For immediate release **1 December 2015**

Gooch & Housego PLC

PRELIMINARY RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Gooch & Housego PLC ("Gooch & Housego", or "G&H", or the "Company", or the "Group"), the specialist manufacturer of optical components and systems, today announces its preliminary results for the year ended 30 September 2015.

Year ended 30 September	**2015**	2014	**Change**
Revenue (£m)	**78.7**	70.1	**12.3%**
Adjusted profit before tax (£m)*	**12.9**	11.5	**12.2%**
Adjusted basic earnings per share (pence)*	**39.5**	35.6	**11.0%**
Statutory profit before tax (£m)	**10.1**	7.9	**27.8%**
Basic earnings per share (pence)	**30.9**	22.5	**37.3%**
Total dividend per share (pence)	**8.2**	7.2	**13.9%**
Net cash (£m)	**17.3**	8.7	**98.9%**

*adjusted figures are stated after excluding the amortisation of acquired intangible assets, gain on bargain purchase and exceptional items being restructuring costs and impairment of goodwill.

Operating & Strategic Highlights

- Strong performance from industrial laser and telecommunication products
- Melbourne site closure completed and products transferred to other G&H sites
- Performance improvement initiatives underway
- Investment in R&D up 14.2%

Financial Highlights

- Adjusted profit before tax up 12.2%
- Strong cash performance delivering net cash of £17.3m at year end (2014: £8.7m)
- Solid order book of £36.3m, up 11% from 30 September 2014
- 13.9% growth in full year dividend

Mark Webster, Chief Executive Officer, commented

*"*During 2015 Gooch & Housego has made good progress in executing on its strategic objectives, met management's expectations for revenue and profit growth and made a number of significant investments in line with our strategic vision for the business.

The near and long term benefits of these strategic initiatives, combined with a solid year end order book, mean the Board believes Gooch & Housego remains well positioned to deliver further progress in 2016 and beyond.*"*

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Expected Financial Calendar

Annual General Meeting	24 February 2016
Final dividend for the year ended 30 September 2015 to shareholders on the register at close of business 18 December 2015. Subject to approval by shareholders at the Annual General Meeting	3 March 2016
Interim Results announced	June 2016
Financial Year End	30 September 2016
Preliminary announcement of results for the year ended 30 September 2016	December 2016

Chairman's Statement

I am pleased to report that your company performed well in 2015, achieving encouraging growth in revenues and profits. In parallel, significant management and operational changes were implemented to support the long-term development of the business.

The year was characterised by generally benign market conditions supplemented by high levels of demand for a number of key products for which Gooch & Housego is the market leader. Although this demand presented significant challenges in terms of manufacturing capacity, the sites responded well and were able to keep pace with customer requirements. While some softening in the Chinese microelectronics market has subsequently been experienced, demand from other sectors and geographies has been maintained, illustrating that the Company's strategy of diversification is proving to be effective in smoothing out the swings of these traditionally cyclical markets.

2015 saw further increases in investment in Research & Development (R&D) and Business Development, including several senior appointments, in support of the Company's other key strategic objective of delivering growth and margin improvement by moving up the value chain. Several of the initiatives commenced in 2015 are already showing promise, and have the potential to generate revenue in the coming year.

Enhancing the quality, efficiency and capacity of the Company's manufacturing facilities, while reducing operational costs and complexity, has been a long term objective of the board. During 2015 the Melbourne site was closed, following the successful transfer of business to Ilminster and Palo Alto, work was started on major improvements to the Cleveland facility, and work is well advanced with the relocation of Palo Alto operations to a new, larger facility in nearby Fremont.

In January this year I was pleased to hand over the role of CEO to Mark Webster and take over the position of Chairman on the retirement of Julian Blogh. I would like to record my thanks to Julian for his support and guidance over the years. In November 2014, Alex Warnock joined the Board as Chief Operating Officer. Mark and Alex bring additional skills and experience to Gooch & Housego and, together with the other executives, constitute a leadership team that can take the Company to the next level. I am pleased to report that the transition went smoothly, with no loss of continuity. I would also like to welcome Brian Phillipson, who joined as a non-executive director on 1 September 2015. Brian brings a wealth of Aerospace & Defence industry experience to the Board.

The new executive team has already made considerable progress in delivering a more efficient, effective and focussed Gooch & Housego. Initiatives to instil a culture of continuous improvement are already well advanced. Specialist teams operating across all sites have been established to ensure operational excellence in critical business functions. R&D has been refocused on fewer key projects, and experienced project managers hired to deliver them.

In summary, 2015 has been a positive year of growth and change for Gooch & Housego. With a strong balance sheet, good cash flow and enhanced facilities, processes and systems, the Company is well positioned to exploit exciting growth opportunities in photonics. I would like to thank my fellow directors and employees of Gooch & Housego for making 2015 another successful year for the Company.

Gareth Jones
Chairman

Chief Executive Officer's Statement

Overview of 2015

Gooch & Housego ("G&H") made good progress towards its aim of driving higher organic growth from its portfolio of world leading products and technologies. Revenue growth of 12% (8% on a constant currency basis) and the consequent contribution has enabled us to meet our profit targets and fund further investment in line with our stated strategic goals during 2015.

