For immediate release **9 June 2015**

GOOCH & HOUSEGO PLC

INTERIM REPORT FOR THE SIX MONTHS ENDED 31 MARCH 2015

Gooch & Housego PLC (AIM:GHH) ("Gooch & Housego", "G&H", the "Company" or the "Group"), the specialist manufacturer of optical components and systems, today announces its interim results for the six months ended 31 March 2015.

Financial Highlights

Period ended 31 March	HY2015	HY2014	Change
Revenue	**£38.9m**	**£34.4m**	**13.1%**
Adjusted profit before tax[1]	**£6.3m**	**£5.1m**	**23.5%**
Adjusted basic earnings per share [1]	**19.3p**	**15.9p**	**21.4%**
Interim dividend per share	**3.0p**	**2.6p**	**15.4%**
Net cash	**£11.9m**	**£2.3m**	**£9.6m**
Statutory profit before tax	**£5.1m**	**£3.7m**	**37.8%**
Basic earnings per share	**15.6p**	**11.0p**	**41.8%**

[1] Adjusted for amortisation of acquired intangible assets, site closure costs, the impairment of goodwill and the gain on bargain purchase in relation to Spanoptic Limited.

Highlights

- Strong performance from industrial laser and telecommunications products
- Adjusted profit before tax up 23.5% from £5.1m to £6.3m
- Investment in R&D up 10%
- Melbourne site closure completed and products transferred to other G&H sites
- Net cash of £11.9 million at period end (2014: £2.3 million)
- Solid order book of £34.6 million, up 5.8% since 30 September 2014
- Performance improvement initiatives launched across G&H
- Interim dividend increased by 15% to 3.0p

Mark Webster, *Chief Executive of Gooch & Housego PLC, commented on the results:*

"Gooch & Housego has performed well in the first six months of the financial year against a background of generally improving market conditions. We remain focused on delivering our financial goals through our twin strategies of diversification and moving up the value chain. The new management team has put in place a performance improvement programme prioritising operational excellence, business development and R&D; it is progressing well and will help underpin future performance."

For further information please contact:

Gooch & Housego PLC	Mark Webster / Andrew Boteler	01460 256 440
Buchanan	Mark Court / Gabriella Clinkard	020 7466 5000
Investec Bank plc (Nomad & Broker)	Patrick Robb / David Anderson	020 7597 4000

Gooch & Housego
ENABLING PHOTONIC TECHNOLOGIES

Operating and Financial Review

Performance Overview

In the six months to 31 March 2015, the business has once again delivered sales growth and improving margins driven by a strong performance in our Industrial division. In turn this has meant that profit growth is strong for the period. Net cash has grown from £8.7 million at the year end to £11.9 million as at 31 March 2015, in a six month period that has also seen Gooch & Housego invest in inventory ahead of the scheduled Palo Alto facility move to nearby Fremont and complete the closure of its Melbourne facility. Our strong balance sheet underpins the increase in our interim dividend by 15% and also reflects our confidence in the business.

REVENUE Six months ended 31 March	**2015**		2014	
	£'000	**% of total**	£'000	% of total
Industrial	**22,313**	**57%**	18,917	55%
Aerospace and Defence	**10,314**	**27%**	10,218	30%
Life Sciences	**4,317**	**11%**	3,608	10%
Scientific Research	**2,001**	**5%**	1,679	5%
Group Revenue	**38,945**	**100%**	34,422	100%

Group revenue for the half year was £38.9 million, an increase of £4.5 million, or 13% over the comparative period last year. On a constant currency basis revenue was 10% higher.

In our Industrial segment, revenue was 18% up on the corresponding period last year. This has been driven by strong demand for both solid state and fibre optic lasers to service micro-electronic materials processing applications. Telecommunications has been the other major growth driver in industrials, with crystal production for modulation systems being supplemented by a surge in demand for under-sea telecommunications components.

Aerospace & Defence revenue was flat, following strong growth in recent years and continued strong sales of sub-assemblies for defence applications. Whilst sales of navigation components for the civil aerospace market remain buoyant, cost and price pressures have reduced margins for this particular product. We continue to remain optimistic about the growth potential for our core capabilities in this sector.

