OMG PLC ANNUAL REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2015

COMPANY NO 3998880

Contents

CHAIRMAN'S STATEMENT

The past year has been an exciting period of significant and positive change for the Group; a year in which we demonstrated a clear focus on creating shareholder value. Following the successful planned disposal of 2d3 and House of Moves and by continuing to focus on organic growth in our core, we have been able to realise significant value for our shareholders. The shape of the Group going forward is also now quite different. Revenues are less volatile, profits more predictable and the Group's ability to generate cash is stronger than ever.

Overall, the Group saw revenues from continuing operations improve slightly to £25.8m (FY14: £25.6m) and adjusted* Profit before Tax ('PBT') also improve to £2.4m (FY14: £0.0m). On a divisional basis, Vicon had another solid year, with cash generation remaining strong and the business achieving revenues on a similar level to last year with an increase in the division's adjusted* PBT driven by margin improvements and careful cost management. Yotta reported revenue and adjusted* PBT ahead of last year with a further shift of revenue mix in favour of software, international expansion and a further increase in the annual value of the recurring contract revenues. OMG Life made significant progress in the development of relationships with a number of major consumer electronics businesses around the world, which are expected to lead to revenues in the future.

The most significant corporate development was the sale of our 2d3 defence software division to Insitu Inc., a subsidiary of The Boeing Company on 10 April 2015, for $25m (approx. £16.8m). This move was a positive and important step for the Group as it delivered on the founding ambition of Oxford Metrics – to take great technology, nurture it, build it, amplify the value through acquisition and ultimately realise meaningful shareholder value from those efforts. The Group has successfully delivered two special dividends returning £11m to shareholders during the financial year in recognition of the support given since 2007 by long-standing shareholders to our investment in 2d3.

On an unadjusted basis, including the disposal of 2d3, the Group reported a PBT of £10.5m (FY14: Loss of £0.6m). As at 30 September 2015, our cash position was strong at £11.7m (FY14: £7.6m). We are distributing a third special dividend of 3.75p per share, returning a further £4.4m to shareholders, as well increasing our proposed final dividend by 30% to 0.65p (FY14: 0.50p) per share, recognising the progress made in the year.

Later Nick Bolton, our Chief Executive, will provide more depth on the individual businesses and their trading performance, but noteworthy achievements in 2014/15 include:

- Yotta achieved revenue growth of 9.3% helped by further take-up of the Horizons platform, which as at year-end has 55 customers (FY14: 42 customers). The annual value of recurring revenues increased strongly to £3.6m (FY14: £2.7m).

- Vicon reported a slight decline in revenues, but through product gross margin improvements, higher R&D Capitalisation and lower Amortisation and diligent cost control reported an adjusted* PBT 5.6% ahead of last year to £5.3m. In June 2015 Vicon successfully launched the next generation motion capture camera, Vicon Vantage, which sold well in the final quarter and fortifies the Group's competitive position for the years ahead.

- OMG Life restructured in the first quarter of the year and is focused on deriving value from its technology by licensing it to consumer oriented businesses. Whilst this set of results includes no revenue benefit, our efforts have begun to be rewarded by two engineering engagements with leading global businesses which, if successful, are expected to lead to licensing agreements.

We have always believed that there is significant shareholder value to be gained through adapting our technology, experience and leadership in imaging and measurement to multiple commercial opportunities. Our long stated strategy is to generate shareholder value by taking world-class IP and monetizing it through commercial sales. This approach is something we have proven we can do throughout our history. We have established Vicon as a profitable market leader; scaled and sold 2d3 to a strong partner for a significant premium; and grown Yotta into an increasingly visible, dependable revenue and profit performer.

Post 2d3, our strategy has not changed. The sale of 2d3 and the cash it provided has illustrated the clear benefits of this approach and we will continue to seek maximum shareholder returns, evolving our routes to achieving those returns. This approach continues in the Group we have today - with everything from the most advanced and powerful Vicon camera to our Yotta surveying system, and the software that surrounds it - all evolved from our core IP.

Financial Performance

Key performance indicators (KPIs) for the Group from continuing operations are as follows:

KPI	FY15	FY14	Change
Group revenue	£25.8m	£25.6m	+£0.2m
Group cash position	£11.7m	£7.6m	+£4.1m
Group adjusted* profit before tax	£2.4m	£0.0m	+£2.4m

Foreign exchange rates, in particular the US Dollar-Sterling rate, have been relatively stable during 2014/15 and have not had a material impact on year-on-year Group profit before tax performance.

In order to innovate and adapt our technology for new commercial opportunities, and maintain our technology leadership, the Group continues to invest in Research and Development (R&D), continuing operations spent £6.6m (FY14: £6.4m) during the year. A number of key projects were completed and launched during the year as detailed in the Chief Executive's statement. From this total spend, we expensed £4.1m (FY14: £4.0m) including Amortisation and Impairment of R&D in the year of £1.8m (FY14: £2.4m). Expenditure that was capitalised was £2.5m (FY14: £2.4m) in this year's results.

The Statement of Financial Position shows a decrease in non-current assets which includes the disposal of 2d3 Intangibles at £0.3m and 2d3 Goodwill at £3.4m. The decrease in Trade & other receivables is due to the disposal of 2d3 which accounted for £4.0m of Debtors at the previous year-end. Taking account of this there is an underlying increase in current assets (from continuing operations) driven by strong revenues in September 2015 compared to the same period last year. The disposal of HOM was concluded in October 2014 so Assets and Liabilities have now been removed accordingly. Trade and other payables have declined due to the disposal of 2d3 which accounted for £1.8m of Accounts Payable at the previous year-end, this however has been offset to some extent by an increase of £1.0m due to higher than normal Accounts Payable within Vicon associated with component stock replenishment for the Vantage camera.

The Group finished the year with a cash balance of £11.7m (30 September 2014: £7.6m, 31 March 2015: £8.6m). As a whole, the Statement of Financial Position remains robust.

There is a current tax charge for the year due to the Group making a taxable profit in the US arising from the disposal of 2d3 resulting in an overall effective tax rate of 23.2%.

All this would not be possible without the dedicated and brilliant team of people within Oxford Metrics whom I would like to thank very warmly, and for the continued support of all the Group's customers and shareholders.

Looking ahead

We have a strong platform in place. Notwithstanding changes in macro-economic conditions, we expect our businesses to develop and grow in the year ahead.

In Vicon's case, the business will continue to invest in new product innovations and will complete the second year of the partially funded Innovate UK development project, aimed at developing new, innovative technologies to drive future product releases, growth and profits. Having successfully launched the next generation motion capture camera, Vantage, Vicon is expected to benefit from a full year of selling this new flagship platform and continue to be a solid profit performer.

Yotta will continue its evolution into a software and services business, with its market-leading product Horizons expected to achieve further growth. The Group's Software as a Service ("SaaS") approach to revenue growth within Yotta will continue to help the division's performance to be more predictable, providing increased visibility and higher quality income. Yotta is also expected to increase revenues through continued growth in UK direct sales, progressing relationships with international distributors and leveraging partnerships with large infrastructure consulting organisations.

OMG Life investment will continue at the reduced level, in line with current management expectations, and the development of key relationships with major consumer electronics businesses around the world are expected to yield revenues. In the coming year, it is envisaged that these revenues would be based initially on the integration of our IP into our customers' products and services, followed by license revenues as the technology is deployed in those solutions.

As we enter a new financial year, all three businesses are in a good position to move forward to the next stage of their development.

** Profit Before Tax before group recharges adjusted for share based payments, amortisation of intangibles arising on acquisition, and exceptional costs including compensation to contractor manufacturer, Autographer inventory write-off and redundancy costs. The statutory equivalents of the adjusted numbers shown in this statement are disclosed in notes 4 and 6.*

STRATEGIC REPORT

Group Strategy

As a Group, our strategy is to deliver growth by combining a strong core of unique expertise in imaging technology with the other resources necessary (people, money, marketing and acquisitions) to grow a portfolio of profitable diversified businesses.

We achieve this by applying the most appropriate business model for the specific market in which we've identified a clear opportunity. In one market, this may mean delivering exceptional service enabled by our technology; in another, we may integrate our technology into a powerful and transformative hardware or software product.

Because our businesses operate in different markets, each is subject to a different set of market forces, which we believe provides the Group with a wider spread of opportunity and better balance than would be the case for a single business, competing in a single market, using just one business model.

Key Performance Indicators

The Group relies on financial key performance indicators including revenue, profit before tax and adjusted profit before tax (see note 6) to measure the performance of the Group described below. The Group does not use non-financial key performance indicators to measure performance.

Chief Executives Statement

The consolidated income statement for the year is set out on page 18 and shows revenue from continuing operations for the year of £25,765,000 (2014: £25,631,000), profit before tax of £1,379,000 (2014: loss of £55,000) and profit of £1,235,000 (2014: loss of £104,000). The result of discontinued operations is a profit of £6,807,000 (2014: loss of £466,000) and is shown separately in the income statement. The total revenue for the year is £27,763,000 (2014: £33,441,000) and the profit is £8,042,000 (2014: loss of £570,000).

Collectively 2014/15 has been another year of progress for Oxford Metrics. Vicon continued to perform well, delivering a reliable result and enhancing its competitive position for the year ahead. The Yotta business went from strength to strength achieving further traction of the Horizons SaaS solution through direct sales, international distributors and other partner relationships, and as a result improved the predictability and reliability of future revenues through the increase in the annual value of contracted revenues. Lastly, OMG Life has developed a strong pipeline of opportunities that are expected to deliver engineering and license revenues in the future as the technology is deployed in third party products.

Vicon: Consistently profitable

KPI	**Revenue**		**PBT**		**Adjusted* PBT**	
	FY15	FY14	**FY15**	FY14	**FY15**	FY14
Vicon UK/ROW	**£9.5m**	**£9.6m**	**£3.2m**	**£3.7m**	**£2.5m**	**£2.4m**
Vicon US	**£7.6m**	**£7.6m**	**£1.0m**	**£0.6m**	**£2.8m**	**£2.6m**
Total Vicon	**£17.1m**	**£17.2m**	**£4.2m**	**£4.3m**	**£5.3m**	**£5.0m**

Starting with our most mature subsidiary, Vicon delivered another consistent performance this year. Revenues were largely unchanged at £17.1m (FY14: £17.2m) but adjusted* PBT improved 5.6% to £5.3m (FY14: £5.0m) through product gross margin improvements, higher R&D Capitalisation, lower R&D Amortisation and careful cost control. Vicon, selling both via direct and indirect channels, recorded an average product gross margin of 70.1% (FY14: 69.4%). Furthermore, this strong margin performance has been achieved in the face of a changing mix in product sales and a stronger competitive environment.

Vicon continues to enjoy broad market appeal, focusing on three vertical markets - in Life Sciences, 52% of revenues, Entertainment, 27% of revenues, and in Engineering, 21% of revenues during FY15. These markets are very much international and the company continues to execute well across the globe - shipping systems to 67 different countries during the fiscal year, up from 51 countries four years ago. This multiple vertical market demand and broad international appeal reduces the exposure to any single vertical or geographical marketplace.

Over the past couple of years, we have seen motion capture become applied to an increasing set of measurement applications - quadcopters, wearables, Virtual Reality, Augmented Reality, running injury analysis and so forth. Through this expanded set of applications and the price point accessibility of our Bonita camera range, the number of systems we are supplying has increased in FY15 to a record level of 248 systems during the year. This shift to shipping a larger number of smaller camera count systems has the advantage of reducing sales pipeline volatility whilst maintaining the company's ability to take advantage of large camera count system demand where it exists. This means a more predictable and more broadly spread Vicon business.

Demonstrating Vicon's capabilities at the large system end of the market, Vicon has delivered a number of larger systems to a total of 7 different countries during the year. For example, Vicon provided a system to La Universidad de San Martin (UNSAM) in Buenos Aires. The Vicon system is part of the first high end reference system for the animation industry in Argentina. It will be used for teaching, but also be open to private companies to use with the goal to elevate the quality of animation work in the country. The intention is that the system will be used for a wide variety of projects ranging from student work, short features and commercials through to full length feature movies.

Vicon continues to build long term relationships with its customers with the company installing its seventh system at the University of Loughborough School of Sport and Exercise, and a further system to Boeing, another repeat customer. Indeed it continues with Vantage, when the company secured its first large Vantage system order very soon after the camera launched to the public in June 2015. A longstanding Vicon Entertainment customer evaluated all competitive options before deciding to further invest in Vicon for its next generation of titles.

The Innovate UK funded Real Time Digital Acting (RTDA) project has made exciting progress during its first year. As we move into the second year, exploitation of the products generated becomes our key focus. The RTDA projects primarily appeal to our Entertainment market but with wider mass market applications forming a fundamental part of our exploitation strategy.

The uptake of Vicon Cara, our 3D facial tracking system has also grown this year and the system was selected to provide Computer Graphics (CG) content on three major film productions this year by three different visual effects houses. Further growth in the academic sector means the next generation of CG artists and technicians are training on the Cara system.

Lastly there is one highlight from the past 12 months that should not be overlooked – that is the award of the company's first official Guinness World Record. Working with longstanding customer studio, Audiomotion, a new world record for the most people motion-captured in real-time was set on 9 March 2015; 19 people, including two UK-based hip hop dance crews, were simultaneously captured using just 36 Vicon cameras. Congratulations to everyone involved. We look forward to breaking more records with the newly refreshed product line-up in the year ahead.