Our strategy is based around a continued commitment to the twin pillars of diversification and moving up the value chain. Further progress has been made against these goals resulting in a more balanced and vertically integrated business that is more robust and means we are less exposed to the cyclical nature of some of our core markets.

This was evident during 2015 where the use of lasers in microelectronic manufacturing, modulator systems for telecommunications and amplifiers for undersea cabling were the primary growth drivers for the first half of the year. In the second half of the year there was some softening of demand for microelectronic manufacturing in China, but this was largely offset by stronger demand elsewhere in the business, most notably high reliability fibre couplers used in amplifiers for undersea cabling.

The Systems Technology Group (STG), based in Torquay, which is dedicated to helping G&H move up the value chain, has continued to expand and now has 24 engineers and scientists. They bring a wide range of skills in areas such as electronic, software and mechanical engineering, which are necessary to design, engineer and deliver a complete sub-system or system to our customers.

The STG has been successful at securing grant funding for most of its projects, in particular for Space Satellite Communications ("SatCom") where we have funding from the European Space Agency, UK Space Agency and European Union. Our goal is to establish a medium term leadership position in the new and exciting area of space photonics. We are expecting to generate SatCom commercial income in 2016, which is far earlier than originally anticipated.

The new management team has made good progress with G&H's performance improvement programme, which is focused on operational excellence, business development and research and development (R&D). Our aim is to move to a more unified global business, where the skills, expertise and technology across our sites are better leveraged throughout G&H and our customers are presented with a more complete and professional offering.

The accompanying organisational changes and upgrading of the broader group of senior managers' skills and competencies has taken a significant step forward this year and is part of an ongoing process carrying on into 2016 and beyond.

During 2015:

- The operations group has established a number of globally focused teams representing the key manufacturing disciplines. Lean Manufacturing principles are now being introduced to all of our sites.

- Experienced Aerospace & Defence ("A&D") business development executives have been hired on both sides of the Atlantic. Two of our current key R&D projects would not have been possible without the expertise and contacts these executives brought with them. The next stage will be the hiring of experienced Life Sciences business development executives.

- A more targeted R&D approach has been adopted, where fewer but better resourced projects are selected on the basis of the highest return on investment. The projects are now run by a new global R&D group, whose aim is to leverage our skills and technology across the whole company.

G&H's cash position has significantly strengthened over 2015 and, when taken in conjunction with our debt financing facilities, puts us in a strong position to make strategic acquisitions as and when the right opportunities become available.

Markets and Applications - Industrial

The Industrial sector represents 59% of G&H's revenue and is composed of a diverse range of industrial applications aligned to our world class photonic technologies, which include microelectonic manufacturing, semiconductor manufacturing and test, remote sensing, metrology and telecommunications. Revenue growth of £6.2 million, which is 15.7% higher than the previous year is reflective of positive trends across most of the sector.

The ongoing shift towards the use of fibre optics in general, and fibre lasers in particular, is something we see continuing into the foreseeable future. Fibre lasers are being used in an ever-widening number of applications and are proving to be more versatile than conventional solid-state lasers.

As the world leader in acousto-optic products for industrial lasers G&H anticipated this trend and is well positioned to take advantage. Acousto-optic components for fibre lasers, such as the 'Fibre Q' already represent a greater share of our business than the traditional 'Q- Switches' for water or conduction cooled solid state lasers. Further investment in new products and cost reduction initiatives should enable us to retain a market leading position in this area.

The semiconductor manufacturing and test market showed particularly strong growth in 2015. The need for laser technology to enhance miniaturisation and speed in this fast moving sector means we anticipate that this will be a good growth driver for G&H over the medium term.

Free space and fibre lasers are being used increasingly in sensor applications and G&H has strengthened its position in this area over the last year.

The need to meet government, industry and consumer demand for more data capacity has driven an especially strong telecommunications performance over the last year. G&H products for modulation systems and high reliability fibre optics for undersea cabling have performed particularly well. We expect this trend for more data capacity to continue into 2016.

Markets and Applications - Aerospace & Defence

A&D represented 25% of G&H's revenue during 2015, which was £1.0 million higher than the previous year. This reflects a sector that has recovered some of its confidence, is now placing new orders and initiating new engineering contracts and also the investment G&H has made in people and new products in this market.

Despite the revenue growth there was a year on year drop in adjusted profit due to the loss of a 'one time' contract and price pressure on a long standing contract at our Orlando and Moorpark sites respectively, coupled with the incremental investment in A&D experts. However, our new products, combined with exciting opportunities in space photonics and the application of existing capabilities to surveillance, displays and secure communications, mean we continue to believe this is a market with good growth prospects for Gooch & Housego.

Product quality, reliability and performance are paramount in this sector and that plays to G&H's strengths, along with our commitment to provide value. We have strong, well established positions in target designation and range finding, ring laser and fibre optic gyroscope navigational systems, infrared and RF countermeasures and space photonics, with the major A&D companies in both Europe and the USA.

Our fibre and infrared optic capabilities reflect the technological 'direction of travel' for this sector. Some of our current A&D customers prefer us to provide sub-systems and systems rather than just high quality components. We believe more of our major A&D customers will follow in their footsteps, as we establish further capability and capacity. The continued expansion of the STG and the hiring of experienced A&D executives should provide us with the critical mass to support further sub-system and system growth in this important sector.