Life Sciences revenues were up 20% compared with the same period last year, driven mainly by an increase in demand for components for laser surgery and laser treatment applications.

The Scientific Research market performed well in the period, up 19%, albeit from a low comparison base. This was driven by demand for specialised crystal material used in nuclear fusion research.

Order intake in the first half of the year has been encouraging. The order book at 31 March 2015 was £34.6 million and the Company has booked £39.7 million in orders since 1 October 2014.

RECONCILIATION OF ADJUSTED PERFORMANCE MEASURES

	Operating Profit		Net finance costs		Taxation		Earnings per share	
Half Year to 31 March	**2015** **£000**	2014 £000	**2015** **£000**	2014 £000	**2015** **£000**	2014 £000	**2015** **pence**	2014 pence
Reported	**5,248**	3,956	**(148)**	(293)	**(1,363)**	(1,031)	**15.6**	11.0
Amortisation of acquired intangible assets	**802**	775	**-**	-	**(209)**	(221)	**2.5**	2.3
Gain on bargain purchase	**-**	(1,039)	**-**	-	**-**	-	**-**	(4.4)
Impairment of goodwill	**-**	1,538	**-**	-	**-**	-	**-**	6.5
Restructuring costs	**417**	172	**-**	-	**(108)**	(58)	**1.2**	0.5
Adjusted	**6,467**	5,402	**(148)**	**(293)**	**(1,680)**	(1,310)	**19.3**	15.9

Adjusted profit before tax was £6.3 million, up 24% on the prior year (H1 2014: £5.1 million). This reflects the increased volume, particularly in the Industrial and Life Sciences markets.

Operational and Strategy Review

Products and Markets – Industrial

Gooch & Housego's principal industrial markets are industrial lasers, telecommunications, metrology, sensing and semiconductor manufacturing. Industrial lasers are used in a diverse range of precision material processing applications ranging from microelectronics to automotive.

Business in our industrial laser market was excellent in the first six months of the year, underpinned by good demand for our acousto-optic components for fibre lasers and solid state lasers. Sales of products into the industrial laser market in the six months to 31 March 2015, were 18% higher compared with the equivalent period last year.

The industrial laser market is continuing to evolve and grow, driven by the success of the fibre laser. Gooch & Housego anticipated these changes with the development of a family of products for fibre laser applications, including the Fibre-Q, with the result that the Company is now benefitting from these market trends. Recent innovations have enabled Gooch & Housego to keep up with the demanding requirements of this cost sensitive application, paving the way for greater market penetration. In other applications, most notably fibre-optic sensing, the Fibre-Q is proving to be a key enabling technology that is now being deployed by a number of our customers.

Whilst sales of products for fibre laser applications have been growing steadily, demand for the traditional acousto-optic Q-switch products remained solid, sales of which represented just 9% of our total business during the period under review. A consequence of these market dynamics is a consolidation in the variety of acousto-optic products required to meet customer needs. In response to these changes, and as a result of the steady improvements in productivity, the decision was made in 2014 to close the Melbourne, Florida, operation and to transfer the business to the Company's Ilminster, UK, and Palo Alto, California, facilities. This process is now complete. All product lines have now been transferred, the site has been closed and the property sold. The closure of the Melbourne site entailed a cash cost of $0.8 million and is expected to deliver annual cash savings of $1.0 million.

In telecommunications, sales of lithium niobate wafers for modulation applications continue to be a strong market. In 2015 this has been supplemented by strong demand for fibre optic components for under-sea telecommunications applications. As a result, the telecommunications market segment increased by 38% compared with the equivalent period last year.

Products and Markets – Aerospace and Defence

The Aerospace & Defence market for Gooch & Housego is characterised by high-value, long-term programmes involving the main US and European defence contractors. During the first six months of 2015, the Company has consolidated its position in the Aerospace & Defence market. Gooch & Housego's precision optics and acousto-optic technologies have contributed most to the Aerospace & Defence markets in the last six months, with navigation, range finding and target designation being the principal applications.

