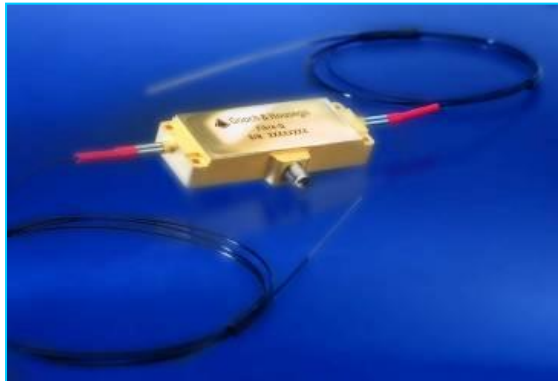




Interim Results Presentation

For the period to 31 March 2011



Dr Julian Blogh,
Gareth Jones,
Andrew Boteler,

Chairman
CEO
CFO

June 2011

H1 2011 Overview

Favourable trading conditions

Two strategic acquisitions

Strong order intake

Increased manufacturing capacity and output => increased revenues and profits

Industrial revenues up by 42% compared with H1 2010

Aerospace & Defence revenues up by 18% compared with H1 2010

Life Sciences revenues up by 51% compared with H1 2010

Acquisitions consolidate leadership position in core markets and accelerate diversification

Financial Highlights

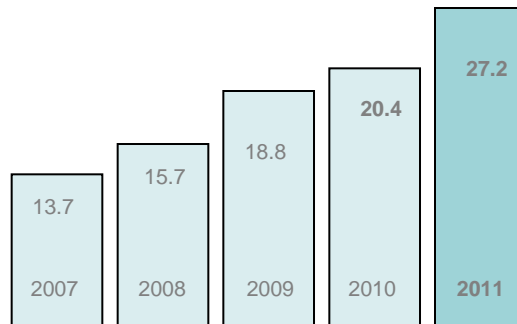
For the half years ending 31 March

Revenue £m

+33%

£27.2m

(2010: £20.4m)

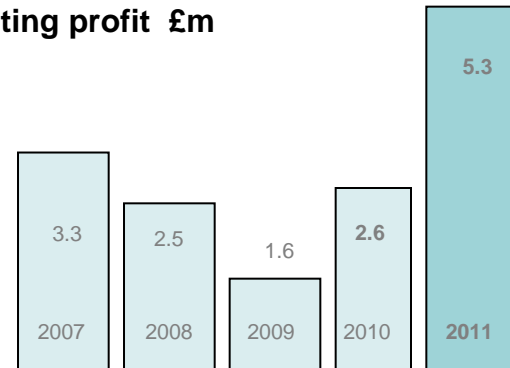


Headline * operating profit £m

+102%

£5.3m

(2010: £2.6m)

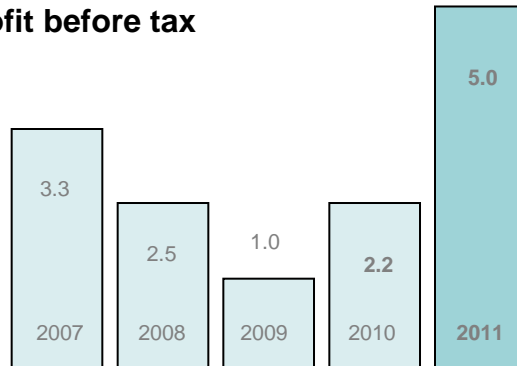


Headline * profit before tax

+128%

£5.0m

(2010: £2.2m)

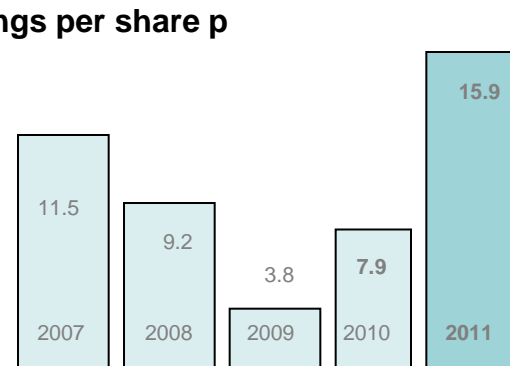


Headline * earnings per share p

+116 %

17.1p

(2010: 7.9p)



* Headline profit measures exclude the impact of amortisation of acquire intangible assets, and one off costs.