The exciting potential of our space photonics business has been documented in the Overview section.

Markets and Applications - Life Sciences

Life Sciences represented 11% of G&H's revenue during 2015, which was £1.7 million higher than the previous year. The principal applications are in optical coherence tomography (OCT), laser surgery and microscopy. OCT is widely used in ophthalmology and G&H has a developed a strong position with the main participants in this market. The potential for OCT medical diagnostic techniques to be used in other areas is high and we have programmes with medical diagnostic companies designed to exploit these new markets.

Laser surgery is a fast growing area particularly for ophthalmological, prostate and aesthetic treatments and has been a key driver of 2015 growth. We believe there is further potential for both current and new areas of laser surgery.

G&H has an established sub-system and system presence with a number of our Life Sciences customers and we see further potential for moving up the value chain in this area during 2016.

Markets and Applications - Scientific Research

For G&H the Scientific Research market is dominated by a small number of 'Big Science' projects in the fields of nuclear fusion research and synchrotron radiation sources. This is a prestigious and profitable sector for G&H, but we are not relying on this area for significant future growth. Revenue was marginally down year on year by £0.3m.

Operations

The planned closure of our Melbourne, Florida site was completed in December 2014, with the transfer of the business to our other acousto-optic sites in Palo Alto, California and Ilminster.

We expect the relocation of our site in Palo Alto to nearby Fremont to be complete in the calendar year 2015. This will provide us with an improved facility and extra space for expansion.

An upgrade of our Cleveland, Ohio site commenced in 2015 and we expect it to be substantially complete by the end of the calendar year 2016. This is a key site, where our crystal growth takes place and the improvements will ensure it meets our anticipated future requirements.

Investment in our Torquay site which provided both an upgrade to, and an expansion of, the facility was substantially completed in 2015.

Outlook

During 2015 Gooch & Housego has made good progress in executing on its strategic objectives, met management's expectations for revenue and profit growth and made a number of significant investments in line with our strategic vision for the business.

A good start has been made on the organisational changes required to make G&H a more unified global company and this process will continue into the next financial year.

The upgrading and expansion of key sites will continue in 2016. Our continued commitment to the principles of lean manufacturing will ensure they are further embedded in the business. This should result in an improved manufacturing performance.

Investment in A&D business development is starting to pay off and our intention is to make a similar investment in Life Sciences.

R&D spending has increased and a more focused use of G&H's resources should enable us to deliver our selected high return projects more efficiently to our customers over the next few years.

These strategic initiatives combined with a solid year end order book mean the Board remains confident that Gooch & Housego is well positioned to deliver further progress in 2016 and beyond.

Mark Webster
Chief Executive Officer

Performance Overview

The business has once again delivered double digit growth for both revenue and adjusted profit.

The Company has delivered an excellent cash performance in the year, increasing its net cash position from £8.7m at 30 September 2014 to £17.3m at 30 September 2015. During 2015, Gooch & Housego invested £3.2m net in property, plant and equipment and intangible assets and continued to review certain acquisition opportunities.

Group revenue for the year was a record £78.7m. This represents all organic growth and is an increase of £8.6m, or 12% over the previous year of £70.1m. On a constant currency basis revenue was 8% higher than the previous year as a result of a generally beneficial foreign exchange environment.

REVENUE

	2015		2014	
Year ended 30 September	**£'000**	**%**	£'000	%
Industrial	**46,054**	**59%**	39,813	57%
Aerospace & Defence (A&D)	**19,804**	**25%**	18,786	27%
Life Sciences	**8,978**	**11%**	7,318	10%
Scientific Research	**3,866**	**5%**	4,139	6%
Group Revenue	**78,702**	**100%**	70,056	100%

In the financial year under review, adjusted operating margins were 16.6%, compared to 17.1% in 2014. The deterioration to margin was a result of a lower than expected performance from the Instrumentation business and additional costs from the investment in R&D, the drive for lean manufacturing and investment in business development in Aerospace & Defence.

In our Industrial segment, revenue grew by 15.7% from £39.8m last year to £46.1m this year. Revenue in our Aerospace & Defence business grew by 5.4%, from £18.8m to £19.8m, and similarly, our Life Sciences business grew from £7.3m to £9.0m, an increase of 22.7%. Sales into our smallest segment, Scientific Research, fell by 6.6%.

GROUP EARNINGS PERFORMANCE

All amounts in £'000	**Adjusted**		**Reported**	
Year ended 30 September	**2015**	2014	**2015**	2014
Operating profit	**13,102**	11,974	**10,294**	8,395
Net finance costs	**(188)**	(514)	**(188)**	(514)
Profit before taxation	**12,914**	11,460	**10,106**	7,881
Taxation	**(3,380)**	(2,951)	**(2,647)**	(2,482)
Profit for the year	**9,534**	8,509	**7,459**	5,399
Basic earnings per share (p)	**39.5p**	35.6p	**30.9p**	22.5p

The Group adjusted profit before tax amounted to £12.9m (2014: £11.5m) and represented a return on revenue of 16.4% which is consistent with the previous year. Statutory profit before tax was £10.1m compared with £7.9m last year, including the remaining one-off costs associated with the closure of our Melbourne facility and the Palo Alto facility move.