Yotta: Predictable and visible growth

KPI	**Revenue**		**PBT**		**Adjusted PBT***	
	FY15	FY14	**FY15**	FY14	**FY15**	FY14
Yotta DCL	**£5.7m**	**£5.4m**	**£0.1m**	**(£0.4m)**	**£0.5m**	**£0.0m**
Mayrise	**£2.9m**	**£2.5m**	**£0.7m**	**£0.8m**	**£1.5m**	**£1.5m**
Total Yotta	**£8.6m**	**£7.9m**	**£0.8m**	**£0.4m**	**£2.0m**	**£1.5m**

Yotta, our infrastructure software and services business, has had its best trading year ever – making predictable, visible progress during the year. The division reports a record headline revenue of £8.6m (FY14: £7.9m), an increase of 9.3%, and a record adjusted PBT of £2.0m (FY14: £1.5m), up 32%. This excellent performance was driven through the continued progress with our Horizons and Mayrise software solutions in the marketplace. With revenues arising from software activities now accounting for 54.9% (FY14: 43.2%), the business is growing on a profitable footing. This year Yotta has established three clear channels for revenue growth: strong direct sales in the UK; growing relationships with international distributors and partnering with large infrastructure consultancies to expand the reach of the software.

First, with regards to direct sales, we have seen many wins in the UK during the year. Some of the bigger ones include Tyne Tees consortium, Cheshire West, Lincolnshire and Hertfordshire County Councils. Of particular note was the new two-year contract for Horizons with Highways England – the organisation formerly known as the Highways Agency, responsible for the operation, maintenance and improvement of England's motorways and major A roads. Having used Horizons since 2013 as part of their Program Investment Tool, this contract enables Highways England to rely on Horizons as a crucial part of their approach to Asset Management. Alongside the software we are providing support, consultancy and regular data refreshes. As a result of these new wins and our customers' continued use of our full range of software, software revenues grew by 19% year-on-year to £4.7m (FY14: £3.9m).

Second, building on the growth in the UK market, 2015 saw Yotta make its first expansion internationally with the appointment of two new international distributors for the Horizons product: Wegdekmeten in the Netherlands and new independent company Yotta Australia in New Zealand and Australia. Both distributors signed customers almost immediately following appointment, with one customer up and running in the Netherlands and four engagements in Australia now secured. Expanding the international reach of Horizons software is important to accelerate Yotta's future growth and we hope to announce further positive news here as we increase our distribution network.

Third, this year has also seen Yotta successfully deliver on a core strategic aim – to partner with enabling businesses. These are companies who are not direct competitors but who can benefit from our software capabilities to deliver a more efficient and effective solution for their end customers. Among those, Amey, one of the UK's leading engineering consultancies and distinguished public services provider, have been the leading light. We now have nine Horizons customers, both in the UK and in Australia, and several consulting and surveying contracts with Amey. We are now working hard with them to grow that even further. They are not the only organisation we are working well with – Fulton Hogan, who are a New Zealand company, are beginning to become an increasingly important partner to us, demonstrated by the recent win at Victoria Roads, announced in September 2015. On the back of that win, and our reputation because of it, we have had encouraging discussions with other potential partners in multiple geographies.

The professional services team at Yotta also had a strong year, growing revenues 24% to £1.17m (FY14: £0.89m). What is even more impressive here is these revenues have been delivered with almost the same number of people as the previous year through an increase in utilisation levels. Surveying contracts were won at, amongst others, Tyne Tees, Cheshire West and Barnsley contributing to total revenues of £3.9m (FY14: £4.0m).

One of our key objectives in Yotta is to increase the level of contracted revenue in the business. We focus on three areas to do this: SaaS, hosting and support. Annual recurring revenues, excluding surveying and consultancy grew 33% year-on-year to £3.6m (FY14 £2.7m). The support/hosting revenue stream has grown like-for-like, since the purchase of Mayrise two years ago, from £1.4m to £2.0m (growth of 43%). All of this growth on the software side of the business provides us with improved profitability and a strong foundation around which we can plan the next steps for the business.

In summary, it has been a great year for Yotta, which continues to provide increasingly valuable recurring-revenues and profitability to the Group.

OMG Life: Ready to realise value

	Revenue		**PBT**		**Adjusted* PBT**	
	FY15	FY14	**FY15**	FY14	**FY15**	FY14
Total OMG Life	**£0.0m**	£0.5m	**(£3.4m)**	(£4.7m)	**(£2.5m)**	(£4.3m)

OMG Life reported a reduction in trading loss over the previous trading year, following the restructuring of the business in December 2014. The restructuring, completed in the first quarter, removed a significant proportion of the cost base from the business although the full benefit of this cost reduction will only be realised in the new financial year. Through this restructuring, the business gained a revised focus on deriving value from the Company's growing portfolio of Intellectual Property (IP) through the deployment of the technology in third party products.

As reported in June 2015, our technology has been well received by some significant global businesses across a range of consumer markets. The technology enables the capture of optimal imagery, including both video and stills, regardless of environment, user ability and relatively independent of cost point. This means consumers can get a high quality image or video sequence regardless of camera motion, difficult lighting conditions and without the need for relatively expensive hardware components. During 2015, the company consulted with a wide range of companies to investigate the integration of our capabilities into smartphones, dedicated cameras, internet-enabled cameras, tablet devices and back-end imaging services, indicating the broad appeal of our IP.

As a result of this work we are pleased to announce that post year end, two global consumer electronics companies have begun engineering engagements with OMG Life to integrate certain elements of our IP into their devices and services, which, if successful, would lead to a licensing agreement in due course. The nature of these integrations is commercially sensitive, but the Group looks forward to updating the market at such time as marketable products and services are subsequently released.

In addition there are other well-known consumer businesses who have expressed an interest in Life's IP and its application. Further licensing and integration discussions continue with an increased number of interested parties compared with the pipeline at the Interim Results in June. However, it is worth commenting that, given the potential broad scale of these opportunities and the multi-level sales process required, it can be difficult to forecast specific dates of formal engagements. That said, what is clear from our work in these markets is there is plenty of appetite for our solutions and we have a dedicated team in place to unlock the IP's potential.

Stepping up in 2016

There is much to be positive about the Group's position going into the new fiscal year. Vicon has a new, highly differentiated product line-up to drive performance on the foundation of excellent profits. OMG Life can drive its revenues in the year ahead through its first tangible IP engagements and through the successful execution of its opportunity pipeline. Lastly, Yotta goes into 2016 with multiple vectors of growth – the opportunity to expand its UK market share, to grow its international business and to realise growth through its increasing range of important partnerships. In addition to these organic drivers of growth, the Group continues to look carefully at acquisition opportunities to expand the reach of the Yotta and Vicon businesses.

We have taken some proactive decisions during FY15 which saw the basic structure of the Group change with the premium disposal of the 2d3 business, but great value remains within Oxford Metrics. We will continue to build out the predictability and profitability of our Group revenue streams and as part of our strategy will consider licensing or partnerships to maximise the value of our IP. We enter the year ahead with a good pipeline of prospects, improving quality of earnings and multiple vectors of growth from multiple markets.

** Profit Before Tax before group recharges adjusted for share based payments, amortisation of intangibles arising on acquisition, and exceptional costs including compensation to contractor manufacturer, Autographer inventory write-off and redundancy costs. The statutory equivalents of the adjusted numbers shown in this statement are disclosed in notes 4 and 6.*

<u>Principal risks and uncertainties</u>

The management of the business and the execution of the Group's strategy are subject to a number of risks. The Group monitors these risks on a continual basis through the use of a Risk Register and through market intelligence provided by operational management and determines mitigation plans and actions accordingly. During the financial year under review the risk profile of the Group has not changed significantly. The key business risks affecting the Group ability to deliver on its strategic objectives are set out below:

Product and technology risk
The Group operates in a complex and competitive technological environment. The business requires continual investment and innovation in its products and services to maintain its competitive position. In order to mitigate this risk the business has invested in product marketing with the objective of focusing research and development with specific measurable aims and goals to meet market needs. The business coordinates each development project with Board monitoring and project management principles in order to mitigate the length of time that products take to enter the market.

Suppliers

The Group sources certain product components which are only available from a small number of specialist suppliers. Disruption to the supply chain could have an adverse effect on the business. Where possible, such risks are mitigated by ensuring ownership of design and intellectual property and maintaining appropriate inventory levels.

Employee Retention
The Group's performance depends largely on its skilled staff. The loss of key individuals and the inability to recruit individuals with the right experience and skills could adversely impact the Group's results. To mitigate these matters, the Group aims to put in place appropriate management structures and provide competitive remuneration, including share options and where possible provide continuing career development for key personnel.

Market
The Group operates in multiple geographical markets so there is a risk that territory and global macro-economic conditions may result in one or more of these markets being adversely affected and the revenues of the business impacted accordingly. However, by virtue of selling in multiple geographical markets the impact of localised economic downturn in one or a number of markets is minimised.

The Group operates in multiple service and product segments with specific risks and uncertainties including:

- Vicon Group

  Vicon operates in three distinct areas described below. In mitigation of the risks identified Vicon operates in multiple geographies, through well-established distributors, who provide insight into local markets and an effective defence against competitive activity. Furthermore, Vicon has a well-established and respected brand and through continual innovation maintains a competitive advantage over the competition.

  Life Sciences – Our customers are primarily Medical and Educational Institutions funded largely, but not exclusively, by Government which are subject to National budgetary decisions although in many markets these areas of spend are protected to some extent.

  Engineering – The majority of our customers are largely commercial organisations whose investment decisions are determined by general macro-economic conditions in their markets so revenues can be affected accordingly. The remaining customers tend to be higher education research establishments whose funding is ultimately controlled by National Budgetary decisions.

  Entertainment – Our customers are commercial organisations who produce content for the Film, TV and Video Game market place. Spending in this market tends to be erratic and ultimately driven by consumer demand for content which by virtue of this market place cannot always be guaranteed.

- Yotta Group

  Infrastructure (including Highways, Street works and Street lighting) – The majority of our customers are ultimately funded by the UK Government so spending is subject to National Budgetary decisions and priorities. In mitigation, the business secures long-term service contracts and recurring annual support contracts whenever possible.

- OMG Life

  Consumer electronics – Our potential customers are Consumer electronic businesses that produce electronic products incorporating our technology under license. Our revenue will ultimately be influenced by consumer demand for such 3rd party products in markets where there is significant choice and demand on disposable income. In mitigation, the Group has developed a unique and innovative technology that will be deployed across multiple brands, products and markets.

Financial
The business has outlined its principal financial risks in note 21 to the accounts. These are broadly summarised as foreign currency and credit risks. Typically a third of the Group's revenues are generated from its US subsidiaries in US dollars, together with some overseas territories which purchase in US dollars and Euros. Changes in exchange rate could have an adverse effect on revenues and profitability of the Group. Where possible the Group aims to mitigate this by making purchases and engaging personnel in local markets.

Non-Financial

The business continually assesses its exposure to non-financial risks. These are broadly summarised as competition, reputation and product related risks. The Board is cognisant of this information when determining business strategy.

Nick Bolton
Chief Executive
7 December 2015

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated and parent Company financial statements for the year ended 30 September 2015.

Business review
OMG plc is a holding Company. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 5 to 10. Its subsidiary undertakings are shown in note 16. The Strategic Report includes details of the market overview; key growth drivers; our business model; strategic objectives; principal risks and uncertainties; key performance indicators and a summary of 2014/15 performance.

Share Capital
The Company has one class of ordinary shares which carry no right to a fixed income. Full details of changes in share capital during the year are shown in note 23 to the financial statements. Details of employee share options are set out in note 24.

Dividends
A special dividend of 4.5 pence per share totalling £5,102,000 was paid during the year and another special dividend of 5.0 pence per share totalling £5,872,000 was also paid during the year.

The directors have announced a further special dividend of 3.75 pence per share which will absorb an estimated £4,404,000 of shareholders' funds. This dividend will be paid on 12 January 2016 to shareholders on the register of members at close of business on 18 December 2015.

The directors are proposing a final dividend in respect of the financial year ended 30 September 2015 of 0.65 pence per share which will absorb an estimated £763,000 of shareholders' funds. This dividend, if approved, will be paid on 9 March 2016 to shareholders on the register of members at close of business on 18 December 2015.

Research and development
During the year, the Group expensed £4,898,000 (2014: £4,260,000) in research costs. In addition £2,514,000 (2014: £2,533,000) of development costs were capitalised.

Research and development costs are principally the costs of employees involved in research and development, together with related equipment and materials for hardware development and external costs. Further information regarding the nature and value to the Group of this expenditure is explained in the Strategic Report.

Directors and their interests
The interests of the directors in the shares of the Company and their interest in options over the shares of the Company at 30 September 2015 are disclosed in the Report on Remuneration.

The directors who served during the year were as follows:

Anthony Simonds-Gooding
Jonathon Reeve
Adrian Carey
Julian Morris
Nick Bolton
David Deacon
Catherine Robertson

At the Annual General Meeting of the Company, Anthony Simonds-Gooding, Adrian Carey and Catherine Robertson representing one third of the Board, will retire and, being eligible, offer themselves for re-election.

Financial instruments
Information about the Group's management of financial risk can be found in note 21 of the financial statements.

Directors' indemnity insurance
The directors confirm that qualifying third party indemnity provisions are held that comply with Section 309B under the Companies (Audit, Investigations and Community Enterprise) Act 2004.

Employees
The Group ensures that all employees are kept informed, as far as is practical, with regard to the activities of the Group. This is achieved through the use of staff briefings and electronic communications. It is the Group's aim that recruitment and development of staff should be determined solely on ability and other relevant requirements of the job. Disabled persons and those who become disabled are given the same consideration as others and, depending on their skills, will enjoy the same prospects as other staff.

