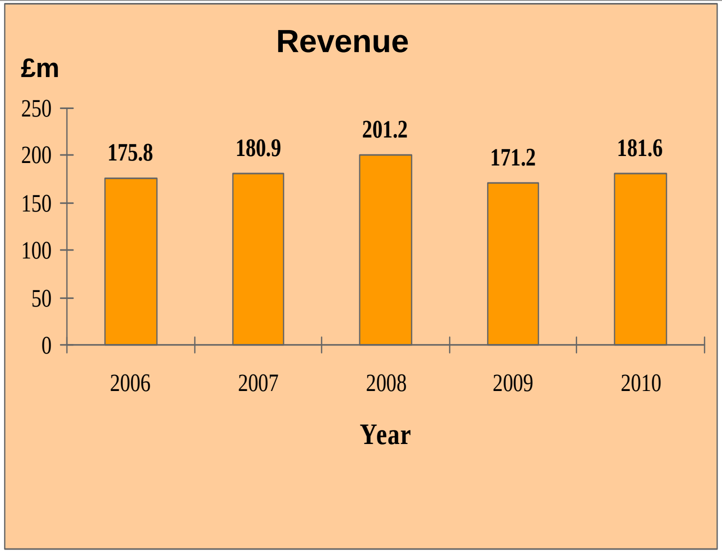
- **Overhead cost control**
  - All fixed costs continuing to be closely monitored
  - £10m reduction in other overhead expenditure compared with the previous year

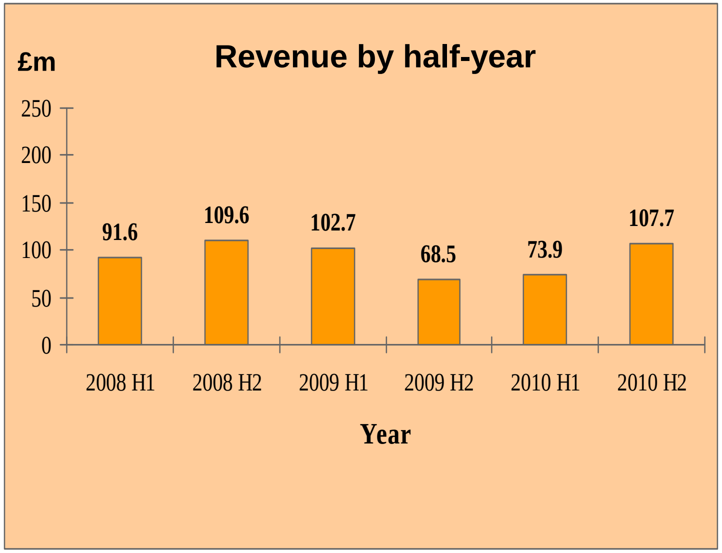
Notes

Revenue analysis

- Revenue up 6% at actual exchange rates and up 1% at previous year's exchange rates
- Revenue favourably affected by £8.1m when compared with the previous year's exchange rates
- Segmental analysis

	2010	2009	change
	£m	£m	%
• Metrology	162.1	152.9	+6%
• Healthcare	19.5	18.3	+6%





Notes

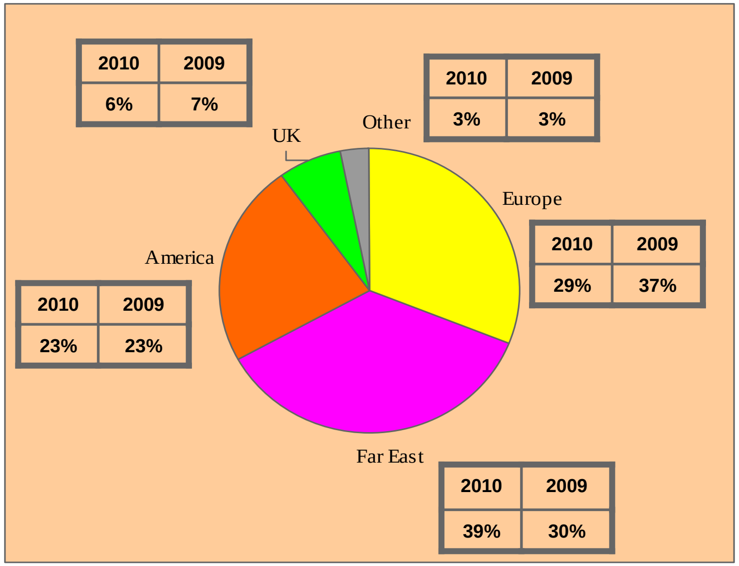
RENISHAW apply innovation™

Revenue analysis

•Changes in geographic areas:

