This document is important. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services Act 1986 who specialises in advising on the acquisition of shares and other securities.

A copy of this document which has been drawn up in accordance with, and which constitutes a prospectus for the purposes of, the Public Offers of Securities Regulations 1995, as amended (the "Regulations") has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Regulation 4(2) of the Regulations.

To the best of the knowledge of the Directors of OMG plc ("OMG" or the "Company"), whose names appear on page 7 of this document, the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information. The Directors of the Company accept responsibility accordingly.

APPLICATION WILL BE MADE FOR THE ORDINARY SHARES BOTH ISSUED AND TO BE ISSUED TO BE ADMITTED TO TRADING ON THE ALTERNATIVE INVESTMENT MARKET ("AIM"). IT IS EMPHASISED THAT NO APPLICATION IS BEING MADE FOR ADMISSION OF THESE SECURITIES TO THE OFFICIAL LIST OF THE LONDON SOCK EXCHANGE. AIM IS A MARKET DESIGNED PRIMARILY FOR EMERGING OR SMALLER COMPANIES TO WHICH A HIGHER INVESTMENT RISK TENDS TO BE ATTACHED THAN TO LARGER OR MORE ESTABLISHED COMPANIES. AIM SECURITIES ARE NOT OFFICIALLY LISTED. A PROSPECTIVE INVESTOR SHOULD BE AWARE OF THE RISKS IN INVESTING IN SUCH COMPANIES AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION AND, IF APPROPRIATE, CONSULTATION WITH AN INDEPENDENT FINANCIAL ADVISER. LONDON STOCK EXCHANGE PLC HAS NOT ITSELF EXAMINED OR APPROVED THE CONTENTS OF THIS DOCUMENT.

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of Smith & Williamson, No.1 Riding House Street, London W1A 3AS and at the offices of Taylor Joynson Garrett, Carmelite, 50 Victoria Embankment, London EC4Y 0DX from the date of this document until one month from the date on which admission of all the Ordinary Shares to AIM takes place, which is expected to be on 10 April 2001.

The whole text of this document should be read and in particular your attention is drawn to the section entitled "RISK FACTORS" in Part II of this document. It is expected that dealings on AIM in the issued and to be issued Ordinary Shares will commence on 10 April 2001.

OMG plc

(Incorporated in England & Wales under the Companies Act 1985 with Registered No. 3998880)

Placing of 9,162,267 Ordinary Shares of 0.25p each at a price of 75p per share
and
Application for admission to trading on the Alternative Investment Market
by
Smith & Williamson
as
Nominated Adviser
and
Teather & Greenwood Limited
as Broker

Share capital immediately following the Admission

Authorised Ordinary Shares		*Issued and fully paid Ordinary Shares*	
Number	*Amount*	*Number*	*Amount*
100,000,000	£250,000.00	48,930,947	£122,327.37

The New Ordinary Shares will on issue rank *pari passu* in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter paid or made in respect of the ordinary share capital of the Company.

Smith & Williamson, which is regulated in the conduct of investment business by The Securities and Futures Authority Limited, is the Company's nominated adviser for the purposes of the AIM Admission Rules. Its responsibilities as the Company's nominated adviser under the AIM Admission Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Ordinary Shares in reliance on any part of this document. Smith & Williamson has not authorised the contents of this document for the purposes of regulation 13(1)(g) of the Regulations or otherwise and no representation or warranty, express or implied, is made by Smith & Williamson as to any of the contents or the completeness of this document. Smith & Williamson will not be offering advice and will not otherwise be responsible for providing customer protection to recipients of this document in respect of the Placing or any acquisition of Ordinary Shares.

Teather & Greenwood Limited, which is regulated in the conduct of investment business by The Securities and Futures Authority Limited, is the Company's broker for the purposes of the AIM Admission Rules. Persons receiving this document should note that, in connection with the matter described in this document, Teather & Greenwood Limited is acting for the Company and no one else and will not be responsible to any other person for providing the protections afforded to customers of Teather & Greenwood Limited nor for providing advice in relation to the contents of this document or any matter referred to herein. Teather & Greenwood Limited has not authorised the contents of this document for the purposes of regulation 13(1)(g) of the Regulations or otherwise and no representation or warranty, express or implied, is made by Teather & Greenwood Limited as to any of the contents or completeness of this document.

CONTENTS

KEY INFORMATION

The following key information should be read in conjunction with the full text of this document from which it is derived. Your attention is drawn to Part II of this document headed "Risk Factors", where information on the various risk factors associated with making an investment in the Company is set out.

- The Business was founded in 1984 through a management buy-out from a subsidiary of Oxford Instruments plc (formerly The Oxford Instruments Group plc).
- The Group has an established and profitable track record and an experienced management team.
- For the year ended 30 September 2000 the Group had a turnover of £6.8 million and pre-tax profits of £1.0 million.
- The Vicon product family, which includes software and hardware, enables tracking of moving objects in 3-dimensions, using measurements from video cameras.
- The 2d3 product, boujou, enables reconstruction of the 3-dimensional path of a moving camera and the shape of objects in the scene it observes, using the images recorded by the camera.
- The Group has proprietary design rights in its software and hardware products.
- The Business has established blue-chip international customers in the medical, entertainment and science and engineering markets.
- The Directors believe there are significant potential markets for the products of the Business.
- The Company is raising approximately £5.872 million through the Placing to provide funding for expansion.

PLACING STATISTICS

Placing Price per Ordinary Share	75p
Number of Ordinary Shares in issue immediately prior to the Placing	41,102,000
Number of Ordinary Shares in issue immediately following the completion of the Placing	48,930,947
Market capitalisation at the Placing Price	£36.7m
Number of Ordinary Shares being placed pursuant to the Placing:	
– by the Company	7,828,947
– by the Vendors	1,333,320
— total	9,162,267
Percentage of Enlarged Share Capital subject to the Placing	18.72%
Directors' interests as a percentage of the Enlarged Share Capital	34.86%

EXPECTED TIMETABLE

Date of issue of Admission document	28 March 2001
Admission effective, Crest member accounts credited and commencement of dealings in the issued and to be issued Ordinary Shares commence on AIM	10 April 2001
Despatch of definitive share certificates by	24 April 2001

DEFINITIONS

The following definitions shall apply throughout this document unless the context otherwise requires:

