

For immediate release

21 February 2012

Gooch & Housego PLC
("G&H" or the "Company")

Trading Update

Gooch & Housego PLC, the specialist manufacturer of optical components and systems, today announces that trading conditions have been more challenging than expected in its Industrial Laser market sector during the first four months of the financial year and that, as a result, profits for the year ending 30 September 2012 are likely to be significantly below the Board's original expectations.

A downturn in the microelectronics sector and softer demand from China meant that, after two years of strong growth, we entered the current financial year anticipating that sales of Q-switches in the first half would be lower than the record levels we achieved in 2011. Actual Q-switch sales during the first four months of the financial were below the level we had expected, and were significantly lower than the record levels achieved during the same period last year. Although there are signs that demand is now showing some improvement, it is clear that the turbulent market conditions that prevailed last year resulted in excessive inventory build-up in some markets and that this has taken longer than anticipated to normalise.

Management action is being taken to reduce overall costs where possible, and further efficiencies are planned as we continue to consolidate and integrate the acquisitions we made last year in the continuing programme to diversify the source of our revenues in order to bring about a better balance to our business.

Gareth Jones, Chief Executive of Gooch & Housego commented: -

"As we seek to deliver sustainable long term growth through diversification into new markets we again find ourselves exposed to the cyclical nature of the industrial sector that last year helped us to achieve record results. Despite this, we continue to make good progress in our newer areas of business and we are currently engaged on a number of potentially high-value, long-term programmes in the Aerospace & Defence sector, some of which are anticipated to generate revenues in the second half of the current financial year."

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