The Group's policies on Health & Safety are continually under review, ensuring that current practices comply with the laws applicable in the countries in which it operates.

Going concern
After making relevant enquiries, reviewing the cash flow forecasts for the two year period from the 30 September 2015 and considering the Group's risk profile, the directors consider the Group to have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement on disclosure of information to auditors
So far as each director is aware, there is no relevant audit information of which the Group's auditors are unaware. Relevant information is defined as "information needed by the Group's auditors in connection with preparing their report".

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Statement of directors' responsibilities
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication
The directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

BDO LLP offer themselves for reappointment as auditors and a resolution will be proposed at the AGM to approve the auditors reappointment.

By order of the Board

Catherine Robertson
Secretary
7 December 2015

CORPORATE GOVERNANCE REPORT

Directors' statement on corporate governance

The Board of Directors is accountable to shareholders for the good corporate governance of the Group. Under the AIM rules compliance with the UK Corporate Governance Code ('the Code') is voluntary. Although the Board has not formally adopted the Code, the Board is aware of the best practice defined by the Code and will seek to adopt procedures to institute good governance insofar as is practical and appropriate for a group of its size while retaining its primary focus on the entrepreneurial success of the business. This statement sets out how certain principles of the Code are met through the Group's application of best practice.

Directors

The composition of the Board is set out on page 11. The Board comprises a non-executive Chairman, two additional non-executive directors and four executive directors.

The Board meets bi-monthly and is provided with relevant information on financial, business and corporate matters prior to meetings. The Board has a formal schedule of matters reserved to it and is responsible for overall Group strategy, acquisition and divestment policy, approval of major capital expenditure projects and consideration of significant operational and financial matters. The Board has established both an Audit and Remuneration Committee. Given the small size of the Board, it is not considered necessary to constitute a separate Nominations Committee. All members of the Board are fully consulted on the potential appointment of a new director. All directors are subject to re-election every three years.

Steps are taken to ensure that members of the Board develop an understanding of the views of shareholders through the use of trading updates, announcements, annual and interim reports and the AGM.

Accountability and audit

The Audit Committee comprises two of the non-executive directors and meets at least twice annually. The Committee has specific terms of reference which deal with its authority and duties. The Committee overviews the adequacy of the Group's internal controls, accounting policies, internal audit programme and financial reporting and provides a forum through which the Group's external auditors report to the Board.

Internal control

There is an ongoing process for identifying, evaluating and managing risk via review of internal controls and these control processes were in place during the year. The Board has overall responsibility for ensuring that the Group maintains systems of internal control to provide it with reasonable assurance regarding the reliability of financial information used within the business and that the assets of the business are safeguarded. It is acknowledged that such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key areas of internal control are listed below:

- The preparation and review of monthly financial information which provides a comparison to budget and forecast and identifies and explains significant variances and also highlights emerging trends in the business.

- The preparation of an annual budget showing projected revenues, costs, funding requirements and operational targets. The Board is responsible for approving the budget. Forecasts are produced to update the budget for any significant change in Group performance.

- Significant capital expenditure projects, acquisitions, and contracts require Board approval.

REPORT ON DIRECTORS' REMUNERATION

The Directors' Remuneration Report Regulations are not a requirement for AIM listed Companies. However, set out below are certain disclosures relating to directors' remuneration.

Remuneration Committee

The Remuneration Committee is made up of the non-executive directors. The terms of reference of the Committee are to review and make recommendations to the Board regarding the terms and conditions of employment of the executive directors.

Service agreements

No director has a service agreement with a notice period that exceeds 12 months.

Policy on directors' remuneration

The remuneration is set by comparison to market rates at levels to attract, retain and motivate the best staff, recognising that they are key to the ongoing success of the business.

Directors' remuneration

The remuneration of directors who served during the year, excluding share based payments, was as follows:

	Salary £'000	Bonus £'000	Benefits in kind £'000	Gains on the exercise of share options £'000	**2015 Total £'000**	**2015 Pension contributions £'000**	2014 Total £'000	2014 Pension contributions £'000
A Simonds-Gooding (Chairman)	42	-	-	-	**42**	**-**	40	-
J Reeve (Non Executive Director)	31	-	-	-	**31**	**-**	30	-
A Carey (Non Executive Director)	31	-	-	-	**31**	**-**	30	-
J Morris (Executive Director)	113	34	2	-	**149**	**16**	128	16
N Bolton (Chief Executive Officer)	239	194	1	521	**955**	**-**	302	-
C Robertson (Secretary and Executive Director)	134	36	1	62	**233**	**10**	93	8
D Deacon (Chief Finance Officer)	178	117	3	93	**391**	**-**	230	-
	768	381	7	676	**1,832**	**26**	853	24

Directors' share options

Interests in share options for directors who served during the year were as follows:

	Exercise price	**At 30 September 2015 Number**	At 1 October 2014 Number	Exercise period
J Reeve	55.94p	**65,000**	65,000	August 2009 to August 2017
A Carey	31.18p	**77,194**	77,194	September 2015 to September 2023
C L Robertson	24.59p	**300,000**	600,000	September 2014 to July 2022
N Bolton	12.53p	**-**	1,200,000	June 2006 to June 2015
N Bolton	0.25p	**2,417,000**	3,000,000	September 2015 to September 2022
D Deacon	23.42p	**473,015**	900,000	March 2011 to March 2019
D Deacon	0.25p	**1,208,500**	1,500,000	September 2015 to September 2022
		4,542,209	7,342,194	

The vesting of options, other than the long term incentive plan (LTIP) described below, takes place proportionally over time which is typically a period of three years. The vesting of options is not subject to any performance criteria, other than remaining in employment.

The LTIP implemented 3 years ago became due for evaluation on 30 September 2015. The adjusted PBT performance of the Group per the audited accounts and total shareholder return ('TSR') over the past three years have been considered in accordance with the vesting criteria of the LTIP scheme. The TSR has been calculated by the independent advisors to the Remuneration Committee. Consequently, the Remuneration Committee have determined that 81% of the maximum number of awards shall vest. As a result 2,417,000 nil-cost share options and 1,208,500 nil-cost shares options will duly vest over the next two years for N Bolton and D Deacon respectively.

There were no share option gains made by any directors in 2014.
The average share price for the year was 37.67 pence (2014: 27.80 pence) and the closing share price was 41.25 pence (2014: 28.25 pence).

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary share capital of OMG plc at 30 September 2015 and at 1 October 2014 according to the register of directors' interests.

	Ordinary shares of 0.25p		**Percentage of issued share capital**	
	2015 Number	2014 Number	**2015 %**	2014 %
A Simonds-Gooding	**1,036,295**	1,036,295	**0.88**	0.91
J Reeve	**31,475**	31,475	**0.03**	0.03
A Carey	**175,380**	175,380	**0.15**	0.15
J Morris	**9,459,320**	9,459,320	**8.05**	8.34
C Robertson	**1,286,801**	1,162,801	**1.10**	1.03
N Bolton	**1,197,467**	374,383	**1.02**	0.33
D Deacon	**451,985**	25,000	**0.38**	0.02

By order of the Remuneration Committee

Jonathon Reeve
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMG PLC

We have audited the financial statements of OMG plc for the year ended 30 September 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of cashflows, the consolidated and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom
Date: 7 December 2015
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	2015 £'000	2014 £'000
Revenue	4	**25,765**	25,631
Cost of sales		**(9,479)**	(9,704)
Gross profit		**16,286**	15,927
Sales, support and marketing costs		**(4,479)**	(6,194)
Research and development costs		**(4,141)**	(4,038)
Administrative expenses		**(6,921)**	(5,802)
Other operating income		**601**	56
Operating profit/(loss)		**1,346**	(51)
Finance income	9	**40**	6
Finance expense	9	**(7)**	(10)
Profit/(loss) before taxation		**1,379**	(55)
Taxation	8	**(144)**	(49)
Profit from continuing operations		**1,235**	(104)
Profit/(loss) from discontinued operations, net of tax	12	**6,807**	(466)
Profit/(loss) attributable to owners of the parent during the year	5	**8,042**	(570)
Earnings per share for profit/(loss) on continuing operations attributable to owners of the parent during the year			
Basic earnings/(loss) per ordinary share (pence)	10	**1.08p**	(0.09)p
Diluted earnings/(loss) per ordinary share (pence)	10	**1.05p**	(0.09)p
Earnings per share for profit/(loss) on total operations attributable to owners of the parent during the year			
Basic earnings/(loss) per ordinary share (pence)	8	**7.02p**	(0.51)9
Diluted earnings/(loss) per ordinary share (pence)	8	**6.85p**	(0.51)p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Group 2015 £'000	Group 2014 £'000
Net profit/(loss) for the year	**8,042**	(570)
Other comprehensive income		
Exchange differences on retranslation of overseas subsidiaries	**336**	20
Tax recognised directly in equity	**336**	23
Total other comprehensive income/(expense)	**672**	43
Total comprehensive income/(expense) for the year attributable to owners of the parent	**8,714**	(527)

The notes on pages 22 to 55 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

COMPANY NUMBER: 3998880	**Note**	**Group 2015 £'000**	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Non-current assets					
Goodwill and intangible assets	13	**12,838**	16,686	**-**	-
Property, plant and equipment	15	**984**	1,387	**30**	22
Financial asset - investments	16	**69**	69	**14,409**	8,743
Deferred consideration receivable	12	**1,971**	-	**331**	-
Deferred tax asset	22	**632**	614	**335**	209
		16,494	18,756	**15,105**	8,974
Current assets					
Inventories	17	**1,876**	1,691	**-**	-
Trade and other receivables	18	**9,631**	13,176	**19,787**	20,769
Cash and cash equivalents		**11,738**	7,579	**206**	(886)
		23,245	22,446	**19,993**	19,883
Assets classified as held for sale	26	**-**	720	**-**	-
Current liabilities					
Trade and other payables	19	**(8,013)**	(8,640)	**(5,318)**	(2,710)
Current tax liabilities		**(497)**	(139)	**-**	-
		(8,510)	(8,779)	**(5,318)**	(2,710)
Liabilities directly associated with assets classified as held for sale	26	**-**	(45)	**-**	-
Net current assets		**14,735**	14,342	**14,675**	17,173
Total assets less current liabilities		**31,229**	33,098	**29,780**	26,147
Non-current liabilities					
Deferred tax liability	22	**(2,174)**	(2,280)	**-**	-
Net assets		**29,055**	30,818	**29,780**	26,147
Capital and reserves attributable to owners of the parent					
Share capital	23	**294**	283	**294**	283
Shares to be issued	25	**65**	65	**65**	65
Share premium account	25	**16,326**	15,443	**16,326**	15,443
Merger reserve	25	**-**	6,589	**-**	6,589
Retained earnings	25	**12,315**	8,493	**12,967**	3,775
Foreign currency translation reserve	25	**55**	(55)	**128**	(8)
Total equity shareholders' funds		**29,055**	30,818	**29,780**	26,147

The financial statements on pages 18 to 55 were approved and authorised for issue by the Board of Directors on 7 December 2015 and signed on its behalf by

Nick Bolton
Director

David Deacon
Director

The notes on pages 22 to 55 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Note	**Group 2015 £'000**	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Cash flows from operating activities – continuing operations					
Operating profit		**1,346**	414	**(71)**	(1,257)
Depreciation and amortisation		**2,438**	3,511	**23**	19
Impairment of intangibles		**415**	287	**-**	-
(Profit)/loss on the sale of property, plant and equipment		**(71)**	4	**-**	-
Profit on the sale of investment		**-**	-	**(138)**	-
Share-based payments		**154**	189	**87**	160
Exchange adjustments		**55**	27	**140**	(2)
(Increase)/decrease in inventories		**(85)**	145	**-**	-
Decrease/(increase) in receivables		**(513)**	(2,008)	**6,964**	(1,857)
Increase in payables		**1,296**	1,240	**2,262**	1,777
Cash generated from continuing operations		**5,035**	3,809	**9,267**	(1,160)
Discontinued operations	12	**1,277**	(221)	**-**	-
Cash generated from operating activities		**6,312**	3,588	**9,267**	(1,160)
Tax paid		**(1,530)**	(261)	**-**	-
Net cash from operating activities		**4,782**	3,327	**9,267**	(1,160)
Cash flows from investing activities					
Purchase of property, plant and equipment		**(626)**	(712)	**(31)**	(18)
Purchase of intangible assets		**(2,514)**	(2,533)	**-**	-
Proceeds on disposal of property, plant and equipment		**346**	292	**-**	-
Interest received		**40**	6	**26**	5
Proceeds from sale of subsidiary undertakings net of cash disposed		**12,790**	-	**2,477**	-
Net cash used in investing activities		**10,036**	(2,947)	**2,472**	(13)
Cash flows from financing activities					
Payment of finance lease liabilities		**(51)**	(111)	**-**	-
Interest element of finance lease repayments		**(6)**	(10)	**-**	-
Bank interest paid		**(4)**	(5)	**-**	-
Issue of ordinary shares		**894**	-	**894**	-
Equity dividends paid	33	**(11,541)**	(429)	**(11,541)**	(429)
Net cash used in financing activities		**(10,708)**	(555)	**(10,647)**	(429)
Net increase/(decrease) in cash and cash equivalents		**4,110**	(175)	**1,092**	(1,602)
Cash and cash equivalents at beginning of the period		**7,628**	7,803	**(886)**	716
Cash and cash equivalents at end of the period		**11,738**	7,628	**206**	(886)
Amount included in cash and cash equivalents		**11,738**	7,579	**206**	(886)
Amount included in assets classified as held for sale	26	**-**	49	**-**	-
Total cash and cash equivalents at end of the period		**11,738**	7,628	**206**	(886)

Major non-cash transactions
During the prior year shares relating to the deferred consideration for the purchase of Sensing Systems Inc. were issued.