"2d3L"	2d3 Limited, a subsidiary of the Company
"Act"	the Companies Act 1985, as amended
"Admission"	the effective admission to AIM pursuant to the AIM Admission Rules of the issued and to be issued Ordinary Shares
"AIM Admission Rules"	the rules of admission to AIM as set out in the AIM Rules for Companies, published by the London Stock Exchange
"AIM"	the Alternative Investment Market of the London Stock Exchange
"Business"	the business undertaken by the Group from time to time since 1984
"Company" or "OMG"	OMG plc
"Directors" or "Board"	the Directors of the Company, whose names appear on page 7
"Enlarged Share Capital"	the issued share capital of the Company following the Placing
"Group"	the Company and each of its subsidiaries (as defined in section 736 of the Act)
"London Stock Exchange"	the London Stock Exchange plc
"New Ordinary Shares"	the 7,828,947 New Ordinary Shares to be issued pursuant to the Placing
"Official List"	the Daily Official List of the London Stock Exchange
"Ordinary Shares"	ordinary shares of 0.25p each in the capital of the Company
"Placing Agreement"	the conditional agreement dated 28 March 2001 between the Company, the Directors, and Smith & Williamson and deeds of authority dated 28 March 2001 executed by the Vendors in favour of Smith & Williamson and Teather & Greenwood details of which are set out in paragraph 12(a) of Part VI of this document
"Placing Price"	75p per Placing Share
"Placing Shares"	the New Ordinary Shares and the Vendor Shares
"Placing"	the issue and placing of the New Ordinary Shares, and the placing of the Vendor Shares in each case at the Placing Price
"POS Regulations"	the Public Offers of Securities Regulations 1995, as amended
"Shareholders"	holders of Ordinary Shares
"Teather & Greenwood"	Teather & Greenwood Limited, the broker to the Company
"Vendors"	the persons whose names appear in paragraph 6(a)(v) of Part VI
"Vendor Shares"	1,333,320 existing Ordinary Shares being sold by the Vendors pursuant to the Placing Agreement
"VMSL"	Vicon Motion Systems Limited (formerly called Oxford Metrics Limited), a subsidiary of the Company
"VMSI"	Vicon Motion Systems Inc (formerly called Oxford Metrics Inc), a subsidiary of the Company

GLOSSARY OF SPECIALIST TERMS

The following terms shall apply throughout this document unless the context otherwise requires:

"2d3"	the name for a family of products based on the Group's visual geometry technology
"binary code"	software in a form intended for automatic interpretation by a computer rather than for comprehension by a human
"biomechanics"	mechanical (engineering) analysis of living organisms, particularly the human body, in whole or in part
"boujou"	the product name for OMG's camera tracking software, based on visual geometry
"CAD"	computer aided design; eg. generation of 3-dimensional computer models for mechanical design
"camera tracking"	determination of the movement (position and rotation) of a camera and internal parameters (e.g. focal length), either using motion capture, or indirectly by analysis of the camera's images using visual geometry
"CAVE"	computer assisted virtual environment
"CG"	computer graphics; generally assumed to be images of a 3-dimensional computer model
"computer model"	mathematical description of a physical object stored and manipulated by software in a computer; also mathematical description of changes occurring in or made to such an object
"CT"	computerised tomography; an X-ray-based method of body scanning
"computer vision"	automatic computer analysis of images aimed at understanding and measuring the world as seen by the camera
"data station"	a proprietary electronic instrument for converting video information into spatial measurements
"endoscopy"	creation of visual images from inside the body
"firmware"	coding used to define the function of programmable electronic circuits or "chips"
"gait analysis"	measurement and analysis of human walking as part of the assessment of disability prior to surgical or other treatment
"image augmentation"	alteration of the original state of a still or moving image by the insertion of one or more foreground or background objects
"match move"	camera tracking by a human operator achieved by maintaining the correct view, scale and perspective of computer-modelled stationary objects in the camera's images (due to the complexity involved, the process tends to be slow and labour-intensive)
"motion capture"	measurement of the detailed motion of an object or, more commonly, a human or animal for use in animating a 3-dimensional computer graphics character

"MRI"	magnetic resonance imaging; a non-X-ray method of body scanning
"photorealism"	description of a rendered image of such high quality that it appears to be a photograph or film of a real scene
"pixel"	picture element – the smallest subdivision of a digitally-stored image
"pro-sumer"	someone who purchases products intended for professional application for private use
"render"	process of converting a computer-generated 3-dimensional model into a 2-dimensional image
"resolution"	level of detail in a camera or image measured in pixels
"set extension"	image augmentation by which the background "stage set" of the scene is enlarged or elaborated
"simulation"	computer representation of a process
"texture mapping"	the application of representations of texture, colour, reflectiveness and other physical attributes onto the surface of a 3-dimensional computer model
"Vicon"	the name for a family of products based on the Group's motion capture technology
"virtual environment"	either a physical space enclosed by moving computer-generated images, giving the illusion that the observer is inside the 3-dimensional world modelled by the computer, or the modelled world itself
"virtual sets"	set extension applied to a live broadcast studio
"vision science"	alternative name for "computer vision" emphasising the analogy with animal or human vision
"visual geometry"	determination of the 3-dimensional geometry and shape of an object or scene, and of the movement of the camera that observes it, using the camera's images

DIRECTORS, SECRETARY AND ADVISERS

Directors	Sir Peter Anthony Thompson *(Non-executive Chairman)* Julian Ralph Windyer Morris *(Chief Executive)* Malcolm Thomas Lewin *(Finance Director)* Catherine Lindsay Robertson *(Executive Director)*
Company Secretary and Registered Office	Catherine Robertson 14 Minns Business Park West Way Oxford OX2 0JB
Website addresses	www.omg3d.com www.vicon.com www.2d3.com
Nominated Adviser	Smith & Williamson No 1 Riding House Street London W1A 3AS
Broker	Teather & Greenwood Limited Beaufort House 15 St Botolph Street London EC3A 7QR
Reporting Accountants	Grant Thornton 1 Westminster Way Oxford OX2 0PZ
Auditors to the Company	Grant Thornton 1 Westminster Way Oxford OX2 0PZ
Solicitors to the Company	Taylor Joynson Garrett Carmelite 50 Victoria Embankment London EC4Y 0DX
Solicitors to the Nominated Adviser and the Placing	Hammond Suddards Edge 7 Devonshire Square Cutlers Gardens London EC2M 4YH
Registrars	Capita IRG Plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ
Principal Bankers	National Westminster Bank plc 121 High Street Oxford OX1 4DD

PART I
INFORMATION ON THE COMPANY

1. Introduction

OMG has developed advanced technology to enable automatic digital capture of the 3-dimensional motion of multiple objects and cameras and to analyse and manipulate the collected data. This technology has a broad range of applications in fields including medical, entertainment and science and engineering.