	At act fx	At p/y fx
•Far East	+37%	+27%
•Americas	+3%	-2%
•UK	-5%	-5%
•Europe	-18%	-19%

Revenue by region



Notes

RENISHAW
apply innovation™

Group revenue

	2010 £m	2009 £m	change %	at p/y fx £m	change %	favourable fx (£m)	
Far East	**71.1**	52.0	+37%	**65.9**	+27%	5.2	JPY/USD
Continental Europe	**52.1**	63.2	-18%	**51.3**	-19%	0.8	EUR
America (North & South)	**41.5**	40.1	+3%	**39.4**	-2%	2.1	USD
UK	**10.6**	11.2	-5%	**10.6**	-5%		
ROW	**6.3**	4.7	+34%	**6.3**	+34%		
Total	**181.6**	171.2	+6%	**173.5**	+1%	8.1	

Average fx rates

	2010	2009
USD	1.58	1.60
JPY	143	159
EUR	1.14	1.17

Average forward rates

	2010	2009
USD	1.69	1.70
JPY	155	167
EUR	1.31	1.33

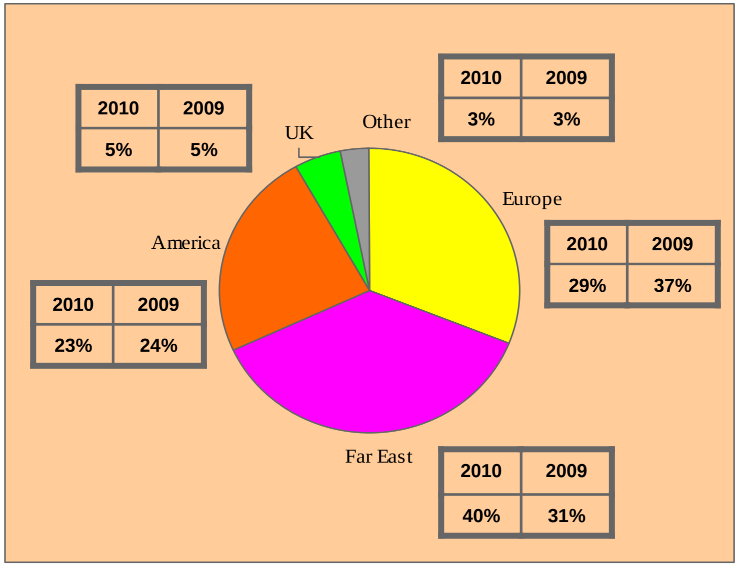
Notes

RENISHAW apply innovation™

Group revenue - Metrology

	2010 £m	2009 £m	change %
Far East	**64.2**	47.5	+35%
Continental Europe	**46.9**	57.0	-18%
America (North & South)	**38.0**	36.4	+4%
UK	**8.0**	8.0	-
ROW	**5.0**	4.0	+25%
Total	**162.1**	152.9	+6%

Revenue by region



Notes

apply innovation™

New product releases - Metrology

QC20-W Wireless ballbar

OLP40 and RLP40 lathe probes

RMP40 compact radio transmission spindle probe

OMM-2 and OSI modulated transmission dual receiver interface system for machine tool systems

RMP40 lathe probe module and with LP2 probe attached

Notes

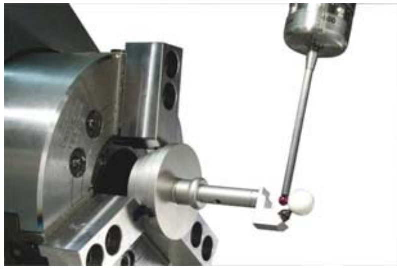
RENISHAW
apply innovation™

New product releases - Metrology

HPGA high precision arm for grinding applications

Axiset™ Check-up (and on machine)

UCCsuite V4.3 Software Release, providing improved REVO capability.



Axiset™ Calibrator (and on machine)

PH20 probe head

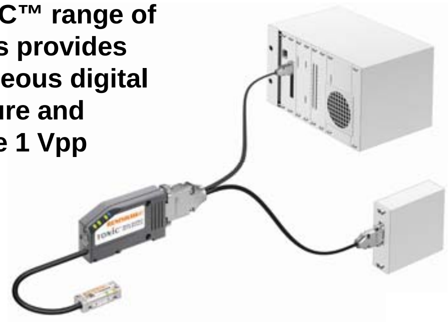
New PH10 with improved repeatability Specification and modern Aquablast look.