This sector was flat for Gooch and Housego during the first six months. With greater certainty and visibility on the US Defence budget and the adoption of technologies which play to Gooch & Housego's core capabilities, we believe there is strong growth potential for us going forward. Investment in this area has taken place.

Products and Markets – Life Sciences

Gooch & Housego's three principal Life Sciences revenue streams are derived from diagnostics (fibre-optic modules for optical coherence tomography (OCT) applications), surgery / treatments (electro-optics and acousto-optics for lasers) and biomedical research (acousto-optics for microscopy applications). In each application area the Company is making steady progress in moving up the value chain and is currently selling sub-systems as well as components to several larger customers.

This market sector grew by 20% in the six months to 31 March 2015, compared with the equivalent period last year, driven mainly by an increase in demand for components for laser surgery and laser treatment applications.

The principal commercial application of OCT systems is retinal imaging, and Gooch & Housego continues to be the leading provider of fibre optic solutions (products and design services) to this industry. Gooch & Housego considers OCT to be a growth technology and is investing both in the development of new products and in keeping its current products cost competitive.

Products and Markets – Scientific Research

The key application in Scientific Research is laser inertial confinement fusion ("laser fusion"), where lasers are used to create the conditions found in the core of a star. In addition to pure research in high energy and plasma physics, these vast laser systems are being used to investigate whether this technology could provide clean, carbon-free energy to reduce dependency on fossil fuels. Gooch & Housego is continuing to supply crystals for new system construction and expects ongoing business to service replacement and maintenance requirements.

Strategy

Gooch & Housego has developed, and measures itself, on a set of strategies to deliver long term, sustainable growth for its shareholders. These can be categorised into two broad pillars: "Diversification" and, "Moving up the Value Chain". In seeking to achieve its strategic goals management evaluates these long term opportunities through short term strategies including investment in R&D to deliver organic growth, acquisitions, market focused business development and strategic partnerships.

R&D: In the first six months of the current financial year, Gooch & Housego invested £3.2 million in research & development. This represents 8.2% of revenue and is 10% higher than the same period last year (2014: £2.9m).

Diversification: Gooch & Housego seeks to develop, through R&D and acquisition, a presence in new markets that offer the potential for significant growth as a result of their adoption of photonic technology, whilst also reducing exposure to cyclicality in any particular sector. In the current period Gooch & Housego has grown its business in its core Industrial and Life Sciences markets. Moreover, the business has continued to invest in its quality systems and business development in order to strengthen its position in these markets in the future.

Moving up the Value Chain: Gooch & Housego seeks to move up the value chain to more complex sub-assemblies and systems through leveraging its excellence in materials and components, and by providing photonic design and engineering solutions for our customers. This will enable Gooch & Housego to transition from a components supplier to a solutions provider. A significant proportion of our business in the Aerospace & Defence market now comes from the sale of sub-systems rather than discrete components.

As well as continuing to develop a leadership position in space photonics, the STG is actively engaged in near-market developments in OCT, fibre lasers and fibre optic sensing as the Company leverages its components expertise to move up the value chain into systems.

Performance Improvement Programme

In addition to its two core strategies, in 2015 the business has identified three areas of focus as part of a performance improvement programme. These are: a) ensuring a consistent level of operational excellence across all sites, b) developing deeper ties with key target customers and c) ensuring we have a balanced R&D portfolio that meets the business's strategic goals. As part of this initiative the Company is in the process of moving its Palo Alto site to nearby Fremont, which will provide improved facilities and room for further growth. The transfer is expected to be completed by the end of the financial year giving rise to a non-recurring cost of £0.9m.

Acquisitions

Gooch & Housego will continue to evaluate acquisition opportunities that have the potential to accelerate delivery of the Company's strategic objectives. Having established a presence in its target markets, Gooch & Housego is now focussing on moving up the value chain in each of those markets. Whilst the business will continue to evaluate bolt on businesses in our core component technologies, continued strong focus is being placed on acquisition opportunities that enhance the Company's ability to wrap electronics and software around core photonic products to yield system-level solutions.