The notes on pages 22 to 55 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2015

Group	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total £'000
Balance as at 1 October 2013	260	65	15,443	4,008	9,280	(75)	28,981
Net loss for the year	-	-	-	-	(570)	-	(570)
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	-	20	20
Tax recognised directly in equity	-	-	-	-	23	-	23
Transactions with owners:							
Dividends	-	-	-	-	(429)	-	(429)
Issue of share capital	23	-	-	2,581	-	-	2,604
Movement in relation to share options	-	-	-	-	189	-	189
Balance as at 30 September 2014	283	65	15,443	6,589	8,493	(55)	30,818
Net profit for the year	**-**	**-**	**-**	**-**	**8,042**	**-**	**8,042**
Exchange differences on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**336**	**336**
Transfer between reserves	**-**	**-**	**-**	**(6,589)**	**6,815**	**(226)**	**-**
Tax recognised directly in equity	**-**	**-**	**-**	**-**	**336**	**-**	**336**
Transactions with owners:							
Dividends	**-**	**-**	**-**	**-**	**(11,541)**	**-**	**(11,541)**
Issue of share capital	**11**	**-**	**883**		**-**	**-**	**894**
Movement in relation to share options	**-**	**-**	**-**	**-**	**170**	**-**	**170**
Balance as at 30 September 2015	**294**	**65**	**16,326**	**-**	**12,315**	**55**	**29,055**

Company	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Foreign currency translation reserve £'000	Total £'000
Balance as at 1 October 2013	260	65	15,443	4,008	5,250	(8)	25,018
Net loss for the year	-	-	-	-	(1,230)	-	(1,230)
Tax recognised directly in equity	-	-	-	-	24	-	24
Transactions with owners:							
Dividends	-	-	-	-	(429)	-	(429)
Issue of share capital	23	-	-	2,581	-	-	2,604
Movement in relation to share options	-	-	-	-	160	-	160
Balance as at 30 September 2014	283	65	15,443	6,589	3,775	(8)	26,147
Net profit for the year	**-**	**-**	**-**	**-**	**13,810**	**-**	**13,810**
Exchange differences on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**136**	**136**
Transfer between reserves	**-**	**-**	**-**	**(6,589)**	**6,589**	**-**	**-**
Tax recognised directly in equity	**-**	**-**	**-**	**-**	**247**	**-**	**247**
Transactions with owners:							
Dividends	**-**	**-**	**-**	**-**	**(11,541)**	**-**	**(11,541)**
Issue of share capital	**11**	**-**	**883**	**-**	**-**	**-**	**894**
Movement in relation to share options	**-**	**-**	**-**	**-**	**87**	**-**	**87**
Balance as at 30 September 2015	**294**	**65**	**16,326**	**-**	**12,967**	**128**	**29,780**

The notes on pages 22 to 55 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

1. Basis of preparation of the financial statements

The consolidated and parent Company financial statements of OMG plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Group's accounting policies which affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reported period. Although the estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Changes in accounting standards

International Accounting Standards (IAS/IFRS)

The following new standards have been adopted during the period:

- IFRS 10 'Consolidated Financial Statements'
- IFRS 12 'Disclosure of Interests in Other Entities'
- Amendments to IAS 32 'Financial Instruments: Presentation'
- Amendments to IAS 36 'Impairment of Assets'

The adoption of the above new standards has not had a material impact on the financial statements during the period ended 30 September 2015.

At the date of authorisation of these financial statements the following standards, amendments to standards and interpretations, which have not been adopted early in these financial statements, were issued by the IASB, but not yet effective:

- IFRS 2 'Share-based Payment'
- IFRS 3 'Business Combinations'
- IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- IFRS 8 'Operating Segments'
- IFRS 9 'Financial Instruments'
- IFRS 13 'Fair Value Measurement'
- IFRS 15 'Revenue from Contracts with Customers'
- IAS 1 'Presentation of Financial Statements'
- IAS 16 'Property, Plant and Equipment'
- IAS 24 'Related Party Disclosures'
- IAS 38 'Intangible Assets'

The Group and Company have considered the above new standards, interpretations and amendments to published standards that are not yet effective and concluded that they are either not relevant to the Group and Company or that they would not have a significant impact on the Group's financial statements.

2. Accounting policies

The principal accounting policies applied in the preparation of these consolidated and parent Company financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of consolidation

The consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September 2015. Subsidiary undertakings are those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting from the date of acquisition. Inter-company balances and transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Board of Directors of OMG plc.

Revenue

Revenue represents the fair value of consideration received or receivable arising from the provision of goods and services to third party customers, net of VAT, and trade discounts.

Within Vicon, OMG Life, Mayrise and 2d3 revenue is recognised on the delivery of the product or service, with a deferral made for the fair value of the undelivered element under the terms of the sale. Revenue not recognised in the income statement under this policy is classified as deferred income in the balance sheet. Revenue from services is recognised as the work is performed. Revenue is only recognised where there is appropriate evidence of an arrangement, where the consideration is fixed and determinable and where collectability is reasonably assured.

Within Yotta survey contracts are accounted for in accordance with IAS 18, 'Revenue'. Where the outcome of the contract can be estimated reliably, revenue is recognised by reference to the total sales value and the stage of completion of the survey contracts. The related profit includes results attributable to contracts completed and in progress where a profitable outcome can be prudently foreseen.

Where revenue earned exceeds amounts invoiced it is included within trade and other receivables as amounts due from customers for contract work. Receipts in excess of recognised turnover are included within trade and other payables under payments on account in respect of contract work. The amount of costs incurred on survey contracts, net of amounts transferred to cost of sales is included in long term contract balances within inventories.

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants received are included within other operating income in the income statement.

Goodwill and intangible assets

Goodwill is carried at cost less any provision for impairment. Intangible assets are valued at cost less amortisation and any provisions for impairment.

Goodwill arising on business combinations (representing the excess of fair value of the consideration given over the fair value of the separable net assets acquired) is capitalised and its subsequent measurement is based on annual impairment reviews, with any impairment losses recognised immediately in the income statement. For business combinations completed after 1 January 2010, direct costs of acquisition are recognised immediately in the income statement as an expense.

The Group has elected to apply IFRS 3, 'Business combinations' prospectively from the date of transition to IFRS and therefore goodwill written off to reserves prior to 1 October 2006 has not been reinstated on transition to IFRS.

Externally acquired intangible assets
Intangible assets are capitalised at cost and amortised to nil by equal annual instalments over their estimated useful economic life.

Intangible assets are recognised on business combinations if they are separable from the acquired entity. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see note 3). The significant intangibles recognised by the Group and their useful economic lives are as follows:

- Brand name — over 10 years
- Customer relationships — over 8 years
- Intellectual property — over 3-5 years

Internally generated intangible assets (research and development costs)
Expenditure on internally developed products is capitalised if it can be demonstrated that:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Group is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed, which is estimated to be 3 - 7 years. The amortisation expense is included within research and development expenses in the consolidated income statement.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated income statement as incurred.

Impairment of non-financial assets (excluding inventories and deferred tax assets)

Impairment tests on goodwill are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; (its cash generating unit). Goodwill is allocated on initial recognition to each of the Group's CGU's that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates applicable are:

- Computers and equipment 25% - 50%
- Furniture and fixtures 20% or 50%
- Motor vehicles 25%
- Demonstration equipment 25% or 50%. Some demonstration equipment held within the Vicon Group is not depreciated as its residual value exceeds its cost.
- Leasehold improvements Over the lower of 10 years, and remaining period of the lease.

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Inventories

Inventories are stated at the lower of historical cost and net realisable value, on a first in first out basis, after making allowance for obsolete and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Non-current assets and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale
- Management is committed to a plan to sell

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn
- An active programme to locate a buyer has been initiated
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value, and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated. The results of operations held for sale are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated income statement separately from continuing operations in a section identified as relating to discontinued operations.

Financial assets
The Group and Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

Fair value through profit or loss: This category comprises only in-the-money derivatives (see financial liabilities section for out-of-money derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in the consolidated income statement in finance income or expense. Other than derivative financial instruments which are not designated as a hedging instrument, the Group does not have any assets held for trading nor does it voluntarily classify any financial asset as being at fair value through profit or loss.

Loans and receivables: Loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet. The accounting policies for these assets are discussed below.

Available-for-sale: Available-for-sale financial assets comprise the equity investment in a business start-up incorporated in Germany (see note 16). Available-for-sale financial assets are measured at fair value with gains or losses recognised directly in equity through the statement of changes in equity and recycled into the income statement on sale or impairment of the asset.

Financial liabilities
The Group and Company classifies its financial liabilities into one of two categories depending on the purpose for which the liability was acquired.

Fair value through profit or loss: This category comprises only out-of-the-money derivatives (see financial assets for in-the-money derivatives). They are carried in the balance sheet at fair value with changes in fair value recognised in the consolidated income statement. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities: Other financial liabilities include trade payables and other short term monetary liabilities. The accounting policies for these liabilities are discussed below.

Trade and other receivables
Trade receivables do not carry interest and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. A provision for impairment of trade receivables is established when there is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are assessed individually for impairment. Such provisions for impairment are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents
Cash and cash equivalents include cash in hand, net deposits held at call with banks and other short term highly liquid investments with original maturities of less than three months.

Trade and other payables
Trade payables and other short term monetary liabilities are recognised at fair value.

Current and deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base, except for differences arising on:

- The initial recognition of goodwill;
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable Group company; or
- Different Group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Foreign currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Sterling (£) which is also the Company's functional currency.

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the income statement.

For consolidation purposes assets and liabilities of foreign subsidiaries that have a functional currency different from the presentation currency are translated at the rates of exchange ruling at the balance sheet date. Income statements of such undertakings are translated at the average rates of exchange during the year. Exchange differences arising on these translations are taken to the foreign currency translation reserve.

Employee benefits
Contributions to pension schemes
The Group accounts for pensions and similar employee benefits under IAS 19 'Employee benefits'. The Group operates defined contribution pension schemes for both its UK and US employees. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Employee share option schemes
The Group operates an equity settled share based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense in the income statement over the vesting period of the grant with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Operating leases
Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight line basis over the period of the lease.

Where properties are sublet the rental income received is recognised as other income in the income statement on a straight line basis over the lease term.

Finance leases
Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables. The interest element of the finance cost is charged to the income statement over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Dividend distribution
Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the annual general meeting.

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

3. Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates, judgements and assumptions

(a) *Impairment of goodwill*
The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method required estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows (see note 14). Actual outcomes may vary.

(b) *Useful lives of intangible assets and property, plant and equipment*
Intangible assets and property, plant and equipment are amortised or depreciated over their estimated useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the consolidated income statement in specific periods. More details including carrying values are included in notes 13 and 15.

(c) *Inventory*
The Group reviews the net realisable value of, and demand for, its inventory on a regular basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends. If total inventory losses differ from management estimates by 1%, the Group's consolidated net income in 2015 would have improved/declined by an estimated £4,000, depending upon whether the actual results were better/worse, respectively, than expected.

(d) *Share based payments*
The Group operates a number of equity settled share based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non market vesting conditions. The fair value of share options is estimated using the Monte Carlo option pricing model on the date of grant based on certain assumptions. Those assumptions are described in note 24 and include, among others, the expected volatility and expected life of the option. More details including carrying values are disclosed in note 24.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

(e) *Determination of fair values of intangible assets acquired in business combinations*
The fair value of intellectual property acquired in business combinations is based on the estimated cost to recreate the intellectual property. The fair values of customer relationships and brand names are based on the discounted cash flows expected to be derived from the use and eventual sale of the asset.

(f) *Income taxes*
The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. The Group believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions and may involve a series of complex judgements about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

(g) *Revenue recognition*

The Group reviews recognition of revenue with respect to hardware and software sales where they include an element of provision for additional services, such as support and maintenance, in line with IAS 18.

The Group's selling price for hardware sales includes support and maintenance servicing and therefore the Group defers an element of revenue which is recognised over a subsequent period. Typically the servicing is for a period of one year from date of sale, but can be up to five years. Management believes that, based on past experience with similar revenue streams and actual support costs, an estimate of deferral of between 0.4% and 1.5% per year, dependent upon the specific CGU, is appropriate and is consistent with the current level of support costs.

In addition, the Group earns installation fees in respect of some contracts to contribute to the installation cost of certain software and hardware products. Management are required to assess the amounts receivable at each reporting date and whether all the conditions have been met to enable these to be recognised.

(h) *Capitalisation of development costs*

Development costs are capitalised according to the criteria set out in IAS 38. Management make assumptions as to when these criteria have been met and consequently the date from which the costs for a project are capitalised. Development costs are amortised over their estimated useful lives which are based on management's estimates of the period that the asset will generate revenue. These are periodically reviewed for continued appropriateness. Management review the carrying value of capitalised development costs on an annual basis and test for impairment.

4. Segmental analysis

Segment information is presented in the financial statements in respect of the Group's business segments, which are reported to the Chief Operating Decision Maker (CODM). The Group has identified the Board of Directors of OMG plc ("the Board") as the CODM. The business segment reporting reflects the Group's management and internal reporting structure.