New SM25-5 module to enable use of larger crank/star styli configurations

Notes

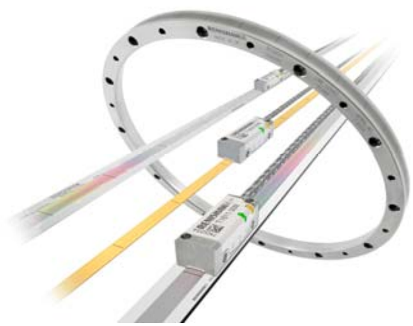
New product releases - Metrology

Dual output interface for TONiC™ range of encoders provides simultaneous digital quadrature and analogue 1 Vpp signals



DSi dual signal interface for TONiC™ offers better than ±1 arc second total installed accuracy

TONiC™ UHV (ultra-high vacuum) encoder system



TONiC™ with 1 nm resolution and ultra-low noise

TONiC™ switchable resolutions allows users to switch between two digital resolutions on the fly

TONiC™ 12000 dpi for printing applications

FANUC

BiSS INTERFACE

RESOLUTE™ absolute encoder with FANUC serial communications

RESOLUTE™ absolute encoder with *BiSS* ® 'open' protocol communications

Notes

Metrology awards

•At the prestigious MWP Awards Dinner held in Birmingham, UK, on 8th June 2010, Renishaw plc was honoured with two awards for product excellence. The awards, which are often referred to as the UK metalworking industry’s ‘Oscars’, were achieved against strong competition, with entry open to any worldwide manufacturer with a UK representative.

- •In the category of 'Best Production Management Software/System', Renishaw’s Productivity+™ and CNC Reporter process control software was judged outright winner, whilst in the category ‘Best Service and Support’, sponsored by Kasto, the company’s CMM Retrofit Service was a joint winner with Haas Automation.

•At the 10th Supplier award day organised by Gildemeister AG in Pfronten, Germany, Renishaw received the Supplier of the Year 2009 award in the “Innovation” category.

•Revo® five-axis measuring system for CMMs - the Platinum Award for the Most Innovative Product at the ENGIMACH 2010 exhibition held in Gujurat, India.

•Revo® - best product at the Industria exhibition in Hungary

MWP awards

Gildemeister award

Revo® measuring system

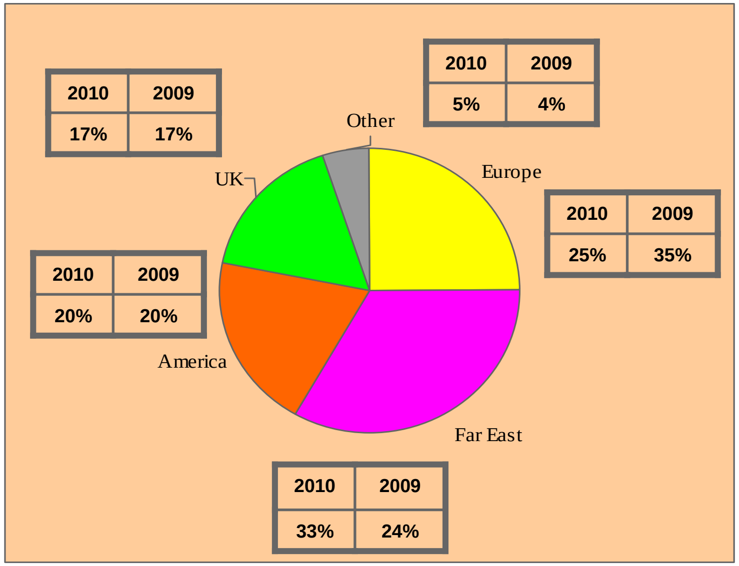
Notes

RENISHAW
apply innovation™

Group revenue - Healthcare

	2010 £m	2009 £m	**change %**
Far East	**6.8**	4.5	+51%
Continental Europe	**5.3**	6.4	-17%
America (North & South)	**3.5**	3.6	-3%
UK	**2.6**	3.2	-19%
ROW	**1.3**	0.7	+86%
Total	**19.5**	18.4	+6%