Cash Flow and Financing

In the six months to 31 March 2015 Gooch & Housego generated cash from operations of £5.8 million, compared with £4.9 million in the same period of 2014. 2015 operating cash flows include a net cash outflow of £0.5 million relating to the closure of the Company's Melbourne, Florida, facility.

As part of the preparations for moving its Palo Alto site to nearby Fremont, the business is currently building inventory levels to satisfy expected customer requirements while the new facility is brought on line. The planned inventory build, together with the impact of exchange rates and positive trading patterns, have resulted in inventory levels increasing by £1.6 million to £16.3 million since the year end. It is expected that some of this additional inventory holding will unwind by the financial year end. Capital expenditure on property, plant and equipment was £1.1 million in the period (2014: £0.9 million). The main fixed asset additions were in relation to expanding our Torquay facilities and equipment to accommodate the Systems Technology Group.

Since 30 September 2014, the Company's net cash position has increased from £8.7 million to £11.9 million. On 14 November 2014, the Company re-financed its debt facilities with the Royal Bank of Scotland (RBS). Gooch & Housego now has a committed revolving credit facility of $15 million and an uncommitted flexible acquisition facility of $20 million available until 30 April 2019. Upon inception of the new facility, all existing RBS borrowings were repaid. At 31 March 2015, $8 million of the revolving credit facility was drawn.

Staff

The Company workforce increased from 644 at 30 September 2014 to 664 at the end of March 2015. This increase was largely due to recruitment of staff to support the Company's growth strategy.

Dividends

The Directors have declared an interim dividend of 3.0p per share (2014 : 2.6p per share), a 15.4% increase on the prior period, which is reflective of the Directors' confidence in the Company's long term growth prospects, strong balance sheet and healthy cash position. This will be payable on 20 July 2015 to shareholders on the register as at 26 June 2015.

Prospects and outlook

Against a background of positive market conditions Gooch & Housego is well placed to deliver continued growth in FY15 and beyond, through our twin strategies of diversification and moving up the value chain. These strategies will be supplemented by the performance improvement programme aimed at driving operational excellence, developing deeper ties with key customers and ensuring we have a balanced R&D portfolio. Finally, the business has the financial and management capacity to execute on acquisition opportunities as they arise.

Gareth Jones	**Mark Webster**	**Andrew Boteler**
Chairman	**Chief Executive Officer**	**Chief Financial Officer**

9 June 2015

Gooch & Housego
ENABLING PHOTONIC TECHNOLOGIES

Unaudited interim results for the 6 months ended 31 March 2015

Group Income Statement

	Note	**Half Year to 31 Mar 2015 (Unaudited)**	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
		£'000	£'000	£'000
Revenue	5	38,945	34,422	70,056
Cost of revenue		(23,385)	(20,960)	(41,706)
Gross profit		15,560	13,462	28,350
Research and Development		(2,921)	(2,577)	(5,160)
Sales and Marketing		(2,687)	(2,301)	(4,498)
Administration		(5,723)	(5,179)	(10,026)
Other income and expenses		1,019	551	(271)
Operating profit	5	5,248	3,956	8,395
Net finance costs		(148)	(293)	(514)
Profit before income tax expense		5,100	3,663	7,881
Income tax expense	6	(1,363)	(1,031)	(2,482)
Profit for the period		3,737	2,632	5,399
Earnings per share	7	15.6p	11.0p	22.5p

Reconciliation of operating profit to adjusted operating profit:

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
Operating profit	5,248	3,956	8,395
Amortisation of acquired intangible assets	802	775	1,525
Restructuring costs	417	172	1,555
Gain on bargain purchase: Spanoptic Limited	-	(1,039)	(1,039)
Impairment of goodwill (including CDI closure)	-	1,538	1,538
Adjusted operating profit	6,467	5,402	11,974

Group Statement of Comprehensive Income

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
Profit for the period	3,737	2,632	5,399
Other comprehensive income			
Fair value adjustment of interest rate swap net of tax	16	5	58
Currency translation difference	2,871	(837)	90
Other comprehensive income / (expense) for the period	2,887	(832)	148
Total comprehensive income for the period	6,624	**1,800**	**5,547**