The Group comprises the following business segments:

- Vicon Group: This is the development, production and sale of computer software and equipment for the engineering, entertainment and life science markets;

- Yotta Group: This is services for the management of infrastructure, highway surveying and associated software development;

- 2d3 Group: This is the development and sale of computer software for the defence market; and

- OMG Life: Development and sale of software and hardware solutions for the consumer electronics market.

Other unallocated costs represent head office expenses not recharged to subsidiary companies.

Inter segment transfers are priced along the same lines as sales to external customers, with an appropriate discount being applied to encourage use of Group resources. This policy was applied consistently throughout the current and prior year. There were no significant inter segment sales during the current or prior year.

Intra segment sales between Vicon UK and Vicon USA are eliminated prior to management and internal reporting, and hence are not shown separately in the analysis below. The total sales from Vicon UK to Vicon USA in the year ended 30 September 2015 are £3,416,000 (2014: £3,721,000).

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and trade and other receivables. Unallocated assets comprise deferred taxation, investments and cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Business segments are analysed below:

	Revenue 2015 £'000	2014 £'000
Vicon UK	**9,458**	9,626
Vicon USA	**7,637**	7,556
Vicon Group	**17,095**	17,182
Yotta UK	**5,708**	5,397
Yotta Mayrise	**2,930**	2,505
Yotta Group	**8,638**	7,902
OMG Life Group	**32**	547
Continuing operations	**25,765**	25,631
House of Moves**	**38**	2,245
2d3 UK	**380**	631
2d3 USA	**1,580**	4,934
2d3 Group	**1,960**	5,565
Discontinued operations	**1,998**	7,810
OMG Group	**27,763**	33,441

	Revenue 2015 £'000	2014 £'000
By destination		
UK	**10,421**	9,335
Europe	**2,549**	3,034
North America	**7,271**	6,582
Asia Pacific	**4,869**	5,847
Other	**655**	833
Continuing operations	**25,765**	25,631
UK	**239**	531
Europe	**144**	106
North America	**1,615**	6,663
Asia Pacific	**-**	510
Discontinued operations	**1,998**	7,810
OMG Group	**27,763**	33,441
By origin		
UK	**18,163**	17,853
North America	**7,602**	7,778
Continuing operations	**25,765**	25,631
UK	**380**	631
North America	**1,618**	7,179
Discontinued operations	**1,998**	7,810
OMG Group	**27,763**	33,441

	2015 £'000	2014 £'000
Vicon revenue by market		
Engineering	**3,605**	3,177
Entertainment	**4,595**	4,329
Life sciences	**8,895**	9,676
Vicon Group*	**17,095**	17,182

*This additional information is provided to the Chief Operating Decision Maker. Further analysis by market is not available.
**House of Moves was considered part of the Vicon Group prior to its sale on 15 October 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

	2015				2014			
	Adjusted profit/(loss) before tax £'000	**Adjusting items £'000**	**Group recharges £'000**	**Profit/(loss) before tax £'000**	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000
Vicon UK	**2,489**	**(76)**	**791**	**3,204**	2,373	(8)	1,359	3,724
Vicon USA	**2,769**	**(5)**	**(1,796)**	**968**	2,607	-	(2,054)	553
Vicon Group	**5,258**	**(81)**	**(1,005)**	**4,172**	4,980	(8)	(695)	4,277
Yotta UK	**560**	**(107)**	**(424)**	**29**	56	(114)	(306)	(364)
Yotta Mayrise	**1,475**	**(424)**	**(298)**	**753**	1,487	(424)	(301)	762
Yotta Group	**2,035**	**(531)**	**(722)**	**782**	1,543	(538)	(607)	398
OMG Life Group	**(2,497)**	**(657)**	**(238)**	**(3,392)**	(4,346)	14	(402)	(4,734)
Unallocated	**(2,404)**	**(87)**	**2,308**	**(183)**	(2,170)	(159)	2,333	4
Continuing operations	**2,392**	**(1,356)**	**343**	**1,379**	7	(691)	629	(55)
House of Moves**	**(93)**	**(175)**	**-**	**(268)**	(373)	(616)	-	(989)
2d3 UK	**2,693**	**(8)**	**(208)**	**2,477**	241	(11)	(376)	(146)
2d3 USA	**(3,819)**	**10,840**	**(135)**	**6,886**	1,092	(233)	(253)	606
2d3 Group	**(1,126)**	**10,832**	**(343)**	**9,363**	1,333	(244)	(629)	460
Discontinued operations	**(1,219)**	**10,657**	**(343)**	**9,095**	960	(860)	(629)	(529)
OMG Group	**1,173**	**9,301**	**-**	**10,474**	967	(1,551)	-	(584)

Adjusted profit before tax is detailed in note 6.
**House of Moves was considered part of the Vicon Group prior to its sale on 15 October 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Non-current assets		**Additions to non-current assets**		**Carrying amount of segment assets**		**Carrying amount of segment liabilities**		**Segment depreciation and amortisation**	
	2015 £'000	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000	**2015 £'000**	2014 £'000
Vicon UK	**3,501**	2,748	**1,752**	1,552	**16,262**	8,459	**(3,229)**	(2,346)	**797**	863
Vicon USA	**885**	701	**330**	43	**4,772**	4,321	**(1,332)**	(1,561)	**84**	45
Vicon Group	**4,386**	3,449	**2,082**	1,595	**21,034**	12,780	**(4,561)**	(3,907)	**881**	908
Yotta UK	**4,288**	4,477	**458**	407	**9,076**	10,497	**(2,531)**	(1,702)	**611**	594
Yotta Mayrise	**4,197**	4,586	**66**	23	**10,967**	9,371	**(1,757)**	(1,833)	**448**	458
Yotta Group	**8,485**	9,063	**524**	430	**20,043**	19,868	**(4,288)**	(3,535)	**1,059**	1,052
OMG Life Group	**1,532**	1,633	**776**	862	**(3,864)**	(2,090)	**(520)**	(779)	**893**	1,137
Unallocated	**2,091**	303	**32**	17	**2,498**	(400)	**(1,310)**	(622)	**21**	20
Continuing operations	**16,494**	14,448	**3,414**	2,904	**39,711**	30,158	**(10,679)**	(8,843)	**2,854**	3,117
Yotta USA	**-**	-	**-**	-	**28**	26	**(5)**	(5)	**-**	-
House of Moves**	**-**	-	**-**	26	**-**	720	**-**	(45)	**-**	27
2d3 UK	**-**	11	**23**	2	**-**	2,353	**-**	(48)	**3**	4
2d3 USA	**-**	4,297	**18**	313	**-**	8,665	**-**	(2,163)	**255**	390
2d3 Group	**-**	4,308	**41**	315	**-**	11,018	**-**	(2,211)	**258**	394
Discontinued operations	**-**	4,308	**41**	341	**28**	11,764	**(5)**	(2,261)	**258**	421
OMG Group	**16,494**	18,756	**3,455**	3,245	**39,739**	41,922	**(10,684)**	(11,104)	**3,112**	3,538

**House of Moves was considered part of the Vicon Group prior to its sale on 15 October 2014.

5. Profit/(loss) for the year

The profit/(loss) for the year is stated after charging / (crediting):

	2015 £'000	2014 £'000
(Profit)/loss on disposal of property, plant and equipment	**(71)**	4
Depreciation of property, plant and equipment - owned (note 15)	**575**	584
- under hire purchase/finance lease (note 15)	**82**	105
Amortisation of customer relationships (note 13)	**397**	429
Amortisation of intellectual property (note 13)	**228**	310
Amortisation of development costs (note 13)	**1,415**	2,110
Impairment of intangible fixed assets (note 13)	**415**	903
Share based payments – equity settled (note 24)	**170**	189
Operating lease charges – other than plant and machinery	**721**	906
Foreign exchange	**41**	27
Grant income received	**490**	227

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

During the year the Group obtained the following services from the Group's auditors and its associates as detailed below:

	2015 £'000	2014 £'000
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	**27**	27
Fees payable to the Company's auditor for other services:		
The audit of financial statements of subsidiaries pursuant to legislation	**57**	64
Tax services	**26**	15
Fees payable to associates of the Company's auditor for other services	**35**	23
	145	129

Audit services include £13,000 in respect of the Company (2014: £13,000).

6. Reconciliation of adjusted profit/(loss) before tax

A reconciliation of profit/(loss) before tax to adjusted profit/(loss) before tax, which the Board consider better reflects operational performance is provided below. This measure complements the statutory measure as reported in the Consolidated Income Statement and is a performance indicator provided to the Chief Operating Decision Maker.

	2015 £'000	2014 £'000
Profit/(loss) before tax – continuing operations	**1,379**	(55)
Share based payments – equity settled	**154**	166
Amortisation of intangibles arising on acquisition	**502**	516
Compensation to contract manufacturer and Autographer inventory write off	**540**	-
Redundancy costs	**160**	9
Reapportion Group overheads	**(343)**	(629)
Adjusted profit before tax – continuing operations	**2,392**	7
Profit/(loss) before tax – discontinued operations	**9,095**	(529)
Share based payments – equity settled	**16**	24
Amortisation of intangibles arising on acquisition	**124**	220
Impairment of goodwill	**-**	616
Profit on disposal of House of Moves and 2d3 Group	**(10,797)**	-
Reapportion Group overheads	**343**	629
Adjusted (loss)/profit before tax – discontinued operations	**(1,219)**	960
Total adjusted profit before tax – all operations	**1,173**	967

The redundancy costs in the year ended 30 September 2015 are associated with the restructuring of the Yotta UK, Vicon and OMG Life business segments. Those in the year ended 30 September 2014 are associated with the restructuring of the Yotta UK business only.

The compensation to contract manufacturer and Autographer inventory write off relates to the cost of terminating the contract with our manufacturer in OMG Life Limited.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

7. Directors and employees

Staff costs during the year were as follows:

	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
Wages and salaries	**12,394**	14,678	**1,155**	1,197
Share-based payments	**228**	189	**145**	160
Social security costs	**1,223**	1,403	**190**	148
Other pension costs	**505**	463	**55**	52
	14,350	16,733	**1,545**	1,557

The average number of employees of the Group during the year was:

	2015 Number	2014 Number
Development	**60**	61
Sales and customer support	**52**	61
Production and production services	**81**	109
Management and administration	**33**	50
	226	281

The average number of employees of the Company during the year was 10 (2014:10) all of which are classified as management and administration.

Details of individual directors' remuneration are included in the Report on Directors' Remuneration. For the purposes of IAS 24 'Related party disclosures' the directors are considered key management.

Key management personnel compensation:

	2015 £'000	2014 £'000
Wages and salaries	**1,149**	845
Share-based payments	**119**	160
Social security costs	**165**	93
Other pension costs	**26**	24
Benefits in kind	**7**	8
Gains on exercise of share options	**676**	-
	2,142	1,130

The number of directors accruing benefits under Group pension schemes was two (2014: two).

Exercise of directors' share options

During the year three directors (2014: no directors) exercised share options. The aggregate of the gains made on these exercises in the table above is calculated on the difference between the option price and the mid-market price at the time of exercise. Additional details can be obtained from the Report on Directors' Remuneration on page 15.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

8. Taxation

The tax is based on the profit/(loss) for the year and represents:

	2015 £'000	2014 £'000
United Kingdom corporation tax at 20.5% (2014: 22.0%)	**212**	-
Overseas taxation	**2,041**	66
Adjustments in respect of prior year	**(155)**	(16)
Current taxation	**2,098**	50
Deferred taxation (note 22)	**334**	(64)
Total taxation expense / (income)	**2,432**	(14)

Continuing and discontinued operations:

	2015 £'000	2014 £'000
Income tax (credit)/expense from continuing operations	**144**	49
Income tax expense / (credit) from discontinued operations excluding gain on sale (note 12)	**(372)**	(63)
	(228)	(14)

Total tax expense:

	2015 £'000	2014 £'000
Income tax credit excluding tax on sale of discontinued operations	**(228)**	(14)
Income tax expense on gain on sale of discontinued operations (note 12)	**2,660**	-
	2,432	(14)

At 30 September 2015, the Group had an undiscounted deferred tax asset of £632,000 (2014: £614,000). The asset comprises principally accelerated capital allowances, the accumulated unrelieved tax losses available to Group undertakings to offset against future taxable trading profits of the same trade and future tax relief available on the exercise of outstanding employee share options in OMG plc.

Deferred tax assets and liabilities have been measured at an effective rate of 20% and 38% in the UK and USA, respectively (2014: 20% and 38%, respectively) and are detailed in note 22.

The inclusion of legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and then a further reduction to 18% from 1 April 2020 was substantively enacted on 26 October 2015.