The Business was founded in 1984 through a management buy-out from a subsidiary of Oxford Instruments plc (formerly The Oxford Instruments Group plc). The Group has an established and profitable track record and possesses management expertise in technology development and the exploitation of new markets.

The Group has a leading vision science development team and has several collaborations with universities including Oxford University. The Group has an extensive portfolio of blue chip international customers and has won international recognition for its products.

The Business has developed, following the original management buy-out, without recourse to external investment. In order to exploit a range of new and rapidly evolving opportunities and to fund the associated investment, the Board believes that this is the time for the Company to seek additional capital.

2. Business

The Group's current business is built on two core broad technologies:

- The technology which underpins Vicon employs motion capture to track the motion of objects, such as the human body, with great accuracy in 3-dimensions, using video measurements.
- The technology which underpins 2d3 uses visual geometry-based software to reconstruct both the 3-dimensional path of a moving camera, and the shape of objects in the scene it observes, using the camera's own images.

Through development of existing products and ongoing internal and collaborative academic research, the Group has begun to exploit an increasing range of applications and opportunities. The Group uses sophisticated encoding methods to protect its electronic software and intellectual property.

The Group has developed an extensive international distributor network through which it sells the majority of its products. The Business has supplied its products to customers in over 30 countries.

2.1 Vicon and its markets

Vicon motion capture currently represents the principal business of the Group. A Vicon system uses between 5 and 24 high-speed, high-resolution video cameras of the Company's own proprietary design. These cameras transmit images of a moving object to a proprietary data station which deploys specific software to analyse, manipulate and represent the information according to the application. This equipment is normally deployed in a dedicated motion capture studio or laboratory to capture information from the movement of one or more individuals wearing small reflective markers. A typical Vicon system sells for between £40,000 and £120,000.

Vicon motion capture is currently sold in three primary markets:

Medical

VMSL introduced its original product for clinical gait analysis applications in 1984 and has over the years enhanced the features of the product and extended the range of customers. The Vicon motion capture system is used in orthopaedic and children's hospitals around the world, to plan complex surgical treatment of walking disabilities due to cerebral palsy and other neuro-muscular diseases. The Vicon system allows the clinician to be presented with a report incorporating graphical representations and giving detailed biomechanical analysis.

Entertainment

Customers in this market use motion capture to generate sophisticated animation for feature films, computer games, television commercials, and music videos. The animated characters may be cartoon-like, or may be photo-realistic as part of a visual effect. The Vicon technology has been utilised in the production of a number of high-profile movies including *Titanic, The Mummy, Star Wars: Episode I, Gladiator* and *The Patriot*. Games developers such as Sony, Atari, Nintendo, Konami and Rare use Vicon motion capture both for the increasingly elaborate "scene-setting" introduction and for the "moves" in the game itself. Music videos by artists such as *Robbie Williams, Michael Jackson* and *Björk* have all employed Vicon motion capture. Now that high-quality rendering is possible in real-time, motion capture may also be applied to the animation of virtual characters in live television broadcast and webcast.

Science and engineering

Customers in this market are drawn primarily from manufacturing industry and from academic institutions. Key applications are simulation and virtual environments. Most mechanical systems and environments involving human interaction, such as vehicles and buildings, are today designed using 3-dimensional CAD software. A priority for most manufacturers is to test human interaction with their product as early as possible in the design process. This means performing such tests while the design is still at the stage of a computer model before it has progressed to a physical prototype. Using Vicon motion capture it is possible to test human interaction with the product by means of a CAVE inside which the operator's movements are measured. Vicon products have been used by car and truck manufacturers.

2.2 2d3L and its markets

2d3L is a year old start-up business within the Group. 2d3L is engaged in the development of a range of products based on the branch of computer vision known as visual geometry. 2d3L's first product, "boujou", is a fully automatic camera tracker used for image augmentation. In the majority of cases, boujou is able to compute position, motion and rotation, entirely and automatically from a moving camera's images. This technology, in the Directors' view, has the potential to be applied to a number of diverse applications in the visual effects and other industries resulting in significant technological breakthroughs and considerable savings of time and cost. Shipment of boujou is planned to commence in April 2001.

In the entertainment industry, camera tracking is an essential pre-requisite for a majority of visual effects shots using a moving camera. In order to achieve photorealism, virtual 3-dimensional objects inserted into live footage have to maintain position, scale and perspective with a high degree of accuracy with respect to the moving camera. This process, match move, is currently carried out interactively by a highly-skilled operator. It can be time-consuming and therefore expensive. It is anticipated that 2d3L's automatic camera tracker will improve the quality of image augmentation and have a major impact on productivity in the visual effects industry.

Augmented moving images are also frequently used in marketing and advertising industries, for example, to show CAD representations of moving objects operating in real environments. The tracking of movements of video cameras mounted in real vehicles or aircraft is also expected to be a very common application of boujou.

Clients and planning authorities can make use of "architect's impressions" in the consideration of proposed property developments. Boujou has already successfully been used to create an augmented image of a proposed building within an actual video recording of a site which assisted in planning approval for a major development in Texas being obtained.

2.3 U.S.

The Group conducts its business in the U.S. through its wholly-owned subsidiary VMSI. VMSI is based in Southern California and its primary functions are the provision of marketing, sales and customer support for the Group's customers in North and South America. VMSI employs a staff of 11.

2.4 International Recognition

Awards won by the Group and/or its products include the following:

- National Association of Broadcasters:
  Editors' "Pick of the Show" award (2000)

- Computer Graphics World:
  (2000 Innovation Award) for 2d3 product and Vicon product (2000)

- DTI SMART Stage 1 and Stage 2 Awards (1992)

- Queen's Award for Export Achievement (1996)

3. Markets and competition

3.1 Existing markets

The Group's products are sold within the entertainment, medical, and science and engineering markets, all of which are believed to be substantial. The Directors believe that each of these existing markets are growing at significant rates, and that the entertainment market is growing fastest. Given the nature of the Group's specialised products, it is currently present in only part of these substantial markets, and it is therefore difficult to estimate the potential market size for its current and planned products.