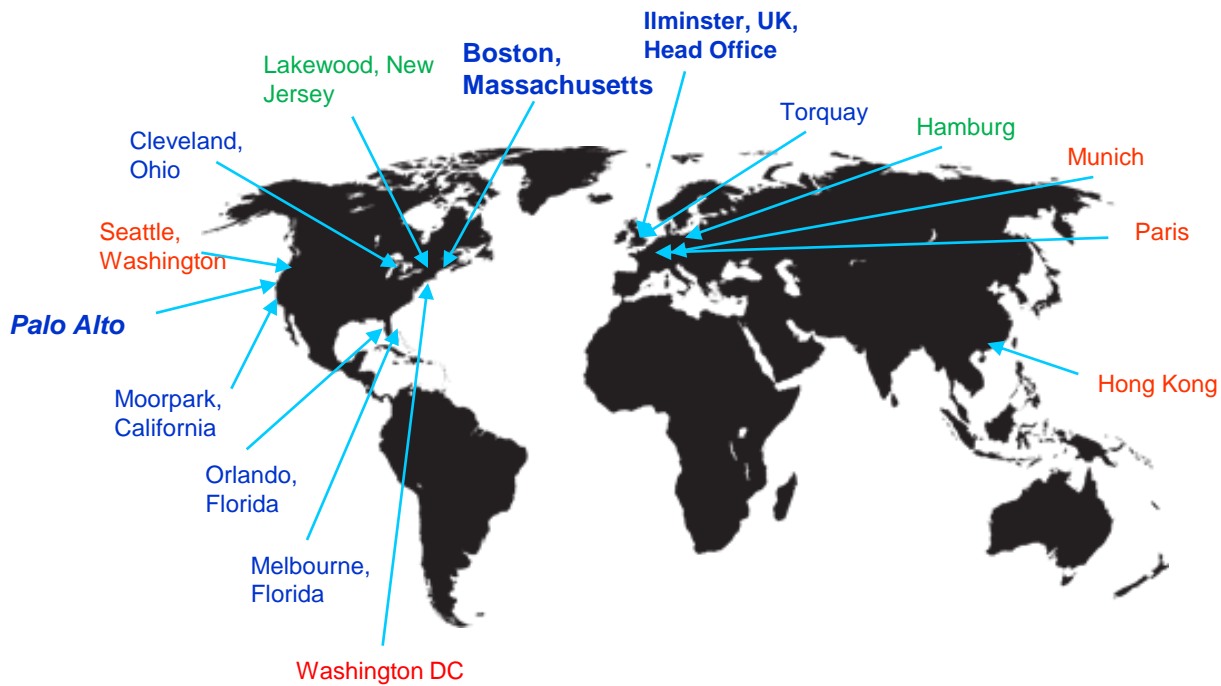
Financial highlights	H1 2011	H1 2010	Increase/ (decrease)	FY2010
Revenue	£27.2m	£20.4m	33%	£44.7m
Reported operating profit	£4.3m	£2.1m	101%	£5.9m
Reported profit before tax	£3.9m	£1.7m	130%	£5.1m
Basic earnings per share	13.0p	6.1p	113%	24.4p
Adjusted operating profit ¹	£5.3m	£2.6m	102%	£6.9m
Adjusted profit before tax ¹	£5.0m	£2.2m	128%	£6.0m
Adjusted earnings per share ¹	17.1p	7.9p	116%	23.1p
Net borrowing at 31 March	£5.5m	£9.3m	(41%)	£5.2m
Net Cash generated from operating activities	£5.5m	£4.0m	36%	£8.8m

At a glance KPI's

For the six months to 31 March unless otherwise stated.