Unaudited interim results for the 6 months ended 31 March 2015

Group Balance Sheet

	31 Mar 2015 (Unaudited)	31 Mar 2014 (Unaudited)	30 Sep 2014 (Audited)
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	24,031	24,339	24,140
Intangible assets	21,312	20,697	20,668
Deferred income tax assets	2,797	3,462	3,114
	48,140	**48,498**	**47,922**
Current assets			
Inventories	16,304	13,976	14,663
Income tax assets	401	508	487
Trade and other receivables	15,690	14,106	13,005
Cash and cash equivalents	17,240	12,016	17,094
	49,635	**40,606**	**45,249**
Current liabilities			
Trade and other payables	(13,591)	(9,929)	(11,829)
Borrowings	(5,349)	(7,972)	(8,048)
Income tax liabilities	(96)	(131)	(244)
Provision for other liabilities and charges	(389)	(272)	(447)
	(19,425)	**(18,304)**	**(20,568)**
Net current assets	**30,210**	**22,302**	**24,681**
Non-current liabilities			
Borrowings	-	(1,698)	(360)
Deferred income tax liabilities	(2,478)	(2,536)	(2,306)
Derivative financial instruments	-	(32)	-
	(2,478)	**(4,266)**	**(2,666)**
Net assets	**75,872**	**66,534**	**69,937**
Shareholders' equity			
Called up share capital	4,812	4,760	4,774
Share premium account	15,515	15,420	15,420
Merger reserve	2,671	2,671	2,671
Hedging reserve	(5)	(74)	(21)
Cumulative translation reserve	2,101	(1,697)	(770)
Retained earnings	50,778	45,454	47,863
Equity Shareholders' Funds	**75,872**	**66,534**	**69,937**

Unaudited interim results for the 6 months ended 31 March 2015

Statement of Changes in Equity

	Share capital account £000	Share premium account £000	Merger reserve £000	Hedging reserve £000	Retained earnings £000	**Total equity £000**
At 1 October 2013	**4,620**	**15,213**	**2,671**	**(79)**	**42,514**	**64,939**
Profit for the period	**-**	**-**	**-**	**-**	**2,632**	**2,632**
Other comprehensive income for the period	**-**	**-**	**-**	5	(837)	**(832)**
Total comprehensive income for the period	**-**	**-**	**-**	5	1,795	**1,800**
Dividends	**-**	**-**	**-**	**-**	**(950)**	**(950)**
Proceeds from shares issued	**140**	**207**	**-**	**-**	**(120)**	**227**
Fair value of employee services	**-**	**-**	**-**	**-**	122	**122**
Tax credit relating to share option schemes	**-**	**-**	**-**	**-**	396	**396**
	140	207	-	-	(552)	**(205)**
At 31 March 2014 (unaudited)	**4,760**	**15,420**	**2,671**	**(74)**	**43,757**	**66,534**
At 1 October 2014	**4,774**	**15,420**	**2,671**	**(21)**	**47,093**	**69,937**
Profit for the period	**-**	**-**	**-**	**-**	**3,737**	**3,737**
Other comprehensive income for the period	**-**	**-**	**-**	16	2,871	**2,887**
Total comprehensive income for the period	**-**	**-**	**-**	16	6,608	**6,624**
Dividends	**-**	**-**	**-**	**-**	**(1,101)**	**(1,101)**
Proceeds from shares issued	**38**	**95**	**-**	**-**	**(35)**	**98**
Fair value of employee services	**-**	**-**	**-**	**-**	220	**220**
Tax credit relating to share option schemes	**-**	**-**	**-**	**-**	94	**94**
	38	95	-	-	(822)	(689)
At 31 March 2015 (unaudited)	**4,812**	**15,515**	**2,671**	**(5)**	**52,879**	**75,872**