3.2 Potential Markets

The Group has identified the following five major new markets primarily in response to direct initiatives from the existing customers of the Business:

- *property development (visualisation; surveying)*
  The 2d3 technology is potentially applicable both for automatic 3-dimensional scaled modelling and texture mapping of existing buildings and for 3-dimensional integration of video and CAD.

- *image-guided surgery (orthopaedics; neurosurgery; endoscopy)*
  The Vicon technology is potentially applicable to the accurate guiding and tracking of surgical instruments relative to body landmarks, and to combining the measurements derived from this process with pre-recorded CT/MRI data to produce a live virtual image of the instruments and internal body structures.

- *image broadcasting (virtual sets and advertising; live animation; biomechanics)*
  The Vicon technology is potentially applicable to real-time animation of virtual characters in live television broadcasts and webcasts. Both Vicon and 2d3 technologies are potentially applicable to camera tracking in live television broadcasts and webcasts.

- *sports (golf and tennis clinics)*
  The Vicon technology is potentially applicable to biomechanical analysis of an athlete in order to assist with enhancement of performance levels and technique.

- *consumer technology (visual effects, 3-dimensional modelling)*
  Both Vicon and 2d3 are potentially applicable to enabling the pro-sumer to perform animations and image augmentation on amateur video footage.

The Group intends to explore the potential requirements of each of its perceived new markets in more detail, and to determine an appropriate strategy for each. Most of these markets are still at an early and highly formative stage with significant potential for growth. The Directors believe that the existing technologies developed by the Group will, together with OMG's market connections and the availability of additional capital, provide a sound basis from which to exploit these new markets.

3.3 Competition

The specialised markets in which both VMSL and 2d3L operate are currently relatively small. There is one major competitor based in the US in relation to the Vicon business, and one major competitor based in France in relation to the 2d3 business. There are also several less significant competitors. The Directors do not believe that any published data is available in relation to the market and market share analysis. The Group is familiar with the activities and product lines of its competitors since the competitors exhibit at the same trade shows as OMG, and there is frequent competition between the Group and its competitors for individual sales. The Directors believe that there are no competitors with an equivalent range of technologies in commercial operation.

4. Financial performance and current trading

A summary of the consolidated results of the Group for the three financial years ended 30 September 2000, which have been derived from and should be read in conjunction with the Accountants' Reports in Parts III and IV of this document, is set out below:

	Years ended 30 September		
	1998	*1999*	*2000*
	£000	*£000*	*£000*
Turnover	3,257	4,087	6,780
Gross profit	2,169	2,644	4,253
Profit before taxation	134	228	1,043
Average number of employees	28	30	38

The Group's profit before tax includes grant income for the years ending 30 September 1999 and 2000 of approximately £39,000 and £178,000 respectively.

Strong demand and a policy of continuous re-investment in technology and marketing has led to turnover growing to £6.8 million for the financial year ended 30 September 2000. VMSL, the UK subsidiary, had a turnover of £5.8 million (including intra-group sales of £1.6 million) and VMSI, the US subsidiary, of £2.6 million. For the year ended 30 September 2000, the Group's consolidated sales in its different markets were as follows:

Geographical Split	%
North America	39
Europe, ex UK	16
Japan	19
Far East, ex Japan	11
UK	10
Other	5
	100

Market Split	%
Medical	40
Entertainment	36
Science and Engineering	24
	100

No single end-user customer (a purchaser of any product of the Group whether via a distributor or directly) represented more than 3.5 per cent of the Group's turnover for the year ended 30 September 2000.

The Group has been trading satisfactorily since the beginning of the current financial year. The Group turnover for the 5 months ended 28 February 2001, as extracted from its unaudited management accounts, was £3.8 million.

5. Future Prospects

The Group's strategy is to continue expansion into new markets. The Group plans in the medium term to establish an expanded research and development facility in Oxford and to increase the number of its sales and technical staff.

The Directors expect that the Company will achieve its anticipated growth through organic development of its existing and potential markets and through the development of new technologies. However, there is clearly scope to accelerate growth to match the potential of the Group's markets through acquisition of complementary technologies and businesses. As the potential of these new markets becomes more widely apparent, a number of new start-ups and university spin-outs are anticipated, particularly in the US and Europe. It is expected that some of these will provide a valuable source of new technologies which the Group, with its established markets and experienced management, is in an advantageous position to exploit. Selective early-stage acquisitions may be considered as a potentially cost effective, parallel route to growth.

The Group plans to continue investing in its business in the current and the next financial years. The Directors expect a significant increase in the Group turnover for the current financial year compared to the previous year but expect that the Group profit before tax in the current financial year will be affected, principally as a result of investment in the Business.

6. The Placing

The Company has entered into the Placing Agreement with Smith & Williamson whereby Smith & Williamson will use its reasonable endeavours to place the Placing Shares with institutional and other investors. The Placing of the Placing Shares is conditional, *inter alia*, on Admission of the Placing Shares becoming effective by 10 April 2001.

The Company is issuing a total of 7,828,947 New Ordinary Shares at the Placing Price. The Placing will therefore raise £5,871,710 for the Company before expenses, which is expected to amount to £5,236,710 net of expenses. The Placing also includes 1,333,320 Vendor Shares which are being sold at the Placing Price on behalf of the Vendors to raise in aggregate £999,990 (before expenses).

As part of the Placing, Julian Morris, Malcolm Lewin and Catherine Robertson are selling 290,612 Ordinary Shares (representing 0.59 per cent of the Enlarged Share Capital). Also as part of the Placing, Sir Peter Thompson has agreed to subscribe for 133,333 New Ordinary Shares at the Placing Price.

Subject to the arrangements for the sale of the Vendor Shares in the Placing, all of the Directors of the Company, whose names are set out on page 7 of this document, and the Vendors whose names are set out in paragraph 6(a)(v) of Part VI, have undertaken, subject to certain limited exceptions, not to dispose of any of their Ordinary Shares until the expiry of 12 months after the date of Admission and have entered into orderly marketing undertakings with Smith & Williamson with respect to the disposal of any such Ordinary Shares during the ensuing 24 months. In addition Julian Morris, who will hold 15,903,129 Ordinary Shares following Admission, has undertaken not to dispose of any such shares beyond the initial 12 month period for a further 12 months in respect of two-thirds of such holding and during the next succeeding 12 months in respect of one-third of such holding, at the end of which period, there will be no restriction on any disposal of shares by him. He has also undertaken to observe orderly marketing principles for the additional 24 months beyond the initial 12 month period.