<p>Revenue growth Growth in total revenue compared to prior period.</p> <p>£27.2m +33% (2010: £20.4m)</p>	<p>Profit growth Growth in headline profit before tax compared to prior period.</p> <p>£5.0m +128% (2010: £2.2m)</p>
<p>New business growth Growth in revenue in Aerospace & Defence, Life Sciences Markets</p> <p>£9.7m +38% (2010: £7.0m)</p>	<p>Order book visibility Order cover for next twelve months compared to prior period</p> <p>£22.8m +68% (2010: £13.6m)</p>
<p>EPS growth Annual growth in headline earnings per share compared to prior period.</p> <p>17.1p +116% (2010: 7.9p)</p>	<p>Cash conversion Cash from operating activities, as a percentage of EBITDA, compared to prior period.</p> <p>£5.5m giving a cash conversion of 95% (2010: £4.0m giving a cash conversion of 109%)</p>
<p>Interest cover The ratio of headline profit from operations to finance costs.</p> <p>17.9 times +193% (2010: 6.1 times)</p>	<p>Net debt Gross debt associated with working capital facility and acquisition loans less cash on hand.</p> <p>£5.5m -41% (2010: £9.3m)</p>

A Global Business



Headcount: 575

Global locations

8 manufacturing facilities (6 US, 2 UK)
 2 R&D centres
 5 Sales Offices

Geographical revenues:

	2011	2010
US	42%	50%
Asia Pacific	23%	20%
Europe	35%	30%

85% of sales outside the UK

Revenue by currency:

USD	65%
GBP	27%
Euro	8%

Strategy Unchanged

.....as exemplified by our H1 results and recent acquisitions

Objective: Sustainable growth

Via: **Diversification** into new, large markets that are adopting photonic technology
- specifically **Aerospace & Defence** and **Life Sciences**

To: Provide a vehicle for rapid growth and reduce our exposure to cyclicity

While: **Consolidating market leadership** in our traditional **Industrial** sector
Moving up the value chain from components to sub-systems and instruments
Strengthening key technical competences and manufacturing capabilities
Strengthening our management team
Securing our supply chain, and
Controlling all key parameters that affect price, quality and leadtime

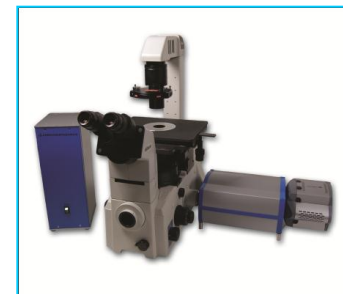
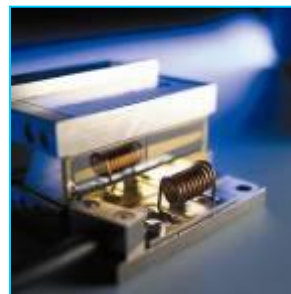
Route: **Acquisition** and organic **R&D**

A leader in Photonics

A unique portfolio of world-class products

- Ultra Precision Optical components
- Optical coatings – capable of operating in the worlds most powerful laser systems
- Fibre optics – for the aerospace, biomedical, laser and telecoms applications
- Acousto optics – for laser switching, sensors and imaging
- Electro optics – for laser switching
- Optical crystals – for acousto optic, electro optic and non linear optical applications
- Light measurement instrumentation – radiometric and spectroscopic instruments
- Hyperspectral imaging systems – for biomedical, industrial and defence applications

....and the ability to integrate components into sub-assemblies and systems



Market Overview

*In recent years G&H has successfully pursued a strategy of diversification, aimed at adding new **large** and **high-growth** markets whilst retaining a dominant position in its traditional industrial laser sector.*

G&H is a niche provider of low volume, high value optoelectronic materials, components & systems

Our strategy is to be the leading or dominant player in the markets in which we operate

Market Sector: *Industrial*

Applications: *Semiconductor & microelectronics
General manufacturing using lasers e.g. automotive, consumer goods ...
Telecommunications*