Revenue by region



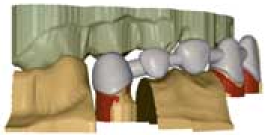
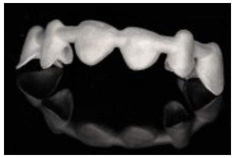
Notes

RENISHAW
apply innovation™

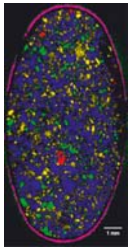
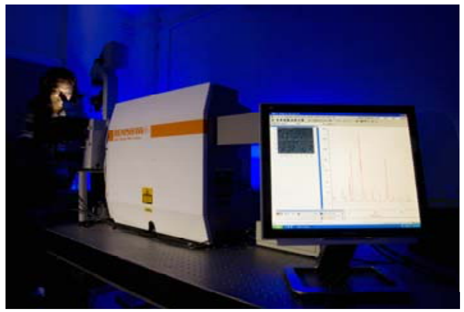
Investments - Healthcare

- **Healthcare investment**
    - Further investment (£1.1m) in Renishaw Diagnostics Limited (formerly D3 Technologies Limited), which specialises in the development, manufacture and distribution of molecular diagnostics and surface enhanced Raman spectroscopy products, bringing the shareholding up to 84.8% (from 75%)

- **Healthcare investment focus**
    - Dental – scanning and milling of frameworks for crowns and bridges
    - Neurological – neurosurgical applications, such as deep brain stimulation
    - Spectroscopy – investigating techniques of non-destructive testing of samples to help in the analysis of cells, medicinal tablet mapping, molecular diagnostics and DNA analysis



Notes

Dental developments

•collaboration with Biomet *3i*, an industry leader in implant dentistry and a subsidiary of Biomet, Inc., to offer comprehensive digital solutions to dental professionals and patients worldwide.

- These digital solutions offered by Renishaw and Biomet *3i* include:
  - *3i incise* Copings and Frameworks;
  - Renishaw contact scanners;
  - *3i incise* CAD software; and
  - Renishaw in-lab milling machines

- Clinicians can now offer patients *3i incise* Copings and Frameworks in Zirconia and, in Europe, Cobalt Chrome

3i® incise™

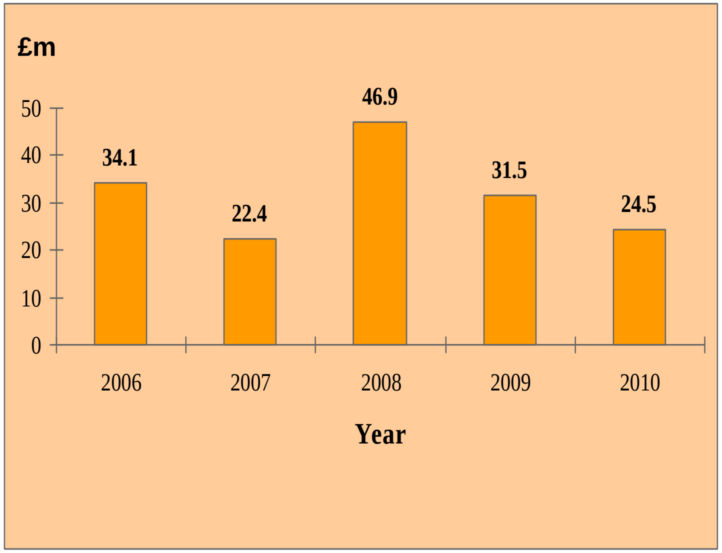
Notes

RENISHAW apply innovation™

Cash flow from operating activities

	2010 £m	2009 £m
Profit before tax	**27.1**	4.7
Depreciation & amortisation	**14.5**	14.8
Financial income & expenses	**(0.2)**	(2.5)
Share of profits from associates	**(0.5)**	(0.3)
Loss/(profit) on assets sales	**-**	0.1
Impairment write-down	**1.7**	-
(Increase)/decrease in stock	**(1.7)**	5.1
(Increase)/decrease in debtors	**(21.3)**	28.2
Increase/(decrease) in creditors	**10.6**	(12.2)
Total movement in working capital	**(12.4)**	21.1
Income taxes paid	**(5.7)**	(6.4)
Cash from operating activities	**24.5**	31.5