For the purposes of deferred tax, the rate change from 20% to 19% was substantively enacted after the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20.5% (2014: lower than the standard rate of 22.0%).
The differences are explained as follows:

	2015 £'000	2014 £'000
Profit /(loss) on ordinary activities before tax	**10,474**	(584)
Expected tax income based on the standard rate of corporation tax in the UK of 20.5% (2014: 22.0%)	**2,147**	(128)
Effect of:		
Expenses not deductible for tax purposes	**61**	(47)
Tax gain on sale of discontinued operation in excess of book gain	**346**	-
Book gain on sale of discontinued operation in excess of tax gain	**(1,732)**	-
Unrelieved current year losses	**475**	241
Utilisation of losses brought forward	**-**	142
Adjustments to tax charge in respect of prior year current tax	**(155)**	(16)
Adjustments to tax charge in respect of prior year deferred tax	**(203)**	-
Higher rates on overseas taxation	**1,754**	47
Research and development tax credit	**(320)**	(245)
Tax deduction in excess of income statement charge	**6**	-
Effect of rate change	**53**	(8)
Total tax expense / (income)	**2,432**	(14)

9. Finance income and expense

	2015 £'000	2014 £'000
Finance expense - Hire purchase liabilities	**(6)**	(10)
- Bank interest paid	**(4)**	(5)
	(10)	(15)
Finance income - Interest income on short term bank deposits	**30**	6
- Unwinding of discount on contingent consideration	**10**	-
	40	6

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

10. Earnings/(loss) per share

	2015			2014		
	Earnings/ (loss) £'000	**Weighted average number of shares '000**	**Per share amount (pence)**	Earnings/ (loss) £'000	Weighted average number of shares '000	Per share amount (pence)
Continuing operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**1,235**	**114,626**	**1.08**	(104)	111,334	(0.09)
Dilutive effect of employee share options	**-**	**2,789**	**(0.03)**	-		-
Diluted earnings per share	**1,235**	**117,415**	**1.05**	(104)	111,334	(0.09)
Discontinued operations						
Basic earnings/(loss) per share						
Earnings attributable to ordinary shareholders	**6,807**	**114,626**	**5.94**	(466)	111,334	(0.42)
Dilutive effect of employee share options	**-**	**2,789**	**(0.14)**	-	-	-
Diluted earnings/(loss) per share	**6,807**	**117,415**	**5.80**	(466)	111,334	(0.42)
Total operations						
Basic earnings/(loss) per share						
Loss attributable to ordinary shareholders	**8,042**	**114,626**	**7.02**	(570)	111,334	(0.51)
Dilutive effect of employee share options	**-**	**2,789**	**(0.17)**	-	-	-
Diluted earnings/(loss) per share	**8,042**	**117,415**	**6.85**	(570)	111,334	(0.51)

Basic earnings per share is calculated by dividing the (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares (share options). For share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscriptions rights and outstanding share based payment charges attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise price of the share options.

11. Profit of the holding company

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The profit of the Company for the year was £13,810,000 (2014: £1,230,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

12. Discontinued operations

On 26 September 2014 the Group signed a conditional Share Purchase Agreement relating to the sale of House of Moves Inc. and received a cash deposit of $100,000. This transaction was completed on 15 October 2014 for a total consideration of $1,300,000. House of Moves was classified as held for sale in September 2014 (see note 26).

The post tax gain on disposal of House of Moves was determined as follows;

	2015 **£'000**
Cash consideration received	**313**
Deferred consideration	**413**
Total consideration receivable at fair value	**726**
Cash disposed of	**59**
Net cash inflow on disposal of House of Moves	**667**
Net assets disposed (other than cash):	
Property, plant and equipment	**548**
Trade and other receivables	**19**
Other assets	**332**
Trade and other payables	**(56)**
	843
Pre-tax loss on disposal of House of Moves	**(176)**
Related tax expense	**(129)**
Loss on disposal of House of Moves	**(305)**

Result of House of Moves

	2015 **£'000**	2014 £'000
Revenue	**38**	2,245
Expenses other than finance costs	**(130)**	(3,234)
Tax credit	**94**	123
Loss from selling discontinued operation after tax	**(305)**	-
Loss for the year	**(303)**	(866)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

On 8 April 2015, the Group sold its 100% interest in 2d3 Limited, 2d3 Inc. and Sensing Systems Inc for a total consideration of $23,144,000.

The post tax gain on disposal of 2d3 Group was determined as follows;

	2015 £'000
Cash consideration received	**13,866**
Deferred consideration	**1,678**
Total consideration receivable at fair value	**15,544**
Cash disposed of	**186**
Transaction costs (including one off bonuses paid to directors and staff)	**1,144**
Net cash inflow on disposal of 2d3 Group	**14,214**
Net assets disposed (other than cash):	
Property, plant and equipment	**117**
Intangibles	**4,293**
Inventory	**21**
Trade and other receivables	**659**
Other assets	**49**
Trade and other payables	**(1,455)**
Other liabilities	**(443)**
	3,241
Pre-tax profit on disposal of 2d3 Group	**10,973**
Related tax expense	**(2,531)**
Profit on disposal of 2d3 Group	**8,442**

Result of 2d3 Group

	2015 £'000	2014 £'000
Revenue	**1,960**	5,565
Expenses other than finance costs	**(3,567)**	(5,100)
Finance costs	**(3)**	(5)
Tax credit	**278**	(61)
Gain from selling discontinued operation after tax	**8,442**	-
Profit for the year	**7,110**	399

Result of all discontinued operations

	2015 £'000	2014 £'000
Revenue	**1,998**	7,810
Expenses other than finance costs	**(3,697)**	(8,334)
Finance costs	**(3)**	(5)
Tax credit	**372**	63
Gain from selling discontinued operation after tax	**8,137**	-
Profit/(loss) for the year	**6,807**	(466)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

The statement of cash flows includes the following amounts relating to discontinued operations:

	2015 £'000	2014 £'000
Operating activities	**1,277**	(221)
Tax paid	**(1,529)**	(2)
Investing activities	**12,749**	(26)
Financing activities	**(3)**	-
Net cash flow from discontinued operations	**12,494**	(249)

The deferred consideration receivable in respect of the sale of House of Moves totals $800,000. The fair value of this at 30 September 2015 was £447,000. The deferred consideration receivable in respect of the sale of 2d3 Group totals $2,500,000. The fair value of this at 30 September 2015 was £1,656,000. The deferred consideration receivable in more than one year totals £1,971,000.

13. Goodwill and intangible fixed assets

Group	**Brand name £'000**	**Customer relationships £'000**	**Intellectual property £'000**	**Development costs £'000**	**Goodwill £'000**	**Total £'000**
Cost						
At 1 October 2014	67	3,442	1,724	10,387	8,627	24,247
Additions	-	-	-	2,514	-	2,514
Disposals	-	(345)	(1,018)	(904)	(3,995)	(6,262)
Translation difference	4	29	83	77	293	486
At 30 September 2015	**71**	**3,126**	**789**	**12,074**	**4,925**	**20,985**
Amortisation						
At 1 October 2014	67	1,150	988	4,740	616	7,561
Charge for the year	-	397	228	1,415	-	2,040
Impairment	-	-	-	415	-	415
Disposals	-	(179)	(843)	(342)	(605)	(1,969)
Translation difference	4	18	59	30	(11)	100
At 30 September 2015	**71**	**1,386**	**432**	**6,258**	**-**	**8,147**
Net book value at 30 September 2015	**-**	**1,740**	**357**	**5,816**	**4,925**	**12,838**
Net book value at 30 September 2014	-	2,292	736	5,647	8,011	16,686

Group	**Brand name £'000**	**Customer relationships £'000**	**Intellectual property £'000**	**Development costs £'000**	**Goodwill £'000**	**Total £'000**
Cost						
At 1 October 2013	67	3,442	1,731	7,854	8,627	21,721
Additions	-	-	-	2,533	-	2,533
Reclassified as assets held for sale	-	-	(7)	-	-	(7)
Translation difference	-	-	-	-	-	-
At 30 September 2014	**67**	**3,442**	**1,724**	**10,387**	**8,627**	**24,247**
Amortisation						
At 1 October 2013	67	721	677	2,343	-	3,808
Charge for the year	-	429	310	2,110	-	2,849
Impairment	-	-	-	287	616	903
Reclassified as assets held for sale	-	-	(1)	-	-	(1)
Translation difference	-	-	2	-	-	2
At 30 September 2014	**67**	**1,150**	**988**	**4,740**	**616**	**7,561**
Net book value at 30 September 2014	**-**	**2,292**	**736**	**5,647**	**8,011**	**16,686**
Net book value at 30 September 2013	-	2,721	1,054	5,511	8,627	17,913

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

None of the goodwill included in the tables above has been internally generated. Goodwill of £616,000 arising on the House of Moves cash generating unit was impaired in full in the year ended 30 September 2014.

Goodwill of £3,995,000 was disposed of as part of the sale of the 2d3 Group, further information on the sale is disclosed in note 12.
Current estimates of the remaining useful economic lives of the intangible assets are as follows:

Customer relationships	6 years
Intellectual property	3 years
Development costs	1-6 years
Goodwill	Indefinite

Company	**Intellectual Property £'000**
Cost	
At 1 October 2014 and 30 September 2015	**164**
Amortisation	
At 1 October 2014 and 30 September 2015	**164**
Net book value at 30 September 2014 and 2015	**-**

Company	**Intellectual Property £'000**
Cost	
At 1 October 2013 and 30 September 2014	164
Amortisation	
At 1 October 2013 and 30 September 2014	164
Net book value at 30 September 2013 and 2014	-

14. Goodwill and impairment

Details of goodwill allocated to cash generating units for which the amount of goodwill so allocated is significant in comparison to total goodwill is as follows:

	Goodwill carrying value	
	2015 £'000	2014 £'000
Vicon:		
Vicon USA cash generating unit (Peak)	**459**	427
Yotta:		
Yotta UK cash generating unit (DCL)	**2,452**	2,452
Mayrise cash generating unit (Mayrise)	**2,014**	2,014
2d3:		
2d3 USA cash generating unit (Sensing)	**-**	3,118
	4,925	8,011

The recoverable amounts of all the CGU's have been determined from value in use calculations based on cash flow projections from formally approved budgets covering the financial years ending 30 September 2016 and 30 September 2017.
The recoverable amount for the CGUs that hold a significant proportion of the Group's overall goodwill balance are as follows:

- Yotta UK (DCL) exceeds its carrying amount by £1.0m (2014: £1.6m); and

- Mayrise exceeds its carrying amount by £3.7m (2014: £2.3m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Other major assumptions are as follows (the growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on the budgeted cash flows up to 30 September 2017 and assumes a perpetuity based terminal value).

	Peak 2015 %	**DCL 2015 %**	**Mayrise 2015 %**	**Sensing 2015 %**
Pre tax discount rate	**21.8**	**17.6**	**17.6**	**-**
Average operating margin	**38.0**	**11.0**	**62.0**	**-**
Growth rate	**1.0**	**0.0**	**2.5**	**-**

	Peak 2014 %	DCL 2014 %	Mayrise 2014 %	Sensing 2014 %
Pre tax discount rate	22.2	18.6	18.2	21.9
Average operating margin	40.0	13.0	58.0	31.0
Growth rate	1.0	2.5	2.5	2.0

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's WACC adjusted to reflect management's assessment of specific risks related to the cash generating unit. Growth rates beyond the formally budgeted period are based on economic data pertaining to the region concerned.

A sensitivity analysis has been performed to establish how a change in the key assumptions would impact the value in use. The discount rate would need to move 4.0% for Yotta DCL goodwill carrying value to be impaired. All other discount rates would have to move in excess of 5.0% in order for the carrying values to be impaired. A growth rate of 0% would not result in any of the carrying values being impaired. The operating margins would have to move significantly in order for goodwill carrying values to be impaired.

15. Property, plant and equipment

Group	**Computers and equipment £'000**	**Furniture and fixtures £'000**	**Motor vehicles £'000**	**Demonstration equipment £'000**	**Leasehold improvements £'000**	**Total £'000**
Cost						
At 1 October 2014	4,395	373	385	490	526	6,169
Additions	331	14	31	213	37	626
Disposals	(536)	(84)	(128)	(230)	(8)	(986)
Translation differences	50	5	-	12	-	67
At 30 September 2015	**4,240**	**308**	**288**	**485**	**555**	**5,876**
Depreciation						
At 1 October 2014	3,623	342	232	230	355	4,782
Charge for the year	432	17	51	97	60	657
Disposals	(401)	(77)	(59)	(49)	(8)	(594)
Translation differences	36	5	-	6	-	47
At 30 September 2015	**3,690**	**287**	**224**	**284**	**407**	**4,892**
Net book value at 30 September 2015	**550**	**21**	**64**	**201**	**148**	**984**
Net book value at 30 September 2014	772	31	153	260	171	1,387

Included within the net book value of £984,000 is £nil relating to assets held under hire purchase and finance lease agreements. The depreciation charged in the period in respect of these assets amounted to £82,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Group	Computers and equipment £'000	Furniture and fixtures £'000	Motor vehicles £'000	Demonstration equipment £'000	Leasehold improvements £'000	Total £'000
Cost						
At 1 October 2013	5,693	516	402	580	869	8,060
Additions	373	8	22	309	-	712
Disposals	(593)	(134)	(38)	(398)	(217)	(1,380)
Reclassified as assets held for sale	(1,065)	(21)	-	-	(120)	(1,206)
Translation differences	(13)	4	(1)	(1)	(6)	(17)
At 30 September 2014	**4,395**	**373**	**385**	**490**	**526**	**6,169**
Depreciation						
At 1 October 2013	4,268	470	168	325	631	5,862
Charge for the year	488	22	73	43	63	689
Disposals	(591)	(133)	(8)	(135)	(217)	(1,084)
Reclassified as assets held for sale	(527)	(21)	-	-	(117)	(665)
Translation differences	(15)	4	(1)	(3)	(5)	(20)
At 30 September 2014	**3,623**	**342**	**232**	**230**	**355**	**4,782**
Net book value at 30 September 2014	**772**	**31**	**153**	**260**	**171**	**1,387**
Net book value at 30 September 2013	1,425	46	234	255	238	2,198

Included within the net book value of £1,387,000 is £131,000 relating to assets held under hire purchase and finance lease agreements. The depreciation charged in the period in respect of these assets amounted to £105,000.