Market Sector: *Scientific research*

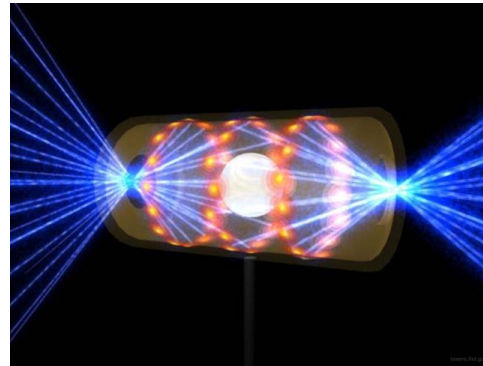
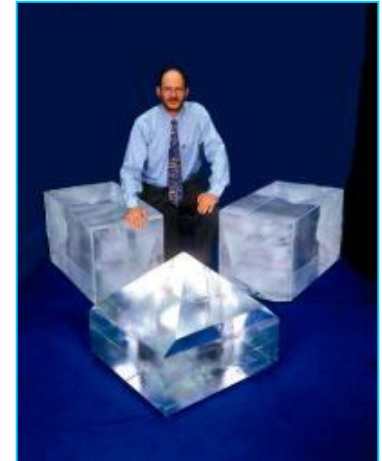
Applications: *Government funded 'big science' projects (NIF, synchrotron etc.)
Universities*

Market Sector: *Biomedical & Life Sciences*

Applications: *Surgery
Diagnostics
Pathology*

Market Sector: *Aerospace & Defence*

Applications: *Civil and military aerospace
Space
Sensors for security and surveillance
Countermeasures*



EM4 Acquisition

Specialist manufacturer of “active” fibre optic components and systems

Highly complementary to G&H’s Torquay-based “passive” fibre optics business

The result is a unique end-to-end fibre optics capability for the most demanding applications: -

- Space (satellites)
- Commercial and military aerospace
- Telecommunications
- Life Sciences

Integration and technology transfer critical to delivering upside potential – already underway

Provides G&H access to the important US Aerospace & Defence market

Fibre optics business unit will account for approx. one quarter of annualised revenues (nil 4 years ago)

Acquisition will take Aerospace & Defence to approx. one third of annualised revenues

Crystal Technology Acquisition

Consolidates G&H's leading position in the acousto-optic and electro-optic markets

- Market share
- Technical leadership
- Most comprehensive product range

Highly respected business with blue-chip customer base

Active in: **Industrial**
Aerospace & Defence
Life Sciences
Semiconductor, and
Telecommunications markets

Provides self-sufficiency in strategically important crystals – secures supply-chain

Gives G&H control of all critical aspects of the product that influence: -

- Price
- Performance
- Quality
- Leadtime

Diversification

Market trends				
	2008 Full Year	2009 Full Year	2010 Full Year	2011 Half Year
Industrial	77%	47%	52%	57%
Research	13%	15%	12%	7%
Life Sciences	4%	9%	11%	10%
Aerospace & Defence	6%	29%	25%	26%

The acquisitions of EM4 and Crystal Technology bring additional capabilities, products and customers in the Aerospace & Defence and Life Sciences sectors

Market Trends

Rate of growth in the **Industrial** sector returning to more sustainable levels

Use of lasers in manufacturing continues to increase, particularly in microelectronics

Smart phones and tablet computers driving demand for G&H products like the Q-switch

Encouraging growth in high-end telecoms applications

EM4 has enhanced G&H's presence in **Aerospace & Defence** in the US and Europe

Many exciting new opportunities but gestation times are long and contracts are “lumpy”

Customer relationships strengthening as G&H recognised as a trusted supplier

Life Sciences continues to grow in importance and value, aided by recent acquisitions

Long term projects migrating from R&D to commercialisation phase

The **Scientific** research market has slowed as long term projects mature

Outlook and Objectives for H2

G&H is now well-positioned to address its target markets

Market conditions remain broadly favourable

Manufacturing capacity still increasing + sustainable level of demand = reduced leadtimes

Integration of EM4 and Crystal Technology is top priority

- sales
- operations
- management
- technology transfer
- cross-fertilisation

Integration acting as catalyst for structural change => creation of centres of excellence