Unaudited interim results for the 6 months ended 31 March 2015

Group Cash Flow Statement

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	5,771	4,905	15,298
Income tax paid	(692)	(582)	(1,625)
Net cash generated from operating activities	**5,079**	**4,323**	**13,673**
Cash flows from investing activities			
Acquisition of subsidiaries (net of cash acquired)	-	(5,532)	(5,532)
Purchase of property, plant and equipment	(1,090)	(853)	(1,909)
Sale of property, plant and equipment	631	88	26
Purchase of intangible assets	(337)	(74)	(852)
Interest received	11	3	8
Net cash used in investing activities	**(785)**	**(6,368)**	**(8,259)**
Cash flows from financing activities			
Drawdown of acquisition borrowing facility	5,168	4,971	4,832
Repayment of borrowings	(8,731)	(1,704)	(3,196)
Proceeds from issues of share capital	98	123	105
Dividends paid to ordinary shareholders	(1,101)	(950)	(1,569)
Interest paid	(178)	(230)	(569)
Net cash (used in) / generated by financing activities	**(4,744)**	**2,210**	**(397)**
Net (decrease) / increase in cash	**(450)**	**165**	**5,017**
Cash at beginning of the period	**17,094**	**12,088**	**12,088**
Exchange gains / (losses) on cash	596	(237)	(11)
Cash at the end of the period	**17,240**	**12,016**	**17,094**

Notes to the Group Cash Flow Statement

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
Profit before income tax	**5,100**	**3,663**	7,881
Adjustments for:			
- Amortisation of acquired intangible assets	802	775	1,525
- Impairment of goodwill	-	1,538	1,538
- Gain on bargain purchase: Spanoptic Limited	-	(1,039)	(1,039)
- Amortisation of other intangible assets	88	79	164
- Depreciation	1,355	1,227	2,644
- Profit on disposal of property, plant and equipment	-	25	21
- Share based payment obligations	220	122	361
- Finance income	(11)	(3)	(8)
- Finance costs	159	296	522
Total adjustments	**2,613**	**3,020**	5,728
Changes in working capital			
- Inventories	(816)	(104)	(538)
- Trade and other receivables	(1,160)	493	2,097
- Trade and other payables	34	(2,167)	130
Total changes in working capital	**(1,942)**	**(1,778)**	1,689
Cash generated from operating activities	**5,771**	**4,905**	15,298

Reconciliation of net cash flow to movements in net cash

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
(Decrease) / increase in cash in the period	**(450)**	165	5,017
Borrowings	**(5,168)**	(4,971)	(4,832)
Repayment of borrowings	**8,731**	1,704	3,196
Changes in net cash resulting from cash flows	**3,113**	(3,102)	3,381
Finance leases acquired	**-**	(257)	(257)
Translation differences	**92**	(14)	(157)
Movement in net cash in the period / year	**3,205**	(3,373)	2,967
Net cash at start of period	**8,686**	5,719	5,719
Net cash at end of period	**11,891**	2,346	8,686

Gooch & Housego
ENABLING PHOTONIC TECHNOLOGIES

Analysis of net cash

	At 1 Oct 2014 £'000	Cash flow £'000	Exchange movement £'000	Non-cash movement £'000	At 31 Mar 2015 £'000
Cash at bank and in hand	**17,094**	(450)	596	-	**17,240**
Debt due within 1 year	**(7,992)**	3,193	(483)	-	**(5,282)**
Debt due after 1 year	**(320)**	341	(21)	-	**-**
Finance leases	**(96)**	29	-	-	**(67)**
Net cash	**8,686**	3,113	92	-	**11,891**

Notes to the Interim Report

1. Basis of Preparation

The unaudited Interim Report has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union.

The Interim Report was approved by the Board of Directors and the Audit Committee on 9 June 2015. The Interim Report does not constitute statutory financial statements within the meaning of the Companies Act 2006 and has not been audited.

Comparative figures in the Interim Report for the year ended 30 September 2014 have been taken from the Group's audited statutory financial statements on which the Group's auditors, PricewaterhouseCoopers LLP, expressed an unqualified opinion. The comparative figures to 31 March 2014 are unaudited.