Further details of the Placing Agreement are set out in paragraph 12(a) of Part VI of this document.

7. Reasons for the Admission and use of the Placing proceeds

The Directors consider that Admission will raise the profile of the Group with investors and customers which will in turn, the Directors believe, assist the development of the Business. The employment market from which the Group recruits its personnel is under-supplied with the high quality staff required. Admission will provide a traded market in the Company's shares and provide a market value for share options which can be offered to existing and prospective employees. It is expected that AIM will provide OMG with potential access to further capital and the opportunity to make acquisitions through the issue of shares, where appropriate.

The Group plans to utilise the funds raised under the Placing to establish an expanded research and development facility in Oxford, to increase the number of its sales and technical staff and for general working capital purposes.

Your attention is drawn to Part II of this document headed "Risk Factors", where information on risk factors associated with making an investment in the Company is set out.

8. Directors and employees

Directors:

Sir Peter Thompson *(aged 72), Non-executive Chairman*

After obtaining an economics degree from Leeds University, Sir Peter Thompson began his career as a management trainee with Unilever, subsequently becoming transport manager of one of its subsidiaries, Birds Eye Food Company. He served in senior transport positions with GKN, The Rank Organisation and British Steel before joining NFC plc in 1972, where he latterly held the position of chairman. At NFC he led the team which successfully bought the company from the Government on behalf of the employees and in 1989 introduced NFC to the stock market. Sir Peter was the founding chairman of Community Hospitals Group plc and also became chairman of FI Group plc, an IT company, in 1991, both of which he successfully took to market. Sir Peter has served on councils of various trade associations and Governmental committees and has held a number of other non-executive positions with listed companies.

Julian Morris *(aged 54), Chief Executive*

Julian Morris began his career after receiving a first degree in electrical engineering from University College London and a D.Phil. in biomechanics from Oxford University. He continued at Oxford University for several years engaging in post-doctoral academic research, establishing contacts within the international biomechanics community. He joined a subsidiary of Oxford Instruments plc in 1977 and held a variety of technical and general management posts, including operating company directorships within the company. Julian founded VMSL (then called "Oxford Metrics Limited") in 1984 through a management buy-out from a subsidiary of Oxford Instruments plc. He has been the *de facto* chief executive of the Group since its inception.

Malcolm Lewin *(aged 49), Finance Director*

Malcolm Lewin took a classics degree at Oxford University and then qualified as a chartered accountant with Coopers & Lybrand. Subsequently, he held several management positions within that firm. He worked for five years at Oxford University Press, finally as financial controller of the company's UK publishing operations, and left in 1986 to become finance director of a publishing company, Weidenfeld & Nicolson Ltd. In 1989 he joined Mercer Lewin, a firm of chartered accountants, as partner, and recently spent two and a half years in a part time role as finance director of Beechcroft Plc, a company which at that time was quoted on AIM. He joined the Group in May 2000.

Catherine Robertson *(aged 43), Executive Director*

Catherine Robertson, Company Secretary, has 19 years' experience in legal, financial and administrative areas. She began her career in 1980 with the UK subsidiary of Vultron Inc, a company engaged in the electronics industry. She joined the Group in 1985 and subsequently held the position of Financial Controller for 10 years. She is currently responsible for company secretarial, legal, administrative and human resources functions.

Senior Employees:

Peter Meddings *(aged 55) Managing Director, Vicon Motion Systems Ltd*

Peter Meddings is a physics graduate with more than 30 years' experience in the marketing of technology products and components. He was employed by the US-based Beckman Instruments Inc for 23 years during which he held a number of management positions including UK positions, an international marketing manager position based in California and an international business manager position based in Geneva. In 1990 he joined the Group as manager of sales and was responsible for the Group's marketing activities and its subsequent diversification into the entertainment market. He is currently Managing Director of VMSL and is responsible for overall development and management of its activities.

Christopher Steele *(aged 41) Managing Director, 2d3 Ltd*

Christopher Steele has over 20 years' experience in computer graphics and holds a degree in architecture and an MBA. In 1990 he joined Parallax Software Ltd and was part of a team which developed the Matador paint package, a standard software for use in film special effects. In 1995, Avid Technology Inc bought Parallax Software Ltd, and he became responsible for managing its London based R&D group. In 1997, Christopher joined Eastman Kodak and became responsible for the development of its product, Cineon, in Palo Alto. He joined the Group in January 2000 and is responsible for the overall development and management of 2d3L's activities.

Brian Nilles *(aged 38) Chief Executive Officer, Vicon Motion Systems Inc*

Brian Nilles, a US national, is an engineering graduate with 15 years of sales and marketing experience in the hardware and software industries. He has held commercial and technical posts at McDonnell Douglas Aircraft, and senior sales and engineering management posts at Smiths Industries plc. He joined VMSI in 1997 and has since managed its significant growth in the entertainment markets in North America. He was appointed CEO of VMSI in 1999.

Thomas Shannon *(aged 48) Engineering Director, Vicon Motion Systems Ltd*

Thomas Shannon is a chartered professional engineer with a BA in applied science and an MSc in physics. He has 26 years' experience as a practising engineer and physicist with specialisation in the medical and computer vision fields. Thomas moved to the UK in 1984 to conduct academic research in conjunction with a subsidiary of Oxford Instruments plc and was a founder of VMSL in 1984.

The Group has 53 full-time employees. The UK staff of 42 is split as follows:

Development	19
Sales and Support	10
Production	6
Finance and Administration	7
	42

The 11 US personnel are involved entirely in sales, technical support, and administration.

9. Share options and incentive arrangements

The Directors recognise that a key factor in developing the Business is a skilled, motivated, and stable workforce. In order to incentivise employees the Company established an approved share option scheme in 1995 and more recently the Company has established an enterprise management incentive option scheme, an unapproved share option scheme and a separate share option scheme for its U.S. employees. The Company has also granted share options to two long-standing associates to the Group.