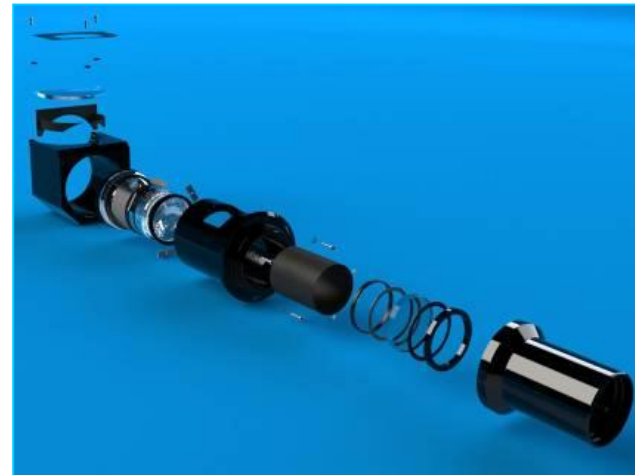
Industrial market will continue to lead

Looking to secure substantial programmes in **Aerospace & Defence**

Forging commercial relationships in **Life Sciences**



Appendices



Half year to 31 March	2011 £'000	% Change	2010 £'000	Full year 2010 £'000
Revenue	27,192	33%	20,373	44,683
Gross profit	11,940	56%	7,648	18,691
Operating expenses	(7,113)	42%	(5,015)	(11,828)
Operating profit before amortisation of acquired intangible assets	4,827	83%	2,633	6,863
Acquired intangible assets amortisation	(530)	(8%)	(491)	(934)
Operating profit	4,297	101%	2,142	5,929
Operating profit margin %	15.8%		10.5%	13.3%
Net finance costs	(297)	(31%)	(429)	(833)
Profit before income tax	3,936	130%	1,713	5,096
Income tax expense	(1,283)	136%	(544)	(405)
Profit for the period	2,653	127%	1,169	4,691
Basic earnings per share	13.0p	113%	6.1p	24.4p

Key Points

- For the period to 31 March 2011, Gooch & Housego PLC returned profit before tax of £3.9m compared to £1.7m in 2010.

- The Company returned basic earnings per share of 12.1p per share (2010: 6.1p)

- Revenue for the year increased by £6.8m, or 33% over the corresponding period last year.

- After taking account of acquisitions and foreign exchange, group revenue was up 29% over the same period.

- Sales growth in the business' Industrial, Aerospace & Defence and Life Sciences divisions.

- Operating expenses include £0.5m in respect of acquisition costs and a further £0.5m in respect of the Company's Value Creation Plan. (£0.3m of this relating to national insurance).

- Operating expenses are expected to increase in the second half of 2011 as a result of the integration of EM4 and Crystal Technology and due to the higher financing costs associated with the additional debt funding.

Key Points

	2011 £'000	2010 £'000
EBITDA	5,847	3,698
Acquisition costs	495	-
Adjusted EBITDA	6,342	3,698

	2011 £'000	2010 £'000
Profit before income tax expense	3,936	2,142
Acquisition costs	495	-
Amortisation of acquired intangible assets	530	491
Costs associated with debt re-financing	64	-
Adjusted profit before income tax	5,025	2,633

	2011 p per share	2010 p per share
Adjusted basic earnings per share	17.1p	7.9p

•Excluding the impact of the amortisation of acquired intangible assets, one off costs associated with the acquisitions, profit before income tax expense in the year amounted to £5.0m, compared to £2.6m in the same six month period in 2010.

•Compared to the last six months of financial year 2010 adjusted PBT for the first six months of 2011 has increased by £1.1m, or 29%, excluding the impact of acquisitions. This reflects the continued real growth of the industrial market and the increased traction in our emerging markets of Aerospace & Defence and Life Sciences.

•EBITDA is an important metric used within the business and for covenant reporting. For the six months to 31 March 2011 EBITDA was £5.8m, compared to £3.7m in the equivalent period for 2010, a rise of 59%. On an adjusted basis EBITDA was £6.3m, 71% higher than in 2010.

•On an adjusted basis, the company returned an earnings per share for the six months to 31 March 2011 of 17.1p (2010: 7.9p).

	2011 £'000	2010 £'000
Cash flows from operating activities	5,536	4,013
Cash flows from investing activities		
Acquisition of subsidiary	(14,408)	-
Purchase of property, plant and equipment	(1,207)	(280)
Sale of property, plant and equipment	4	-
Other	(60)	(27)
	(15,671)	(307)
Cash flows from financing activities		
Net movement in borrowings	3,458	(1,200)
Issuance of share capital	10,611	-
Interest paid	(247)	(334)
Dividends paid to ordinary shareholders	(434)	-
	13,388	(1,534)
Net increase / (decrease) in cash, cash equivalents and overdrafts	3,253	2,172
Exchange losses	26	(78)
Increase / (decrease) in cash, cash equivalents and overdrafts	3,279	2,094

Key Points

- Net cash generated from operating activities in the six months to 31 March 2011 was £5.5m (2010 : £4.0m). Working capital has remained steady, increasing slightly from the year end position.