The Interim Report will be announced to all shareholders on the London Stock Exchange and published on the Group's website on 9 June 2015. Copies will be available to members of the public upon application to the Company Secretary at Dowlish Ford, Ilminster, Somerset, TA19 0PF.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2014, as described in those financial statements.

2. Application of IFRS

Adoption of new standards

During the current reporting period there were no new standards or amendments which had a material impact on the net assets of the Group. In addition, standards or amendments issued but not yet effective are not expected to have a material impact on the net assets of the Group. However, the Group is closely monitoring the IASB projects on Contract Revenue recognition and the Lease accounting overhaul as they could potentially have a material impact on the Group's results.

3. Estimates

The preparation of interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2014.

4. Financial risk management

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 30 September 2014.

There have been no changes to the risk management policies since the year end.

5. Segmental analysis

For half year to 31 March 2015	Aerospace & Defence £'000	Life Sciences £'000	Industrial £'000	Scientific Research £'000	Corporate £'000	Total £'000
Revenue						
Total revenue	10,314	4,317	25,421	2,001	-	42,053
Inter and intra-division	-	-	(3,108)	-	-	(3,108)
External revenue	**10,314**	**4,317**	**22,313**	**2,001**	**-**	**38,945**
Divisional expenses	(8,993)	(3,598)	(16,716)	(1,556)	(589)	(31,452)
EBITDA[1]	**1,321**	**719**	**5,597**	**445**	**(589)**	**7,493**
EBITDA %	12.8%	16.7%	25.1%	22.2%	-	19.2%
Depreciation and Amortisation	(296)	(164)	(852)	(70)	(61)	(1,443)
Operating profit before amortisation of acquired intangible assets	**1,025**	**555**	**4,745**	**375**	**(650)**	**6,050**
Amortisation of acquired intangible assets	-	-	-	-	(802)	(802)
Operating profit	**1,025**	**555**	**4,745**	**375**	**(1,452)**	**5,248**
Operating profit margin %	9.9%	12.9%	21.3%	18.7%	-	13.5%

For half year to 31 March 2014	Aerospace & Defence £'000	Life Sciences £'000	Industrial £'000	Scientific Research £'000	Corporate £'000	Total £'000
Revenue						
Total revenue	10,218	3,608	20,935	1,679	-	36,440
Inter and intra-division	-	-	(2,018)	-	-	(2,018)
External revenue	**10,218**	**3,608**	**18,917**	**1,679**	**-**	**34,422**
Divisional expenses	(8,460)	(3,023)	(14,591)	(1,592)	(222)	(27,888)
EBITDA[1]	**1,758**	**585**	**4,326**	**87**	**(222)**	**6,534**
EBITDA %	17.2%	16.2%	22.9%	5.2%	-	19.0%
Depreciation and Amortisation	(286)	(129)	(765)	(45)	(79)	(1,304)
Operating profit before amortisation of acquired intangible assets and impairment of goodwill	**1,472**	**456**	**3,561**	**42**	**(301)**	**5,230**
Amortisation of acquired intangible assets and impairment of goodwill	-	-	-	-	(1,274)	(1,274)
Operating profit	**1,472**	**456**	**3,561**	**42**	**(1,575)**	**3,956**
Operating profit margin %	14.4%	12.6%	18.8%	2.5%	-	11.5%

[1]EBITDA = Earnings before interest, tax, depreciation and amortisation.
All of the amounts recorded are in respect of continuing operations.

5. Segmental analysis continued

Analysis of revenue by destination

	Half year to 31 Mar 2015 (Unaudited) £'000	Half year to 31 Mar 2014 (Unaudited) £'000
United Kingdom	7,400	6,807
America	17,144	14,604
Continental Europe	8,128	7,733
Asia-Pacific	6,273	5,278
	38,945	**34,422**