Share options over a total of 10,386,133 Ordinary Shares (representing 21.23 per cent of the Enlarged Share Capital) have been granted (but have not been exercised) to certain Directors, employees, former employees and associates. Of these, options over 2,256,800 Ordinary Shares granted under the approved share option scheme (details of which are set out in paragraph 7 of Part VI), representing 4.61 per cent of the Enlarged Share Capital, are exercisable immediately. Of the share options that have been granted pursuant to the three schemes, details of which are set out in paragraphs 8, 9 and 10 of Part VI, no option granted under the unapproved share option scheme, the enterprise management incentive option scheme, or the US equity incentive plan shall be exercisable within one year following Admission.

The Company has undertaken in the Placing Agreement to limit any further grants of share options under the various option schemes so as to ensure that the total number of Ordinary Shares subject to option arrangements at the date of grant does not exceed 20 per cent of the issued share capital of the Company from time to time or such other amount as may be approved by the Company in general meeting.

10. Corporate governance

The Company intends, where practicable for a company of its size and nature, to comply with the main provisions of the principles of good governance and code of best practice prepared by the committee on Corporate Governance chaired by Sir Ronald Hampel and published in June 1998 (the "Combined Code"). The Company has recently appointed a Non-executive Chairman and intends to appoint a further Non-executive Director within 6 months following Admission. The Board intends to establish an audit committee, a remuneration committee and a nominations committee, all with specific delegated duties and responsibilities following Admission.

The audit committee will have primary responsibility for monitoring the financial affairs of the Company and ensuring that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on and for reviewing reports from the Group's auditors relating to the Group's accounting and internal controls. The audit committee will initially comprise the Non-executive Chairman and the Finance Director. Following the appointment of a second Non-executive Director, the audit committee will comprise the two Non-executive Directors.

The remuneration committee will determine the terms and conditions of service of any Director, including the remuneration of and grant of options to Executive Directors under any share option scheme adopted in the future by the Company. The remuneration committee will initially comprise the Non-executive Chairman and the Chief Executive. Following the appointment of a second Non-executive Director, the remuneration committee will comprise the two Non-executive Directors.

The nominations committee will be responsible for all new appointments to the Board. The nominations committee will initially comprise the Non-executive Chairman and the Chief Executive and will be enlarged by the appointment of a second Non-executive Director when this appointment is made.

11. Dividends

The Directors anticipate that, following Admission, any earnings will be retained by the Company for the development of the Business and will not be distributed for the foreseeable future to shareholders as cash or other dividends. The declaration and payment by the Company of dividends will, once the Group has achieved its development objectives, be dependent upon the Company's results from operations and other factors deemed to be relevant at the time.

12. Dealing arrangements and availability of the prospectus

Application has been made for the Ordinary Shares (both issued and to be issued) to be admitted to trading on AIM and it is expected that Admission in respect of the issued and to be issued ordinary share capital will become effective, Crest member accounts credited and dealings commence on 10 April 2001. Copies of this document will be available, for collection only, from Smith & Williamson, No 1 Riding House Street, London W1A 3AS and Taylor Joynson Garrett, Carmelite, 50 Victoria Embankment, London EC4Y 0DX, during normal office hours on any day (Saturdays, Sundays and public holidays excepted) for a period of not less than one month from the date of Admission.

13. Tax reliefs available to investors

The Company has sought and been granted provisional clearance by the Inland Revenue of the Company's eligibility for Enterprise Investment Scheme (EIS) tax relief and as a qualifying VCT investment. The clearance which, in accordance with customary Inland Revenue practice, relates to the qualifying status of the Company only, has been obtained on the basis of the facts supplied. The Directors have sought and obtained advice that, since the date of obtaining such clearance, there does not appear to have been any change in circumstances which would render invalid the clearance relating to eligibility for EIS tax relief and as a qualifying VCT investment.

Investors considering taking advantage of EIS tax relief or making a qualifying VCT investment should seek individual professional advice in order that they may fully understand whether relief is available to them.

Further information in respect of UK taxation is set out in paragraph 15 of Part VI of this document.

14. Further information

For further information your attention is drawn to Parts II to VI of this document.

PART II
RISK FACTORS

The Directors consider the following risk factors, while not exhaustive, to be the most significant to potential investors:

- ***Personnel***

  The future success of the Company, in common with other companies of a similar size and type, has been, and will continue to be, dependent on the expertise and experience of its Directors, senior management and employees. Incentives are in place to suitably reward and retain key personnel. However, risks in this area cannot be totally eliminated. In addition, the ability of the Group to continue to grow organically may, from time to time, be limited by the number of suitably qualified personnel available.

- ***Market***

  The anticipated growth rates in the Group's markets cannot be guaranteed. Furthermore, while the Group is aware of a number of new potential markets for its products, the successful evolution of these markets cannot be relied upon.

- ***Product Risk***

  The Company operates in a relatively new industry characterised by dynamic changes. The future success of the Business therefore depends on the timely development of new products that meet new market demands.

- ***Competition***

  The Group's competitors may in the future develop increased financial, technological or market capability. This could adversely affect the Group's turnover and margins in the future.

- ***System Failure and Security***

  There can be no guarantee that software used within the Group is reliable or secure. The Group uses computer and other technology developed by third parties. Problems with software, hardware or other technology might impact upon the Business.

- ***Suppliers***

  The Group relies on sourcing a range of electronic components from a number of suppliers. Shortage in supply of such materials could lead to delays in shipment of products and thereby affect the Group's turnover and profits.

- ***Intellectual Property***

  The Group's products are not patented, although OMG uses sophisticated encoding technologies to protect its software and intellectual property. It is possible that third-party patent rights may exist or be granted in the future which may give rise to infringement claims affecting the Group's ability to develop and/or exploit its products.

- ***Regulation***

  The Group relies on government authorisation for conducting its business in most of its markets. In certain locations regular renewal of such authorisation is essential for the continuing operations of the Group in that territory.

- ***Distributors***

  The Group relies upon third-party distributors for selling its products in a variety of locations. The loss of one or more such distributors could lead to disruptions of the Group's sales activities in the relevant territory, and thereby affect the Group's turnover and profits.

- ***EIS/VCT status***

  While the Directors will seek to maintain the conditions required for its status as a qualifying EIS/VCT investment, they cannot guarantee that this will remain the case.

- ***Marketability of Securities***

  The Ordinary Shares will not be listed on the Official List, but are to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies. In particular, the market for the Ordinary Shares may be, or may become, relatively illiquid and therefore the Ordinary Shares may be or may become difficult to sell.