Company	Computers and equipment £'000	Furniture and fixtures £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 October 2014	197	211	8	416
Additions	26	5	-	31
Disposals	-	(13)	-	(13)
Transferred to subsidiary undertaking	(1)	-	-	(1)
At 30 September 2015	**222**	**203**	**8**	**433**
Depreciation				
At 1 October 2014	183	204	7	394
Charge for the year	17	6	-	23
Disposals	-	(13)	-	(13)
Transferred to subsidiary undertaking	(1)	-	-	(1)
At 30 September 2015	**199**	**197**	**7**	**403**
Net book value at 30 September 2015	**23**	**6**	**1**	**30**
Net book value at 30 September 2014	14	7	1	22

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Company	Computers and equipment £'000	Furniture and fixtures £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 October 2013	264	280	8	552
Additions	18	-	-	18
Disposals	(83)	(69)	-	(152)
Transferred to subsidiary undertaking	(2)	-	-	(2)
At 30 September 2014	**197**	**211**	**8**	**416**
Depreciation				
At 1 October 2013	254	269	6	529
Charge for the year	14	4	1	19
Disposals	(83)	(69)	-	(152)
Transferred to subsidiary undertaking	(2)	-	-	(2)
At 30 September 2014	**183**	**204**	**7**	**394**
Net book value at 30 September 2014	**14**	**7**	**1**	**22**
Net book value at 30 September 2013	10	11	2	23

16. Investments

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Shares in subsidiary undertakings - cost				
At 1 October	**-**	-	**8,674**	8,674
Additions	**-**	-	**8,341**	-
Disposals	**-**	-	**(2,675)**	-
At 30 September	**-**	-	**14,340**	8,674
Other investment - cost				
At 1 October and 30 September	**69**	69	**69**	69
Total financial assets - investments	**69**	69	**14,409**	8,743

During the year OMG plc increased its investment in 2d3 Limited by way of a capital contribution via an intercompany waiver of £2,675,000, prior to disposal. It also increased its investment in Vicon Motion Systems Ltd and OMG Inc. via intercompany waivers of £2,316,000 and £3,350,000 respectively.

Details of the Company's undertakings, all of which are wholly owned and included within the consolidated financial statements, are as follows:

Name of entity	Principal activity	Country of incorporation
Vicon Motion Systems Limited	Development, production and sale of computer software and equipment	England and Wales
Yotta Limited	Services for the management of infrastructure	England and Wales
Mayrise Limited*	Provision of computer software, hardware and maintenance contracts	England and Wales
Mayrise Services Limited*	Dormant holding company	England and Wales
Mayrise Systems Limited*	Dormant holding company	England and Wales
OMG Life Limited	Development and sale of software and hardware solutions for the consumer electronics market	England and Wales
Vicon Motion Systems, Inc.*	Sales, marketing and customer support	United States of America
OMG, Inc.	Non trading company	United States of America
OMG Life, Inc.*	Non trading company	United States of America

*Investment held indirectly.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Available-for-sale financial asset

During the year ended 30 September 2005 the Company acquired 12% of the equity in a business start-up incorporated in Germany in return for a capital injection of €100,000 (£69,000). There were no disposals or impairment provisions on the available-for-sale financial asset in the year ended 30 September 2014 or 2013.

17. Inventories

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Finished goods	**-**	251	**-**	-
Component parts	**1,876**	1,440	**-**	-
	1,876	1,691	**-**	-

The cost of inventories recognised as an expense and included in cost of sales is £4,864,000 (2014: £5,501,000). During the year £nil of inventories were impaired (2014: £nil). £216,000 of inventories were written off (2014: £21,000) and included within cost of sales. A further £118,000 of inventories relating to Autographer were written off during the year and included within administrative expenses.

18. Trade and other receivables

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Trade receivables	**7,487**	11,134	**-**	-
Provision for impairment of trade receivables	**(10)**	(145)	**-**	-
Net trade receivables	**7,477**	10,989	**-**	-
Amounts owed by other Group undertakings	-	-	**19,595**	20,604
Other debtors	**265**	550	**46**	30
Prepayments and accrued income	**1,024**	959	**146**	135
Deferred consideration receivable	**132**	-	**-**	-
Amounts due from customers for contract work	**733**	678	**-**	-
	9,631	13,176	**19,787**	20,769

Amounts owed by other Group undertakings are repayable on demand and do not carry interest.

As of 30 September 2015 trade receivables of £1,285,000 (2014: £2,183,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Up to 3 months	**872**	1,923	**-**	-
3 to 6 months	**413**	209	**-**	-
Over 6 months	**-**	51	**-**	-
	1,285	2,183	**-**	-

As of 30 September 2015 trade receivables of £10,000 (2014: £163,000) were impaired. The amount of the provision was £10,000 as of 30 September 2015 (2014: £145,000). The ageing of these receivables is as follows:

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Up to 3 months	**-**	-	**-**	-
3 to 6 months	**-**	-	**-**	-
Over 6 months	**10**	163	**-**	-
	10	163	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Sterling	**6,947**	6,964	**17,501**	20,118
Euro	**289**	211	**-**	-
US Dollar	**2,395**	6,001	**2,286**	651
	9,631	13,176	**19,787**	20,769

Movements in the provision for impairment of trade receivables are as follows:

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
At 1 October	**145**	93	**-**	-
(Utilised)/provided during the year	**-**	52	**-**	-
Disposed of with subsidiary undertaking	**(135)**	-		
At 30 September	**10**	145	**-**	-

The movement on the provision for impairment of trade receivables has been included in administrative expenses in the income statement.

Other classes of financial assets included within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each receivable set out above.

19. Trade and other payables

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Trade payables	**2,585**	2,107	**98**	124
Amounts payable to group undertakings	**-**	-	**4,814**	2,136
Social security and other taxes	**237**	590	**-**	-
Other creditors	**467**	162	**-**	-
Accruals and deferred income	**4,724**	5,730	**406**	450
Hire purchase and finance lease agreements	**-**	51	**-**	-
	8,013	8,640	**5,318**	2,710

Amounts payable to Group undertakings are payable on demand and do not carry interest. The amounts disclosed under hire purchase and finance lease agreements are secured against the assets to which they relate.

20. Financial liabilities

Hire purchase arrangements are repayable:

	Group 2015 £'000	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Not later than one year	**-**	51	**-**	-
	-	51	**-**	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

21. Financial instruments

The Group and Company's financial instruments comprise cash and short term deposits, debtors and creditors that arise directly from its operations. The risks associated with these financial instruments and the Group's policies for managing those risks are outlined below.

Interest rate risk of financial liabilities

	Total £'000	Fixed rate £'000	Weighted average fixed interest rates %	Weighted average period for which rate is fixed Years
30 September 2015				
UK sterling	-	-	-	-
30 September 2014				
UK sterling	51	51	10.18	0.63

The hire purchase arrangements represent the Group's financial liabilities shown above, the maturity profile is shown in note 20.

Interest rate risk of financial assets

Surplus cash funds are deposited with UK clearing banks on a short term basis for periods of less than three months. The interest rates earned (all of which are variable throughout the year) are compared with those available from other financial institutions of comparable credit status.

The rate of interest earned during the year on cash deposits was 0.08% (2014: 0.08%).

	GBP £'000	**Euro £'000**	**US$ £'000**	**2015 Total £'000**	GBP £'000	Euro £'000	US$ £'000	2014 Total £'000
Group cash at bank and in hand	**9,635**	**94**	**2,009**	**11,738**	4,922	79	2,627	7,628

	GBP £'000	**Euro £'000**	**US$ £'000**	**2015 Total £'000**	GBP £'000	Euro £'000	US$ £'000	2014 Total £'000
Company cash at bank and in hand	**186**	**-**	**20**	**206**	(901)	-	15	(886)

Management considers a 0.5 basis point move in interest rates to be reasonably possible. If the interest rates in effect during the year had moved by plus or minus 0.5 basis points and all other variables held constant the Group's profit for the year ended 30 September 2015 would decrease/increase by £48,000 (2014: decrease/increase by £38,000). There would be no impact on other equity reserves.

As disclosed in note 16 the Group has an equity investment of £69,000 (2014: £69,000) denominated in Euros. This is accounted for as an available-for-sale financial asset and is measured at fair value in the balance sheet with gains or losses recognised directly in equity.

The Group and Company do not have any longer term foreign currency cash holdings.

Borrowing facilities

The Group and Company have no borrowings other than the hire purchase arrangements disclosed above.

The Group operates a Multi-Currency Balance Management Arrangement between certain Group companies. This arrangement may result in individual accounts of certain entities showing debit balances. However, due to the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

arrangements in place, such debit balances do not incur interest charges and the Group position must always result in a net deposit balance as there is no borrowing facility. Therefore, such accounts are presented net as cash and cash equivalents on the face of the Consolidated and Company Statement of Financial Position.

Risk management
The Group is exposed through its activities to the following financial risks:

Liquidity risk
At 30 September 2015 the Group's cash and short term deposits amounted to £11,738,000 (2014: £7,628,000). The Group had no financial borrowing obligations.
All financial liabilities are due within five years.
Management does not consider liquidity to be a key risk.

Credit risk
Sales are made on a basis designed to minimise so far as possible the risk of non-payment in each case. Balances owing from customers are reviewed at least monthly, and action is taken where considered appropriate with a view to achieving timely settlement, see note 18.
The Group and Company are continually reviewing the credit risk associated with holding money on deposit in banks and seek to mitigate this risk by spreading deposits between banks with high credit status.

Foreign currency risk
The Group's foreign exchange transaction exposure arises principally in the UK subsidiaries from trading with US subsidiary undertakings and third parties in Europe and the Far East. The Group's policy is to reduce exposure to revaluation of monetary assets and liabilities. Under the policy, assets and liabilities held in currencies other than a Company's functional currency are minimised through intercompany trading.

The Group considers the volatility of currency markets over the year to be representative of the potential foreign currency risk it is exposed to. The main currency the Group's results were exposed to at the year end was the US dollar and over the year the volatility of this currency was 7.8% (2014: 5.7%). If Sterling had strengthened against the dollar at year end by 10% it would have increased the Group profit by £62,000 (2014: decreased Group loss by £23,000). If Sterling had weakened against the dollar at year end by 10% it would have decreased the Group profit by £76,000 (2014: increased Group loss by £28,000).

The table below shows the extent to which Group companies have monetary assets in currencies other than their local currency.

				2015				2014
Functional currency of operation:	**Sterling £'000**	**US$ £'000**	**Euro £'000**	**Total £'000**	Sterling £'000	US$ £'000	Euro £'000	Total £'000
Sterling	**-**	**(687)**	**371**	**(316)**	-	3,357	285	3,642
US dollar	**-**	**-**	**-**	**-**	(3,692)	-	-	(3,692)

Derivative financial instruments at fair value through profit or loss
At the current and prior year end, the Group had no forward contracts outstanding.

Fair value of financial assets and financial liabilities
Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than Level 1 inputs

Level 3: Unobservable inputs (i.e. not derived from market data).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures some items at fair value which are all classified as Level 3:

- Financial instruments (notes 2 and 21);
- Assets and liabilities classified as held for sale (note 26);
- Deferred consideration receivable (notes 12 and 18).

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values. Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

Financial instruments held for trading purposes

The Group does not trade in financial instruments.

The carrying value of the Group and Company's financial assets and liabilities is as follows:

Financial assets	**Group 2015 £'000**	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Loans and receivables				
Trade receivables	**7,477**	10,989	**-**	-
Other debtors	**265**	550	**46**	30
Prepayments and accrued income	**1,024**	959	**146**	135
Deferred consideration receivable	**132**	-	**-**	-
Amounts due from customers for contract work	**733**	678	**-**	-
Investments in subsidiaries	**-**	-	**14,340**	8,674
Cash and cash equivalents	**11,738**	7,579	**206**	(886)
Available for sale				
Equity investment	**69**	69	**69**	69
Assets held for sale				
House of Moves	**-**	720	**-**	-
At 30 September	**21,438**	21,544	**14,807**	8,022

Financial liabilities	**Group 2015 £'000**	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Other financial liabilities				
Trade payables	**2,585**	2,107	**98**	124
Social security and other taxes	**237**	590	**-**	-
Other creditors	**467**	162	**-**	-
Accruals and deferred income	**4,724**	5,730	**405**	450
Hire purchase and finance lease agreements	**-**	51	**-**	-
Liabilities associated with assets held for sale				
House of Moves	**-**	45	**-**	-
At 30 September	**8,013**	8,685	**503**	574

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

The Group considers its capital to comprise ordinary share capital, shares to be issued, share premium and accumulated retained earnings. Neither the foreign currency translation reserve nor share based payment reserve are considered capital. There have been no changes in what the Group considers to be capital from the prior year.

In order to maintain or adjust its working capital at an acceptable level and meet strategic investment needs, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or sell assets.

The Group does not seek to maintain any debt to capital ratio, but will consider investment opportunities on their merits and fund them in the most effective manner.

22. Deferred tax

	Group Deferred tax asset £'000	Group Deferred tax liability £'000	Company Deferred tax asset £'000	Company Deferred tax liability £'000
At 1 October 2013	897	(2,559)	163	-
Credited to the income statement (note 8)	(218)	276	44	-
Effect of deferred tax rate change	(24)	28	(22)	-
Reclassified as held for sale	(64)	(28)	-	
Charged directly to equity	23	3	24	-
At 30 September 2014	**614**	**(2,280)**	**209**	**-**
Credited to the income statement (note 8)	(103)	(231)	-	-
Disposal of subsidiary undertakings	(63)	395	-	-
Charged directly to equity	184	(58)	126	-
At 30 September 2015	**632**	**(2,174)**	**335**	**-**

The following table summarises the provided tax asset and liability.