Cash from operating activities



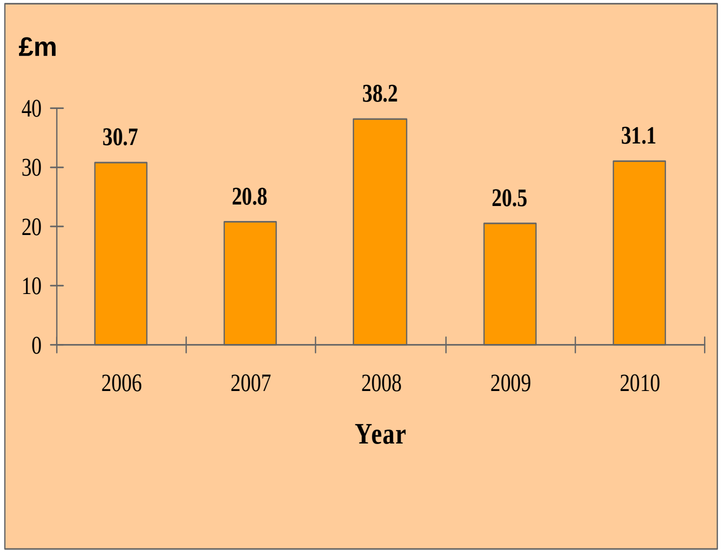
Notes

RENISHAW
apply innovation™

Cash flow

	2010 £m	2009 £m
Cash from operating activities	**24.5**	31.5
Interest received less paid	**0.1**	0.9
Dividends paid	**(2.9)**	(15.6)
Fixed assets purchased (net)	**(2.7)**	(10.8)
Intangible assets acquired	**(0.2)**	(7.5)
Development costs capitalised	**(7.0)**	(6.6)
Investments in associates	**(0.1)**	(0.4)
Net cash flow	**11.7**	(8.5)
Cash at 1st July	**20.5**	38.2
Effect of exchange rate changes	**(1.1)**	(9.2)
Cash at 30th June	**31.1**	20.5

Bank balance



Notes

RENISHAW apply innovation™

Balance sheet

	June 2010 £m	June 2009 £m	change %
Property, plant & equipment	**70.5**	73.6	-4%
Intangible assets & investments	**33.8**	34.8	-3%
Deferred tax assets	**20.1**	14.1	+43%
Derivatives	**4.0**	4.0	-
Total non-current assets	**128.4**	126.5	+1%
Inventory	**30.9**	29.2	+6%
Debtors	**53.6**	30.0	+79%
Cash	**31.1**	20.5	+52%
Creditors (current)	**(29.9)**	(21.5)	+39%
Current assets less current liabilities	**85.7**	58.2	+47%
Deferred tax liability	**(15.4)**	(10.6)	+45%
Pension liability	**(37.3)**	(22.5)	+66%
Other payables	**(2.8)**	(7.8)	-64%
Net assets	**158.6**	143.8	+10%

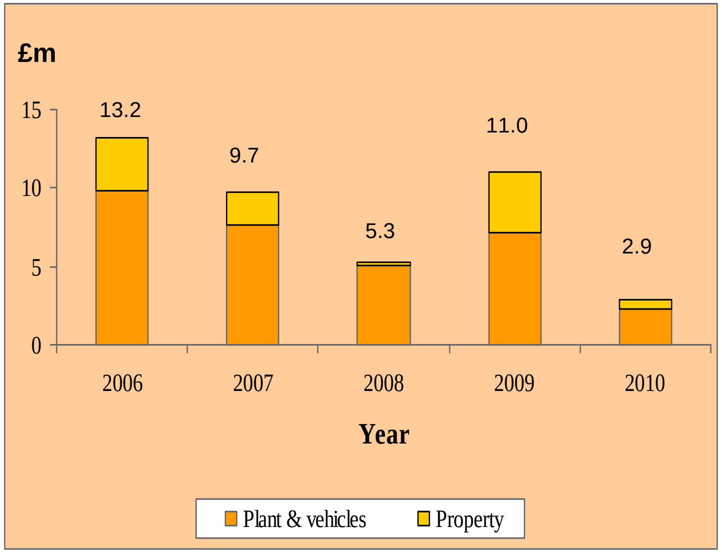
•Debtor days at June 2010 were 60 days compared with 69 at June 2009

Notes

Capital expenditure and Investments

- Total capital spend £2.9m (2009 £11.0m), of which £0.6 was on property, £1.8m on plant and £0.5m on vehicles
- Property additions – India expansion
- Future commitments –
    - Completion of expanded India production facility (total cost £3m)
    - Refurbishment of newly-acquired building at Charfield, near New Mills, UK (£1.8m)

Capital expenditure



Notes