- Cash, cash equivalents and bank overdrafts as at 31 March 2011 amounted to a net positive cash position of £9.0m, representing an increase of £3.3m from 30 September 2010.

- The ratio of operating cashflows to EBITDA was 95% (2010 : 109%)

		2011 £'000	2010 £'000
Non- current assets	Tangible assets	19,713	16,163
	Intangible assets	24,643	16,793
	Other	4,512	1,560
Total		48,868	35,516
Currents assets	Inventories	9,557	6,412
	Trade & other receivables	10,440	7,703
	Cash & cash equivalents	11,520	7,137
	Other	364	449
Total		31,881	21,701
Current liabilities	Trade & other creditors	(11,845)	(5,817)
	Borrowings	(4,951)	(6,471)
	Other	(926)	(553)
Total		(17,722)	(12,841)
Non current liabilities	Borrowings	(12,044)	(9,975)
	Other	(1,318)	(748)
Total		(13,362)	(10,723)
Net assets		49,665	32,653
Shareholders equity		49,665	32,653

Key Points

Intangible assets increased by £7.9m as a result of the EM4 & Crystal Technology acquisition.

Gross borrowings have increased by £3.5m, to £17.0m since 30 September 2010, since the acquisition of EM4 & Crystal Technology.

Since 31 March 2010 net debt has fallen by £3.8m to £5.5m.

Trade & other receivables have increased by £2.8m since 30 September 2010. Excluding the impact of acquisitions this increase is £0.5m..

Issued share capital has increased from 19,264k to 21,850k ordinary 20p shares, following a share placing on the 5th January 2011.

Expenditure on tangible assets was £1.2m in the six months to 31 March 2011, compared to £0.3m in 2010. Investment in plant & equipment in the second half of 2011 is expected to increase as a result of the integration of EM4 and Crystal Technology.

SHAREHOLDER	HOLDING AS AT 15/03/2011	% HOLDING
BlackRock Investment Management	3,127,465	14.31%
Gooch & Virgin Family Holding	2,718,459	12.44%
Standard Life Investments	2,183,238	9.99%
Rensburg Sheppard Investment Management	977,752	4.47%
Scottish Widows	928,193	4.25%
Total of shareholdings over 3%	9,935,107	45.47%
Other holdings	11,915,691	54.53%
Total Share capital	21,850,798	

Financial Highlights

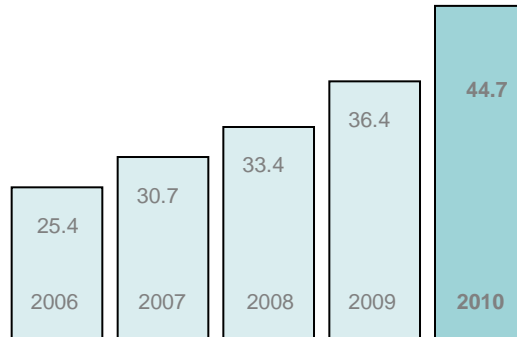
For the year ending 30 September 2010

Revenue £m

+23%

£44.7m

(2009: £36.4m)

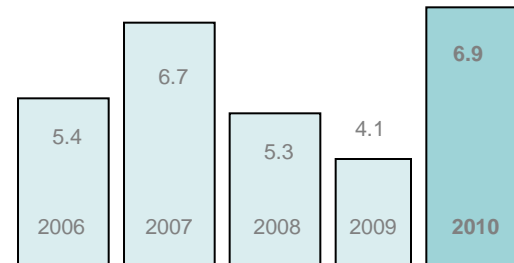


Headline operating profit £m

+66%

£6.9m

(2009: £4.1m)