PART III
ACCOUNTANTS' REPORT ON OMG PLC

Grant Thornton

The Directors	1 Westminster Way
OMG plc	OXFORD
14 Minns Business Park	0X2 0PZ
7 West Way	
OXFORD	
OX2 0JB	

The Partners
Smith & Williamson
No 1 Riding House Street
LONDON
WIA 3AS

28 March 2001

Dear Sirs

OMG PLC ("THE COMPANY")

1. INTRODUCTION

1.1 We report on the financial information set out in sections 2 to 4. This financial information has been prepared for inclusion in the prospectus dated 28 March 2001 of OMG plc ("the Prospectus").

1.2 OMG was incorporated on 22 May 2000 as Law 2155 Limited. It changed its name to Oxford Metrics Group Limited on 14 June 2000. It re-registered as a plc and changed its name to OMG plc on 23 March 2001.

1.3 OMG plc acquired the entire issued share capital of Vicon Motion Systems Limited on 6 December 2000.

Basis of Preparation

1.4 The financial information set out in sections 2 to 3 below is based on the financial records of OMG plc for the period ended 30 September 2000 and has been prepared on the basis set out in paragraph 2.1 to which no adjustments were considered necessary.

Responsibility

1.5 Such financial records are the responsibility of the Directors of the Company.

1.6 The Directors of the Company are responsible for the contents of the Prospectus in which this report is included.

1.7 It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

1.8 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.9 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.10 In our opinion the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company at 30 September 2000.

Consent

1.11 We consent to the inclusion in the Prospectus of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2 ACCOUNTING POLICIES

Basis of Preparation

2.1 The financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention.

2.2 The principal accounting policies of the Company have remained unchanged throughout the period covered by the financial records.

3 BALANCE SHEET

	Note	*As at 30 September 2000* £
Current assets		
Cash at bank		1
Capital and reserves		
Called up share capital	4.1	1
Shareholders' funds		1

The accompanying accounting policies and notes form an integral part of this financial information.

4 NOTES TO THE FINANCIAL INFORMATION

4.1 Share Capital

	As at 30 September 2000 £
Authorised	
250,000 ordinary shares of £1 each	250,000
Allotted, called up and fully paid	
1 ordinary shares of £1 each	1

4.2 Reconciliation of Movements in Shareholders' Funds

	As at 30 September 2000 £
Issue of subscriber share	1
Opening shareholders' funds	–
Closing shareholders' funds	1

4.3 Capital Commitments

The Company had no capital commitments as at 30 September 2000.

4.4 Contingent Liabilities

There were no contingent liabilities as at 30 September 2000.

4.5 Post Balance Sheet Events

The Company has issued further shares since 30 September 2000. Details are set out in Part VI of the Prospectus.

Yours faithfully

GRANT THORNTON

PART IV
ACCOUNTANTS' REPORT ON VICON MOTION SYSTEMS LIMITED

Grant Thornton

1 Westminster Way
OXFORD
OX2 0PZ

The Directors
OMG plc
14 Minns Business Park
7 West Way
OXFORD
OX2 0JB

The Partners
Smith & Williamson
No 1 Riding House Street
LONDON
WIA 3AS

28 March 2001

Dear Sirs

VICON MOTION SYSTEMS LIMITED ("THE COMPANY") AND ITS SUBSIDIARY UNDERTAKING (TOGETHER "VMS GROUP")

1 INTRODUCTION

1.1 We report on the financial information set out in sections 2 to 6. This financial information has been prepared for inclusion in the prospectus dated 28 March 2001 of OMG plc ("the Prospectus").

1.2 The entire issued share capital of Vicon Motion Systems Limited was acquired by OMG plc (then called Oxford Metrics Group Limited) on 6 December 2000. Vicon Motion Systems Limited changed its name from Oxford Metrics Limited on 7 February 2001. Oxford Metrics Group Limited re-registered as a public limited company and changed its name to OMG plc, on 23 March 2001.

Basis of Preparation

1.3 The consolidated financial information set out in sections 2 to 6 below is based on the audited financial statements of Vicon Motion Systems Limited for the three years ended 30 September 2000 and the unaudited financial information of Vicon Motion Systems Inc which was until 6 December 2000 the wholly owned subsidiary of Vicon Motion Systems Limited and has been prepared on the basis set out in paragraph 2.1 after making such adjustments as we considered necessary.

Responsibility

1.4 Such financial statements and information are the responsibility of the directors of the Company who approved their issue.

1.5 The directors of OMG plc are responsible for the contents of the Prospectus in which this report is included.

1.6 It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

1.7 We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously recorded by the auditors who audited the financial statements of Vicon Motion Systems Limited underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

1.8 We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

1.9 In our opinion the financial information gives, for the purposes of the Prospectus, a true and fair view of the results and cash flows of the VMS Group for the three years ended 30 September 2000 and the state of affairs of the VMS Group at the end of each of those years.

Consent

1.10 We consent to the inclusion in the Prospectus of this report and accept responsibility for this report for the purposes of paragraph 45(1)(b)(iii) of Schedule 1 to the Public Offers of Securities Regulations 1995.

2. ACCOUNTING POLICIES

Basis of Preparation

2.1 The financial information has been prepared in accordance with applicable accounting standards and under the historical cost convention.

2.2 The principal accounting policies of the VMS Group have remained unchanged throughout the period covered by the financial information and are set out below.

Basis of Consolidation

2.3 The VMS Group financial information consolidates that of the Company and its subsidiary undertaking. Profits or losses on intra-group transactions are eliminated in full.

Turnover

2.4 Turnover is the amount receivable by the VMS Group for goods supplied and services provided, excluding VAT and trade discounts.

Tangible Fixed Assets and Depreciation

2.5 Depreciation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and machinery	2 to 4 years
Fixtures and fittings	5 years
Motor vehicles	4 years

Operating Leases

2.6 Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against profits on a straight line basis over the period of the lease.

Stocks

2.7 Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

2.8 Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Foreign Currencies

2.9 Transactions in foreign currencies are translated 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. The financial statements of the foreign subsidiary undertaking are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising from retranslation of the opening net investment in the subsidiary is taken directly to reserves. All other exchange differences are dealt with through the profit and loss account.

Contributions to Pension Funds

2.10 The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the profit and loss account.

Research and Development

2.11 Research and development costs are charged to the profit and loss account in the year in which they are incurred.

Government Grants

2.12 Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Investments

2.13 Short term investments included in current assets are included at redemption value. Changes in redemption value are included in the profit and loss account as investment income.