The adjusted effective rate of tax was 26.2% (2014: 25.8%). The effective rate of tax of 26.2% (2014: 31.5%) was lower due to the effect of non-taxable exceptional items and the write-off of deferred tax assets due to the closure of the Melbourne site in 2014. The rate reflects a combination of the varying tax rates applicable throughout the countries in which the Group operates, principally the UK and the USA. The effect of the reduction of the UK corporation tax rate was more than offset by a greater proportion of the Group's profit being taxed in the US.

The introduction of the patent box tax regime from April 2013 has not contributed to a lower tax rate in 2015 and will not in 2016 due to the Group historically filing patents in the USA rather than in the UK or Europe. Current policy is to file patents in the UK when possible. The effective rate of tax should benefit in the future from further reductions in the UK tax rate, although the increased percentage of profit generated in the USA, where tax rates are higher, will mitigate this benefit.

Adjusted earnings per share (EPS) increased from 35.6p to 39.5p. Basic EPS was 30.9p compared with 22.5p last year.

RECONCILIATION OF ADJUSTED PERFORMANCE MEASURES

	Operating Profit		Net finance costs		Taxation		Earnings per share	
Year ended 30 September	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 £000**	2014 £000	**2015 pence**	2014 pence
Reported	**10,294**	8,395	**(188)**	(514)	**(2,647)**	(2,482)	**30.9p**	22.5p
Amortisation of acquired intangible assets	**1,604**	1,525	**-**	-	**(419)**	(381)	**4.9p**	4.8p
Gain on bargain purchase	**-**	(1,039)	**-**	-	**-**	-	**-**	(4.3p)
Impairment of goodwill	**-**	1,538	**-**	-	**-**	-	**-**	6.4p
Restructuring costs	**1,204**	1,555	**-**	-	**(314)**	(88)	**3.7p**	6.2p
Adjusted	**13,102**	11,974	**(188)**	(514)	**(3,380)**	(2,951)	**39.5p**	35.6p

NON GAAP MEASURES

The Company uses a number of non GAAP measures which are shown in the table above and in the segmental analysis. These measures are used to illustrate the impact of non-recurring and non-trading items on the Company's financial results. These are the impact of the amortisation of acquired intangible assets and costs associated with restructuring activities and also include the gain on bargain purchase of Spanoptic and impairment of goodwill in 2014. The Company also uses the term EBITDA (Earnings before interest, taxation, depreciation and amortisation), which is a commonly used measure of operating performance and cash flow.

SEGMENTAL ANALYSIS

Industrial

Our Industrial business grew strongly during the year, with revenues of £46.1m, compared with £39.8m last year. Revenue from the Group's traditional Q-switch product increased marginally compared to 2014, although it continues to fall as a percentage of the business, as anticipated, and now represents 9.9% of total group revenue (2014: 10.2%). We believe this reflects the continuing shift towards the use of fibre lasers in materials processing applications. Once again this appears to be supported by the significant increase in sales of fibre laser components experienced by Gooch & Housego in 2015. Telecommunications revenues were up significantly in the year due to increased demand for our high reliability fibre components for under-sea telecommunications applications.

After adjusting for the Melbourne site restructuring costs and the costs associated with the Palo Alto facility move, operating profit for the Industrial sector as a whole was 18.9% higher at £9.6m, compared with £8.1m last year. This reflects a combination of the growth in our telecommunications business and operational gearing resulting from additional volume flowing through our Palo Alto facility.

Aerospace & Defence (A&D)

A&D revenue increased by 5.4% from £18.8m to £19.8m in 2015. The business continues to provide both components and sub-systems to the Company's European and US A&D customers. This business continues to represent a growth opportunity for Gooch & Housego, as optical technologies continue to be increasingly deployed in this market sector. Operating margins in this sector fell as a result of investment in business development resources, some one-off revenue in 2014 not recurring in 2015 and tighter margins on our navigation components business.

Life Sciences

In 2015 Life Sciences revenue grew by over 22%. Sales of electro-optic products into the laser surgery market and of fibre optic assemblies for Optical Coherence Tomography were both strong. Adjusted operating profit in this sector was up by 57% as a result of this. We continue to believe this market offers a significant growth opportunity.

Scientific Research

Our activities in the Scientific Research market are dominated by a small number of large, long-term programmes. This market was marginally weaker for Gooch & Housego in 2015 as a result of softness in the general research market. However, due to a product mix benefit, adjusted operating profit improved to £0.7m, compared to £0.4m in 2014.

RESEARCH & DEVELOPMENT (R&D)

Gooch & Housego continues to invest in R&D in all areas of the business and regards this as fundamental to the continued growth of the company. There were eighteen product releases in 2015, together with two new patents granted.

Expenditure on R&D in the year to 30 September 2015 increased by 14.2% from £5.6m to £6.4m. A proportion of this increase was funded through UK and European grant funding. R&D expenditure represented 8.0% of revenue (2014: 8.1%). The Group capitalised £0.7m (2014: £0.5m) of development expenditure.

SITE PERFORMANCE

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 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.

As reported at the half year, 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. This transfer was delayed and is now expected to be completed by the end of the calendar year. This move has given rise to an exceptional cost of £0.8m in 2015. It is expected that a further £0.2m will be incurred to finalise this move in the new financial year.