6. Income tax expense

Analysis of tax charge in the period

	Half Year to 31 Mar 2015 (Unaudited) £'000	Half Year to 31 Mar 2014 (Unaudited) £'000	Full Year to 30 Sep 2014 (Audited) £'000
Current taxation			
UK Corporation tax	562	526	1,446
Overseas tax	380	404	630
Adjustments in respect of prior year tax charge	-	-	(165)
Total current tax	942	930	1,911
Deferred tax			
Origination and reversal of temporary differences	421	101	49
Adjustments in respect of prior year deferred tax	-	-	504
Impact of tax rate change in 2013 to 20%	-	-	18
Total deferred tax	421	101	571
Income tax expense per income statement	**1,363**	**1,031**	2,482

The tax charge for the six months ended 30 March 2015 is based on the estimated effective rate of the tax for the Group for the full year to 30 September 2015. The estimated rate is applied to the profit before tax.

7. Earnings per share

The calculation of earnings per 20p Ordinary Share is based on the profit for the period using as a divisor the weighted average number of Ordinary Shares in issue during the period. The weighted average number of shares is given below.

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	No.	No.	No.
Number of shares used for basic earnings per share	**24,041,328**	23,864,426	23,984,536
Dilutive shares	**373,847**	125,595	213,581
Number of shares used for dilutive earnings per share	**24,415,175**	23,990,021	24,198,117

A reconciliation of the earnings used in the earnings per share calculation is set out below:

	Half Year to 31 Mar 2015 (Unaudited)		Half Year to 31 Mar 2014 (Unaudited)		Full Year to 30 Sep 2014 (Audited)	
	£'000	**p per share**	£'000	p per share	£'000	p per share
Basic earnings per share	3,737	15.6p	2,632	11.0p	5,399	22.5p
Adjustments net of income tax expense:						
Amortisation of acquired intangible assets	593	2.5p	554	2.3p	1,144	4.8p
Goodwill impairment	-	-	1,538	6.5p	1,538	6.4p
Gain on bargain purchase: Spanoptic Limited	-	-	(1,039)	(4.4)p	(1,039)	(4.3p)
Restructuring costs	309	1.2p	114	0.5p	1,467	6.2p
Total adjustments net of income tax expense	902	3.7p	1,167	4.9p	3,110	13.1p
Adjusted basic earnings per share	4,639	19.3p	3,799	15.9p	8,509	35.6p
Basic diluted earnings per share	3,737	15.3p	2,632	11.0p	5,399	22.3p
Adjusted diluted earnings per share	**4,639**	**19.1p**	**3,799**	**15.8p**	**8,509**	**35.2p**

Adjusted earnings per share before amortisation and adjustments has been shown because, in the opinion of the Directors, it more accurately reflects the trading performance of the Group.

8. Dividend

The Directors have declared an interim dividend of 3.0 pence per share for the half year ended 31 March 2015. This dividend has not been accounted for within the period to 31 March 2015 as it is yet to be paid.

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
Final 2014 dividend paid : 4.6p per share	**1,101**	-	-
2014 Interim dividend paid : 2.6p per share	**-**	-	619
Final 2013 dividend paid in 2014 : 4.0p per share	**-**	950	950
	1,101	950	1,569

9. Borrowings

The group's banking facilities with the Royal Bank of Scotland comprise a committed revolving credit facility of $15m and an uncommitted flexible acquisition facility of $20m both available until 30 April 2019.

The revolving credit facility attracts an interest rate of between 0.9% and 1.8% above LIBOR dependent upon the Company's leverage ratio.

10. Called up share capital

	2015	2014	**2015**	2014
	No.	No.	**£'000**	£'000
Allotted, issued and fully paid				
Ordinary share of 20p each	**24,062,036**	23,797,999	**4,812**	**4,760**

11. Derivative financial instruments

	Half Year to 31 Mar 2015 (Unaudited)	Half Year to 31 Mar 2014 (Unaudited)	Full Year to 30 Sep 2014 (Audited)
	£'000	£'000	£'000
Interest rate swap	**7**	**96**	**27**
Current liability portion	7	64	27
Non-current liability portion	-	32	-
	7	**96**	**27**

The notional principal amount of the outstanding interest swap contract at 31 March 2015 was $2.25 million (2014: $6.75 million). The swap contract expired on 1 April 2015 and has not been renewed.