Recognised - asset	**Group 2015 £'000**	Group 2014 £'000	**Company 2015 £'000**	Company 2014 £'000
Capital allowances in excess of depreciation	**1**	65	**9**	16
Tax relief on unexercised employee share options	**410**	219	**326**	193
Short term timing differences	**(28)**	93	**-**	-
Losses	**249**	237	**-**	-
Deferred tax asset	**632**	614	**335**	209
Recognised - liability				
Recognition of intangible asset	**(572)**	(813)	**-**	-
Tax on gain on discontinued operations – deferred consideration	**(412)**	-	**-**	-
Depreciation in excess of capital allowances	**(1,190)**	(1,467)	**-**	-
Deferred tax liability	**(2,174)**	(2,280)	**-**	-

Deferred tax assets and liabilities have been measured on an undiscounted basis at an effective tax rate of 20% and 38% (30 September 2014: 20% and 38%) in the UK and USA, respectively. As at 30 September 2015, the Group has un-provided deferred tax assets of £2,318,000 arising on unrelieved trading losses for which recoverability is not certain (2014: £1,673,000).

23. Share capital

	2015 £'000	2014 £'000
Allotted, called up and fully paid		
117,434,799 shares of 0.25p (2014: 113,357,814 ordinary shares of 0.25p)	**294**	283

During the year ended 30 September 2015 4,076,985 shares were issued relating to share options that were exercised.

During the year ended 30 September 2014 the second and third revenue milestones in relation to the contingent consideration for the purchase of Sensing Systems Inc. were achieved and subsequently a total of 9,356,691 shares at a value of £2,605,000 were issued during the year.

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At 30 September 2015 options were outstanding over 8,020,972 ordinary shares of 0.25p each (2014: 12,984,992) including those held by directors as follows:

Number of shares over which options granted	Exercise price	Exercise period
3,627,000	0.25p	September 2015 to September 2022
200,000	19.75p	September 2011 to September 2019
473,015	23.42p	March 2011 to March 2019
160,000	23.66p	March 2006 to March 2016
2,432,798	24.59p	September 2014 to July 2022
77,194	31.18p	September 2015 to September 2023
50,000	33.12p	March 2015 to March 2022
65,000	55.94p	August 2009 to August 2017
935,965	35.43p	March 2016 to March 2025

Details of directors' interests in share options are shown in the Report on Remuneration.

The market price of the ordinary shares at 30 September 2015 was 41.25p (2014: 28.25p) and the range during the year was 25.25p to 48.00p (2014: 26.00p to 31.00p). Shares to be issued are detailed in the Statement of Changes in Equity.

24. Share based payments

The Group operates a number of share based remuneration schemes for employees introduced in 2001. Under these schemes the board can grant options over shares in the Company to employees of the Group. Options are granted with a fixed exercise price equal to the market price of the shares under option at the date of grant. The contractual life of an option is 10 years. Awards under the share based remuneration schemes are generally reserved for employees at senior management level and above.

Options granted under the share based remuneration schemes generally become exercisable on the second anniversary of the date of grant. Exercise of an option is subject to continued employment. Options were valued using the Monte-Carlo option-pricing model. No performance conditions were included in the fair value calculations, except for market-related conditions.

A reconciliation of option movements over the year to 30 September 2015 is shown below:

	Number '000	**2015 Weighted average exercise price (pence)**	Number '000	2014 Weighted average exercise price (pence)
Outstanding at 1 October	**12,985**	**16.61**	13,510	16.90
Granted	**936**	**35.43**	-	-
Exercised	**(4,077)**	**21.93**	-	-
Forfeited	**(1,823)**	**21.40**	525	24.14
Outstanding at 30 September	**8,021**	**15.01**	12,985	16.61
Exercisable at 30 September	**7,085**	**12.31**	7,658	24.46

The weighted average share price at the date of exercise for options exercised during the year ended 30 September 2015 was 44.55 pence. There were no share options exercised during the year ended 30 September 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

Share options outstanding at the year end

			2015			2014
Range of exercise prices (pence)	**Weighted average exercise price (pence)**	**Number of shares ('000)**	**Weighted average contractual remaining life (years)**	Weighted average exercise price (pence)	Number of shares ('000)	Weighted average contractual remaining life (years)
0.25	**0.25**	**3,627**	**7**	0.25	4,500	8
12.53	**-**	**-**	**-**	12.53	1,200	1
19.75 - 23.42	**22.33**	**673**	**4**	22.99	1,700	4
23.66	**23.66**	**160**	**-**	23.66	560	1
24.59	**24.59**	**2,433**	**7**	24.59	3,333	8
29.50	**-**	**-**	**-**	29.50	400	2
31.18	**31.18**	**77**	**8**	31.18	77	9
33.12	**33.12**	**50**	**7**	33.12	750	8
55.94 - 56.30	**55.94**	**65**	**2**	56.25	465	3
35.43	**35.43**	**936**	**9**	-	-	-

The total charge for the year relating to employee share based payment plans was £170,000 (2014: £189,000), all of which related to equity-settled share based payment transactions. After tax, the total charge was £135,000 (2013: £147,000).

In line with IFRS 2, options which were granted before 7 November 2002 and that had vested at 1 October 2006 have been ignored for the purposes of estimating the charge for share based payments.

There were no options granted in the year ended 30 September 2014. The assumptions used in the calculation of the fair value of the options granted during the year ended 30 September 2015 were as follows:

	2015
Expected volatility (%) (1)	**44.8**
Expected life (years) (2)	**5**
Risk free rate (%) (3)	**1.17**
Exercise price (pence)	**35.43**
Vesting period (years)	**1-3**
Option life (years)	**10**

Notes

(1) The expected volatility is based on historical volatility over the last 5 years.
(2) The expected life is the expected period to exercise.
(3) The risk free rate of return is the yield on zero-coupon UK government bonds of a term consistent with the assumed option life.

The weighted average grant date fair value of options granted in the year ended 30 September 2015 was 10.10p.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

25. Movement in reserves

The movement in reserves are disclosed fully within the Consolidated and Company Statement of Changes in Equity on page 21. The description of the nature and purpose of each reserve within owner's equity is as follows:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Shares to be issued	Shares to be issued to Bartle Bogle Hegarty in exchange for services received.
Share premium account	Amount subscribed for share capital in excess of nominal value.
Foreign currency translation	Gains/losses arising on retranslation of the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.
Merger reserve	Excess of the fair value of the shares issued for the acquisition made in the year to 30 September 2007 and for the acquisition made in the year to 30 September 2011 over the aggregate of the nominal value of shares issued by the Company to the former shareholders of the acquired company, which qualify for merger relief under Section 612(2) of the Companies Act 2006.

26. Assets and liabilities classified as held for sale

During the prior year the Board announced its intention to dispose of House of Moves Inc. A conditional share purchase agreement was signed on 26 September 2014 and the sale was completed on 15 October 2014.

The following major classes of assets and liabilities relating to House of Moves Inc. were classified as held for sale in the consolidated statement of financial position at 30 September 2014.

	House of Moves £'000
Intellectual property	1
Property, plant and equipment	541
Deferred tax asset	92
Trade and other receivables	37
Cash and cash equivalents	49
Assets held for sale	720
Trade and other payables	45
Liabilities held for sale	45

An impairment loss of £616,000 on the measurement of the disposal group to fair value was recognised and included within administrative expenses of discontinued operations during the year ended 30 September 2014.

27.Business combinations in prior periods

On 21 February 2011 the Group purchased 100% of the share capital of Sensing Systems Inc, a company registered in the US, whose principal activity is the provision of software products and services for aerial platforms, for a total consideration with a fair value of up to £3,913,000. This includes contingent consideration of up to £1,952,000 subject to certain performance conditions. The purchase was accounted for as an acquisition.

All intangible assets were recognised at their respective fair values. The residual excess over the net assets acquired, including intangible assets, is recognised as goodwill in the financial statements.

The total goodwill arising on acquisition was £3,137,000 which is subject to an annual impairment review.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2015

The contingent consideration was denominated in US dollars and is dependent upon certain revenue milestones being achieved in the period commencing from the date of acquisition and ending on 21 February 2015. During the year ended 30 September 2014 these revenue milestones were met and 9,356,691 shares were issued as payment of the remaining balance of the contingent consideration.

28. Capital commitments
At 30 September 2015 the Group had no capital commitments contracted but not provided for (2014: £nil).

29. Contingent liabilities
There are no material contingent liabilities requiring disclosure at 30 September 2015 (2014: None).

30. Pensions
The Company operates a defined contribution pension scheme for the benefit of the UK employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The amount charged under this scheme to the income statement during the year was £439,000 (2014: £365,000).

Pension contributions are also paid for the benefit of US employees under the 401k savings plan scheme, a US government savings scheme. The amount charged under this scheme to the income statement during the year was £66,000 (2014: £98,000).

31. Government grants
During the year £490,000 (2014: £227,000) of Government grants were recognised in the income statement. These grants significantly relate to funding for research projects.
There are no unfulfilled conditions or other contingencies attached to the government grants recognised in the current or prior periods.

32. Commitments under operating leases
At 30 September 2015 the Group had the following gross minimum lease payments under non - cancellable operating leases:

	Land and Buildings	
	2015	2014
	£'000	£'000
Not later than one year	**391**	762
Later than one year and not later than five years	**277**	799
	668	1,561

At 30 September 2015 the total future minimum sublease payments expected to be received under non - cancellable subleases was £39,000 (2014: £78,000).

33. Dividends

	2015	2014
Equity - ordinary	**£'000**	£'000
Final 2014 paid in 2015 (0.50 pence per share)	**567**	-
Special paid in 2015 (4.5 pence per share)	**5,102**	-
Special paid in 2015 (5.0 pence per share)	**5,872**	-
Final 2013 paid in 2014 (0.40 pence per share)	**-**	429
	11,541	429

The directors have announced a further special dividend of 3.75 pence per share which will absorb an estimated £4,404,000 of shareholders' funds. This dividend will be paid on 12 January 2016 to shareholders on the register of members at close of business on 18 December 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

The directors are proposing a final dividend in respect of the financial year ended 30 September 2015 of 0.65 pence per share (2014: 0.50 pence per share) which will absorb an estimated £763,000 of shareholders' funds. This dividend will be paid on 9 March 2016 to shareholders who are on the register of members at close of business on 18 December 2015 subject to approval at the AGM. These dividends have not been accrued in these financial statements.

34. Related party transactions

The key management personnel are deemed to be the directors. During the year short term employee benefits of £1,183,000 (2014: £876,000) were paid to the directors. In addition share based payments of £119,000 (2014: £160,000) were charged to the income statement in respect of share options held by the directors. For further information see note 7.

The Company has outstanding balances and transactions with its subsidiaries as set out below:

	Outstanding balances		**Transactions in year**	
	2015	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000
Vicon Motion Systems Limited	**9,409**	(1,703)	**11,112**	(1,244)
Vicon Motion Systems, Inc	**924**	916	**8**	265
2d3 Limited	**-**	3,062	**(3,062)**	1,236
Yotta Limited	**7,655**	10,293	**(2,638)**	1,123
Mayrise Limited	**1,253**	488	**765**	488
OMG Life Limited	**354**	-	**354**	(1,962)
2d3, Inc.	**-**	5,024	**(5,024)**	2,605
2d3 Sensing	**-**	391	**(391)**	253
OMG, Inc.	**(4,814)**	(3)	**(4,811)**	-
	14,781	18,468	**(3,687)**	2,764

The transactions in the year include head office recharges to subsidiaries of £2,307,000 (2014: £2,335,000). Other transactions arise from treasury cash management between the Company and its subsidiaries.

The amount receivable from OMG Life Limited is stated net of a provision of £2,007,000 (2014: £2,007,000) and the amount recognised as an expense in the year in respect of doubtful debts from related parties was £nil (2014: £1,257,000).

During the year Sacker Gooding Limited, owned by the Chairman's son, invoiced OMG Life Limited £nil (2014: £13,000) for marketing consultancy services. At the year end the balance outstanding was £nil (2014: £nil). These transactions were considered to be made at arm's length.

Dividends received by directors of the company during the year were as follows:

	2015	2014
	£'000	£'000
Anthony Simonds-Gooding	**104**	4
Jonathon Reeve	**3**	-
Adrian Carey	**18**	1
Julian Morris	**946**	38
Nick Bolton	**80**	1
David Deacon	**24**	-
Catherine Robertson	**122**	5

COMPANY INFORMATION

Company registration number:	3998880
Registered office:	14 Minns Business Park West Way Oxford OX2 0JB
Directors:	Anthony Simonds-Gooding (Non-executive Chairman) Jonathon Reeve (Non-executive Director) Adrian Carey (Non-executive Director) Julian Morris (Deputy Chairman) Nick Bolton (Chief Executive) David Deacon (Finance Director) Catherine Robertson (Executive Director)
Secretary:	Catherine Robertson
Bankers:	National Westminster Bank plc 121 High Street Oxford OX1 4DD
Solicitors:	Taylor Wessing Carmelite 50 Victoria Embankment London EC4Y 0DX
Broker and nominated advisor:	Nplus1 Singer Capital Markets Limited One Hanover Street London W1S 1YZ
Registrars:	Capita IRG Plc Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA
Auditors:	BDO LLP Kings Wharf 20-30 Kings Road Reading Berkshire RG1 3EX