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 has committed to upgrading its Cleveland, Ohio facility. This facility houses the business's world leading crystal growth capabilities, is a key contributor to current and future profitability and will benefit from some modernisation. The refurbished facility will help drive much needed operational efficiency as well as showcasing our capabilities to customers. The upgrade is expected to be a two-year programme costing in the region of $5m.

RESTRUCTURING COSTS

Restructuring costs of £1.2m (2014: £1.6m) related to the Melbourne site closure (£0.4m) and the Palo Alto site move (£0.8m). The costs primarily include the write off of leasehold improvements, staff costs and legal expenses.

BALANCE SHEET

The Group's shareholders' funds at the end of the year were £78.4m, an increase of £8.4m over the prior year. This increase comprised £0.2m due to the issue of share capital, £1.8m due to foreign exchange and £6.4m from retained earnings.

Additions to property, plant and equipment totalled £4.2m. The main additions related to investment in plant and machinery and the expansion of our Torquay facility and the Palo Alto facility move.

Working capital was 20.8% of revenue in the current year compared to 22.0% in 2014.

As part of the preparations for moving its Palo Alto site to nearby Fremont, the business has built 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, has resulted in inventory levels increasing by £1.4 million to £16.0 million since the previous year end. Once the impact of currency and the inventory build are removed, the underlying inventory fell by £0.8m, or 5.6%, in the year.

Trade and other receivables have increased by £1.4m from £13.0m in 2014 to £14.4m at this year-end.

Cash balances at 30 September 2015 were £22.6m, compared with £17.1m at 30 September 2014. Net cash flows from operating activities generated £13.6m, compared with £13.7m last year. During the year the business moved from a net cash position of £8.7m as at 30 September 2014 to a net cash position of £17.3m.

MOVEMENT IN NET CASH

All amounts in £m	Gross Cash	Gross Debt	Net Cash
At 1 October 2014	**17.1**	**(8.4)**	**8.7**
Operating cash flows	15.9	-	15.9
Debt repayment (net of drawdown)	(3.5)	3.5	-
Net capital expenditure	(3.2)	-	(3.2)
Working capital	(1.2)	-	(1.2)
Proceeds from share issue	0.1	-	0.1
Interest, tax and dividends	(3.1)	-	(3.1)
Exchange movement	0.5	(0.4)	0.1
At 30 September 2015	**22.6**	**(5.3)**	**17.3**

ORDER BOOK

As at 30 September 2015, the Group order book stood at £36.3m, compared to £32.8m at the end of the 2014 financial year, an 11% increase. On a constant currency basis the order book was 6% higher. Book to bill ratios for the business as a whole were 1.08 times (six month rolling average) as at 30 September 2015.

STAFF

The Group workforce increased from 664 at 30 September 2014 to 700 at the end of September 2015, an increase of 36. This is a net position and therefore reflects both the reductions in staffing resulting from the work the business has done in integration and rationalisation of sites and processes, temporary staff required to meet high peak demand at specific sites and the additional investment that the business has made in engineering, business development and management.

DIVIDENDS

The Directors propose a final dividend of 5.2p per share making a total dividend per share for the year of 8.2p (2014: 7.2p), an increase of 13.9%. The final dividend, if approved, will be payable on 3 March 2016 to shareholders on the Company's share register as at the close of business on 18 December 2015.

KEY PERFORMANCE INDICATORS (KPIs)

The Group objective is to deliver sustainable, long-term growth in revenue and profits. This is to be achieved through the execution of the Board's strategies.

In striving to achieve these strategic objectives, the main financial performance measures monitored by the Board are:

Total revenue growth	**2015**	**2014**	**2013**
At actual exchange rates	12%	11%	4%
At constant exchange rates	8%	16%	3%

The Board is focused on driving revenue growth by investing both organically and through acquisitions. The Group business has delivered underlying growth, whilst experiencing variable demand patterns within its core markets.

Target market revenue	**2015**	**2014**	**2013**
Aerospace & Defence (£m)	19.8	18.8	17.3
Life Sciences (£m)	9.0	7.3	7.4

The Group target markets of Aerospace & Defence and Life Sciences provide a route to sustainable growth, and a more diversified revenue base. These markets also provide significant opportunities for Gooch & Housego to migrate up the value-chain from materials and components to higher value sub-assemblies, modules and systems in response to the trend for our larger customers to outsource increasingly complex parts of their business. The business has made good progress in addressing its target markets of Aerospace & Defence and Life Sciences which, in aggregate, have increased by 10.3% in the 2015 financial year.

Net cash analysis	**2015**	**2014**	**2013**
Net cash (£m)	17.3	8.7	5.7

In order to balance business risk with the investment needs of the Company, management closely monitors and manages net cash. This year the business increased its net cash position from £8.7m to £17.3m, putting the business in a strong position both in terms of headroom for further investment and from the perspective of managing its business risk.

Earnings per share (EPS)	**2015**	**2014**	**2013**
Adjusted diluted EPS (pence)	38.9p	35.2p	30.5p

As a result of a strong trading performance, the business has been able to deliver growth in adjusted diluted EPS of 10.5%, from 35.2p to 38.9p in 2015.

The revenue, cash and earnings per share targets for the year were met.