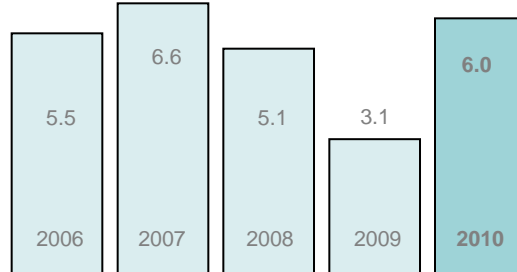


Headline profit before tax

+94%

£6.0m

(2009: £3.1m)

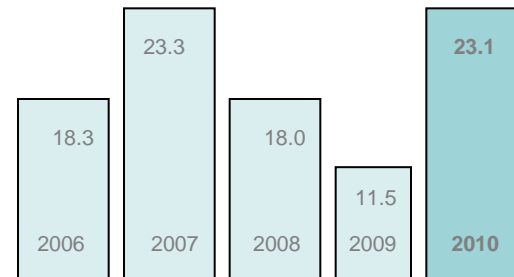


Headline earnings per share p

+101%

23.1p

(2009: 11.5p)



The term "headline" is used to illustrate the impact of eliminating non-recurring and non trading items on the Groups results. These items are the amortisation of acquired intangible assets, the recognition of deferred tax assets and in 2009, one off costs associated with the Group's restructuring activities and the sale of property.

Flow of Funds	£'m	\$'m
EM4		
Initial consideration (6X 2010 EBITDA)	7.3	11.6
Expected earn out (1.2X 2011 EBITDA) capped @ \$7.0m	2.0	3.2
EM4 subtotal	9.3	14.8
Crystal Technology		
Initial consideration for the business	5.6	9.0
Initial consideration for the cash equivalents	0.9	1.5
Deferred consideration for the business	0.4	0.6
Deferred consideration for the cash equivalents	1.7	2.7
Crystal technology subtotal	8.6	13.8
Total consideration	17.9	28.6
Funded by :		
Share placing	10.2	16.3
Debt	5.0	8.0
Cash	2.7	4.3
Total	17.9	28.6

Key Points

- Initial consideration for both deals is £13.8m
- Deferred consideration / earn out for both deals is £4.0m and is all payable on 31 March 2012.
- Costs associated with both of these deals is expected to be approximately £1.3m, of which approximately £0.5m will be taken through the Income Statement in FY2011.

Summary		
New Ordinary Shares Issued	No. of shares	2,366,666
Issue Price	£ per share	£4.50
Discount on mid market price as at 15 th December 2010.	%	4.8%
Funds Raised Gross	£m	10.6
Placing Costs	£m	0.4
Funds Raised Net	£m	10.2

Key Points

- Placing represented approximately 12.2 per cent of the Existing Issued Ordinary Share Capital and approximately 10.9 per cent of the Enlarged Ordinary Share Capital.
- Admission of the New Ordinary Shares took place on the 6th January 2011
- The placing was carried out on a non pre-emptive basis to institutional and other professional investors and was arranged and fully underwritten by Investec.

US\$ acquisition loan

Principal \$18.0m

Term – four year term commencing 31 March 2011

Repayable by :

Eight half yearly instalments of \$2.25m

Interest rate margin of between 2.25% and 3.00% over LIBOR

Interest rate margin ratchet based on leverage ratio

\$18m fully drawn as at 31 March 2011

Working capital facility

Total facility available \$8m

Term - committed for 4 years

Interest rate margin of between 2.25% and 3.00% over LIBOR

Interest rate margin ratchet based on leverage ratio

Currently \$4m drawn down

CAPEX Facility

Total facility available \$8m

Term - committed for 4 years

Interest rate margin of between 2.25% and 3.00% over LIBOR

Interest rate margin ratchet based on leverage ratio

Currently not drawn

Sterling acquisition loan

Principal £3.1m

Term - four year term commencing 31 March 2011

Repayable by :

Seven half yearly instalments of £221k

Final instalment of £1.55m

Interest rate margin of between 2.25% and 3.00% over LIBOR

Interest rate margin ratchet based on leverage ratio

£3.1m fully drawn as at 31 March 2011

Banking covenants

Tested under the following conditions :

- Adjusted net cash flow to total borrowings paid
- Adjusted net debt to EBITDA
- EBITA to borrowing costs
- Capital expenditure

Reported under covenant since January 2009 and have been in compliance.

Appropriate headroom to operate within covenants