Gooch & Housego
ENABLING PHOTONIC TECHNOLOGIES

Group Income Statement
For the year ended 30 September 2015 (unaudited)

	Note	**2015** **£000**	2014 £000
Revenue	2	**78,702**	70,056
Cost of revenue		**(47,659)**	(41,706)
Gross profit		**31,043**	28,350
Research and Development		**(5,712)**	(5,160)
Sales and Marketing		**(5,626)**	(4,498)
Administration		**(10,353)**	(10,026)
Other income and expenses		**942**	(271)
Operating profit	2	**10,294**	8,395
Finance income		**26**	8
Finance costs		**(214)**	(522)
Profit before income tax expense		**10,106**	7,881
Income tax expense	3	**(2,647)**	(2,482)
Profit for the year		**7,459**	5,399
Basic earnings per share	4	**30.9p**	22.5p
Diluted earnings per share	4	**30.4p**	22.3p

Reconciliation of operating profit to adjusted operating profit:

	2015 **£000**	2014 £000
Operating profit	**10,294**	8,395
Amortisation of acquired intangible assets	**1,604**	1,525
Restructuring costs	**1,204**	1,555
Gain on bargain purchase of Spanoptic Limited	**-**	(1,039)
Impairment of goodwill	**-**	1,538
Adjusted operating profit	**13,102**	11,974

Gooch & Housego
ENABLING PHOTONIC TECHNOLOGIES

Group Balance Sheet
For the year ended 30 September 2015 (unaudited)

	2015	2014
	£000	£000
Non-current assets		
Property, plant and equipment	**24,915**	24,140
Intangible assets	**20,155**	20,668
Deferred income tax assets	**2,552**	3,114
	47,622	47,922
Current assets		
Inventories	**16,013**	14,663
Income tax assets	**854**	487
Trade and other receivables	**14,394**	13,005
Cash and cash equivalents	**22,556**	17,094
	53,817	45,249
Current liabilities		
Trade and other payables	**(14,059)**	(11,829)
Borrowings	**(39)**	(8,048)
Income tax liabilities	**(411)**	(244)
Provision for other liabilities and charges	**(342)**	(447)
	(14,851)	(20,568)
Net current assets	**38,966**	24,681
Non-current liabilities		
Borrowings	**(5,189)**	(360)
Deferred income tax liabilities	**(3,032)**	(2,306)
	(8,221)	(2,666)
Net assets	**78,367**	69,937
Shareholders' equity		
Called up share capital	**4,818**	4,774
Share premium account	**15,530**	15,420
Merger reserve	**2,671**	2,671
Hedging reserve	**-**	(21)
Cumulative translation reserve	**1,030**	(770)
Retained earnings	**54,318**	47,863
Total equity	**78,367**	69,937

Gooch & Housego
ENABLING PHOTONIC TECHNOLOGIES

Group Statement of Changes in Shareholders' Equity
For the year ended 30 September 2015 (unaudited)

	Note	Called up share capital £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 financial year		-	-	-	-	5,399	**5,399**
Other comprehensive income for the year		-	-	-	58	90	**148**
Total comprehensive income for the year		**-**	**-**	**-**	**58**	**5,489**	**5,547**
Dividends	5	**-**	**-**	**-**	**-**	(1,569)	**(1,569)**
Proceeds from shares issued		154	207	-	-	(149)	**212**
Fair value of employee services		-	-	-	-	361	**361**
Tax credit relating to share option schemes		-	-	-	-	447	**447**
Total contributions by and distributions to owners of the parent recognised directly in equity		**154**	**207**	**-**	**-**	**(910)**	**(549)**
At 30 September 2014		**4,774**	**15,420**	**2,671**	**(21)**	**47,093**	**69,937**
At 1 October 2014		4,774	15,420	2,671	(21)	47,093	**69,937**
Profit for the financial year		-	-	-	-	7,459	**7,459**
Other comprehensive income for the year		-	-	-	21	1,800	**1,821**
Total comprehensive income for the year		**-**	**-**	**-**	**21**	**9,259**	**9,280**
Dividends	5	**-**	**-**	**-**	**-**	(1,823)	**(1,823)**
Proceeds from shares issued		44	110	-	-	(38)	**116**
Fair value of employee services		-	-	-	-	485	**485**
Tax credit relating to share option schemes		-	-	-	-	372	**372**
Total contributions by and distributions to owners of the parent recognised directly in equity		**44**	**110**	**-**	**-**	**(1,004)**	**(850)**
At 30 September 2015		**4,818**	**15,530**	**2,671**	**-**	**55,348**	**78,367**

Group Statement of Comprehensive Income
For the year ended 30 September 2015 (unaudited)

	2015	2014
	£000	£000
Profit for the year	**7,459**	5,399
Other comprehensive income – items that may be reclassified subsequently to profit or loss		
Fair value adjustment of interest rate swap net of tax	**21**	58
Currency translation differences	**1,800**	90
Other comprehensive income for the year net of tax	**1,821**	148
Total comprehensive income for the year attributable to the shareholders of Gooch & Housego PLC	**9,280**	5,547

Group Cash Flow Statement
For the year ended 30 September 2015 (unaudited)

	Note	**2015 £000**	2014 £000
Cash flows from operating activities			
Cash generated from operations	6	**14,692**	15,298
Income tax paid		**(1,067)**	(1,625)
Net cash generated from operating activities		**13,625**	13,673
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired		**-**	(5,532)
Purchase of property, plant and equipment		**(3,053)**	(1,909)
Sale of property, plant and equipment		**635**	26
Purchase of intangible assets		**(793)**	(852)
Interest received		**26**	8
Net cash used in investing activities		**(3,185)**	(8,259)
Cash flows from financing activities			
Drawdown of borrowings		**5,168**	4,832
Repayment of borrowings		**(8,777)**	(3,196)
Proceeds from issues of share capital		**115**	105
Dividends paid to ordinary shareholders		**(1,823)**	(1,569)
Interest paid		**(189)**	(569)
Net cash used in financing activities		**(5,506)**	(397)
Net increase in cash and cash equivalents		**4,934**	5,017
Cash and cash equivalents at beginning of the year		**17,094**	12,088
Exchange gains / (losses) on cash		**528**	(11)
Cash and cash equivalents at the end of the year		**22,556**	17,094

Analysis of net cash

	At 1 Oct 2014 £000	Cash flow £000	Exchange movement £000	Non cash movement £000	**At 30 Sep 2015 £000**
Cash at bank and in hand	17,094	4,934	528	**-**	**22,556**
Debt due within 1 year	(7,992)	8,720	(728)	-	**-**
Debt due after 1 year	(320)	(5,168)	299	-	**(5,189)**
Finance leases	(96)	57	-	-	**(39)**
Net cash	8,686	8,543	99	-	**17,328**

Notes to the preliminary report

1. Basis of preparation

The unaudited Preliminary Report has been prepared under the historical cost convention and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and interpretations in issue at 30 September 2015.

The Preliminary Report does not constitute statutory financial statements within the meaning of section 434 of the Companies Act 2006 and has not been audited.

Comparative figures in the Preliminary 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 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. New standards or interpretations which came into effect for the current reporting period did not have a material impact on the net assets or results of the Group.

The Preliminary Report will be announced to all shareholders on the London Stock Exchange and published on the Group's website on 1 December 2015. Copies will be available to members of the public upon application to the Company Secretary at Dowlish Ford, Ilminster, Somerset, TA19 0PF.

2. Segmental analysis

The Company's segmental reporting reflects the information that management uses within the business. The business is divided into four market sectors, being Aerospace & Defence, Life Sciences, Industrial and Scientific Research, together with the Corporate cost centre.

The industrial business segment primarily comprises the industrial laser market for use in the semiconductor and microelectronic industries, but also includes other industrial applications such as metrology and telecommunications. Scientific Research covers academic and government funded research including major multi-national projects.

For year ended 30 September 2015	Aerospace & Defence £000	Life Sciences £000	Industrial £000	Scientific Research £000	Corporate £000	Total £000
Revenue						
Total revenue	19,880	8,978	51,892	3,866	-	84,616
Inter and intra-division	(76)	-	(5,838)	-	-	(5,914)
External revenue	19,804	8,978	46,054	3,866	-	78,702
Divisional expenses	(17,112)	(7,067)	(35,885)	(3,058)	(783)	(63,905)
EBITDA[1]	2,692	1,911	10,169	808	(783)	14,797
EBITDA %	13.6%	21.3%	22.1%	20.9%	-	18.8%
Depreciation and amortisation	(572)	(322)	(1,746)	(129)	(130)	(2,899)
Operating profit before amortisation of acquired intangible assets	2,120	1,589	8,423	679	(913)	11,898
Amortisation of acquired intangible assets	-	-	-	-	(1,604)	(1,604)
Operating profit	2,120	1,589	8,423	679	(2,517)	10,294
Operating profit margin %	10.7%	17.7%	18.3%	17.6%	-	13.1%
Add back restructuring costs	20	23	1,156	5	-	1,204
Operating profit excluding restructuring costs	2,140	1,612	9,579	684	(2,517)	11,498
Adjusted profit margin %	10.8%	18.0%	20.8%	17.7%	-	14.6%
Finance costs	-	-	-	-	(188)	(188)
Profit before income tax expense	**2,120**	**1,589**	**8,423**	**679**	**(2,705)**	**10,106**

[1]EBITDA = Earnings before interest, tax, depreciation and amortisation

Management have added back the restructuring costs in the above analysis. This has been shown because the Directors consider the analysis to be more meaningful excluding the impact of this non-recurring expense.

2. Segmental analysis (continued)

For year ended 30 September 2014	Aerospace & Defence £000	Life Sciences £000	Industrial £000	Scientific Research £000	Corporate £000	Total £000
Revenue						
Total revenue	18,786	7,318	44,248	4,139	-	74,491
Inter and intra-division	-	-	(4,435)	-	-	(4,435)
External revenue	18,786	7,318	39,813	4,139	-	70,056
Divisional expenses	(15,612)	(6,083)	(31,207)	(3,713)	(214)	(56,829)
EBITDA[1]	3,174	1,235	8,606	426	(214)	13,227
EBITDA %	16.9%	16.9%	21.6%	10.3%	-	18.9%
Depreciation and amortisation	(522)	(270)	(1,702)	(152)	(162)	(2,808)
Operating profit before amortisation of acquired intangible assets	2,652	965	6,904	274	(376)	10,419
Amortisation of acquired intangible assets, gain on bargain purchase and impairment of goodwill	-	-	-	-	(2,024)	(2,024)
Operating profit	2,652	965	6,904	274	(2,400)	8,395
Operating profit margin %	14.1%	13.2%	17.3%	6.6%	-	12.0%
Add back Melbourne closure costs	79	59	1,155	91	-	1,384
Operating profit excluding Melbourne closure costs	2,731	1,024	8,059	365	(2,400)	9,779
Adjusted profit margin %	14.5%	14.0%	20.2%	8.8%	-	14.0%
Finance costs	-	-	-	-	-	(514)
Profit before income tax expense	2,652	965	6,904	274	(2,914)	7,881

Management have added back the cost of the Melbourne site closure in the above analysis. This has been shown because the Directors consider the analysis to be more meaningful excluding the impact of this non-recurring expense.

All of the amounts recorded are in respect of continuing operations.

Analysis of net assets / (liabilities) by location:

	2015 Assets £000	**2015 Liabilities £000**	**2015 Net Assets £000**	2014 Assets £000	2014 Liabilities £000	2014 Net Assets £000
United Kingdom	49,345	(7,754)	41,591	38,387	(12,388)	25,999
USA	51,207	(14,924)	36,283	54,282	(10,345)	43,937
Continental Europe	872	(389)	483	486	(497)	(11)
Asia Pacific	15	(5)	10	16	(4)	12
	101,439	**(23,072)**	**78,367**	**93,171**	**(23,234)**	**69,937**

2. Segmental analysis (continued)

Analysis of revenue by destination:

	2015 £000	2014 £000
United Kingdom	**14,897**	14,412
USA	**34,762**	29,657
Continental Europe	**16,890**	14,425
Asia Pacific and Other	**12,153**	11,562
Total revenue	**78,702**	70,056

3. Income tax expense

Analysis of tax charge in the year

	2015 £000	2014 £000
Current taxation		
UK Corporation tax	**1,480**	1,446
Overseas tax	**724**	630
Adjustments in respect of prior year tax charge	**(983)**	(165)
Total current tax	**1,221**	1,911
Deferred tax		
Origination and reversal of temporary differences	**274**	49
Adjustments in respect of prior year deferred tax	**1,152**	504
Impact of UK tax rate change to 20% (2014: 20%)	**-**	18
Total deferred tax	**1,426**	571
Income tax expense per income statement	**2,647**	2,482

4. Earnings per share

The calculation of earnings per 20p Ordinary Share is based on the profit for the year using as a divisor the weighted average number of Ordinary Shares in issue during the year. The weighted average number of shares for the year ended 30 September is given below:

	2015	2014
Number of shares used for basic earnings per share	**24,115,878**	23,984,536
Dilutive shares	**405,311**	213,581
Number of shares used for dilutive earnings per share	**24,521,189**	24,198,117

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

	2015		2014	
	£000	**pence per share**	£000	pence per share
Basic earnings per share	**7,459**	**30.9p**	5,399	22.5p
Amortisation of acquired intangible assets (net of tax)	**1,184**	**4.9p**	1,144	4.8p
Goodwill impairment	**-**	**-**	1,538	6.4p
Gain on bargain purchase	**-**	**-**	(1,039)	(4.3p)
Restructuring costs (net of tax)	**891**	**3.7p**	1,467	6.2p
Total adjustments net of income tax expense	**2,075**	**8.6p**	3,110	13.1p
Adjusted basic earnings per share	**9,534**	**39.5p**	8,509	35.6p
Basic diluted earnings per share	**7,459**	**30.4p**	5,399	22.3p
Adjusted diluted earnings per share	**9,534**	**38.9p**	8,509	35.2p

Basic and diluted earnings per share before amortisation and other adjustments has been shown because, in the opinion of the Directors, it provides a useful measure of the trading performance of the Group.

5. Dividends

	2015 £000	2014 £000
Final 2014 dividend paid in 2015: 4.6p per share (Final 2013 dividend paid in 2014: 4.0p per share)	**1,101**	950
2015 Interim dividend paid: 3.0p per share (2014: 2.6p)	**722**	619
	1,823	1,569

The Directors propose a final dividend of 5.2p per share making the total dividend paid and proposed in respect of the 2015 financial year 8.2p (2014: 7.2p).

6. Cash generated from operating activities

	2015 £000	2014 £000
Profit before income tax	**10,106**	7,881
Adjustments for:		
- Amortisation of acquired intangible assets	**1,604**	1,525
- Amortisation of other intangible assets	**301**	164
- Gain on bargain purchase of Spanoptic Limited	**-**	(1,039)
- Impairment of goodwill	**-**	1,538
- Depreciation	**2,715**	2,644
- Loss on disposal of property, plant and equipment	**508**	21
- Share based payment obligations	**485**	361
- Finance income	**(26)**	(8)
- Finance costs	**214**	522
Total	**5,801**	5,728
Changes in working capital		
- Inventories	**(729)**	(538)
- Trade and other receivables	**(1,101)**	2,097
- Trade and other payables	**615**	130
Total	**(1,215)**	1,689
Cash generated from operating activities	**14,692**	15,298