3. CONSOLIDATED PROFIT AND LOSS ACCOUNTS

	Note	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
Turnover	6.1	3,257	4,087	6,780
Cost of sales		(1,088)	(1,443)	(2,527)
Gross profit		2,169	2,644	4,253
Administrative expenses		(2,137)	(2,514)	(3,442)
Grant income		–	39	178
Operating profit		32	169	989
Net interest income	6.2	102	59	54
Profit on ordinary activities before taxation	6.1	134	228	1,043
Tax on profit on ordinary activities	6.4	(32)	(65)	(356)
Profit retained	6.13	102	163	687
Earnings per share (p)	6.5	0.25p	0.40p	1.67p

The Company's operations are continuing.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
Retained profit	102	163	687
Foreign currency movements	(2)	–	1
Total recognised gains and losses	100	163	688

The accompanying accounting policies and notes form an integral part of this financial information.

4. CONSOLIDATED BALANCE SHEETS

	Note	1998 £'000	As at 30 September 1999 £'000	2000 £'000
Fixed assets				
Tangible assets	6.6	77	126	152
Current assets				
Stocks	6.7	309	365	414
Debtors	6.8	395	632	2,116
Cash and Near Cash	6.9	580	613	441
Cash at bank		777	756	459
		2,061	2,366	3,430
Creditors: amounts falling due within one year	6.10	435	626	1,028
Net current assets		1,626	1,740	2,402
Total assets less current liabilities		1,703	1,866	2,554
Capital and reserves				
Called up share capital	6.11	101	101	101
Share premium account	6.12	1	1	1
Profit and loss account	6.12	1,601	1,764	2,452
Shareholders' funds	6.13	1,703	1,866	2,554

The accompanying accounting policies and notes form an integral part of this financial information.

5. CONSOLIDATED CASH FLOW STATEMENTS

			Year ended 30 September	
	Note	*1998* *£'000*	*1999* *£'000*	*2000* *£'000*
Net cash (out)/inflow from operating activities	6.14	(89)	120	(318)
Returns on investments and servicing of finance				
Interest received		108	60	54
Interest paid		(6)	(1)	–
Net cash inflow from returns on investments and servicing of finance		102	59	54
Taxation		(252)	(33)	(74)
Capital expenditure				
Purchase of tangible fixed assets		(81)	(138)	(164)
Sale of tangible fixed assets		8	3	13
Net cash outflow from capital expenditure		(73)	(135)	(151)
Management of liquid resources				
Purchase of investments		(40)	(33)	–
Sale of investments		–	–	172
Net cash (out)/inflow from management of liquid resources		(40)	(33)	172
Decrease in cash	6.15	(352)	(22)	(317)

The accompanying accounting policies and notes form an integral part of this financial information.

6. NOTES TO THE FINANCIAL INFORMATION

6.1 Turnover and Profit on Ordinary Activities before Taxation

Turnover is attributable to one class of business, the production and sale of computer measurement and modelling equipment to medical and computer animation markets.

An analysis of turnover by geographical market is given below:

		Year ended 30 September	
	1998 *£'000*	1999 *£'000*	2000 *£'000*
UK	673	547	701
USA	996	1,771	2,664
Europe	415	300	1,062
Japan	438	1,042	1,270
Far East	531	291	720
Other	204	136	363
	3,257	4,087	6,780

The profit on ordinary activities is stated after:

		Year ended 30 September	
	1998 *£'000*	*1999* *£'000*	*2000* *£'000*
Auditors remuneration: as auditors	5	5	3
Depreciation of owned tangible fixed assets	78	90	133
Other operating lease rentals	57	65	89
Research and development expenditure	512	638	895
Government grants credited	–	39	178

6.2 *Net Interest Income*

	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
Other interest payable and similar charges	(6)	(1)	–
Other interest receivable and similar charges	108	60	54
	102	59	54

6.3 *Directors and Employees*

	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
Staff costs during the year were as follows:			
Wages and salaries	830	952	1,473
Social security costs	103	117	169
Other pension costs	74	69	78
	1,007	1,138	1,720

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

	1998 Number	Year ended 30 September 1999 Number	2000 Number
Production	5	5	4
Administration	4	5	8
Sales and customer support	9	11	14
Development	10	9	12
	28	30	38

Remuneration in respect of the directors was as follows:

	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
Emoluments	169	216	229
Pension contributions to money purchase pension schemes	36	28	20
	205	244	249

During the year 4 (1999:4, 1998:4) directors participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director of:

	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
Emoluments	59	67	71
Pension contributions to money purchase pension schemes	9	10	9
	68	77	80

6.4 *Tax on Profit on Ordinary Activities*

	1998 £'000	Year ended 30 September 1999 £'000	2000 £'000
The tax charge represents United Kingdom Corporation tax at 30% (1999: 25.25%, 1998: 21%)	31	63	324
Overseas taxation	1	2	11
	32	65	335
Adjustments in respect of prior year	–	–	21
	32	65	356

6.5 *Earnings per Share*

The calculation of earnings per share is based on the earnings attributable to ordinary shareholders divided by 41,102,000, the number of shares in OMG plc immediately prior to the Placing.

6.6 *Tangible Fixed Assets*

	Plant & machinery £'000	*Fixtures & fittings £'000*	*Motor vehicles £'000*	*Total £'000*
Cost				
At 1 October 1997	258	28	78	364
Currency movements	(2)	–	–	(2)
Additions	54	12	15	81
Disposals	(4)	(3)	(10)	(17)
At 30 September 1998	306	37	83	426
Currency movements	2	1	–	3
Additions	71	31	36	138
Disposals	(45)	–	(23)	(68)
At 30 September 1999	334	69	96	499
Currency movements	10	3	1	14
Additions	98	39	27	164
Disposals	(36)	–	(12)	(48)
At 30 September 2000	406	111	112	629
Depreciation				
At 1 October 1997	211	18	56	285
Currency movements	(1)	–	–	(1)
Provided in the year	52	11	15	78
Disposals	(2)	(1)	(10)	(13)
At 30 September 1998	260	28	61	349
Currency movements	2	–	–	2
Provided in the year	59	11	20	90
Disposals	(45)	–	(23)	(68)
At 30 September 1999	276	39	58	373
Currency movements	6	2	–	8
Provided in the year	82	32	19	133
Disposals	(35)	–	(2)	(37)
At 30 September 2000	329	73	75	477
Net book amount at 30 September 1998	46	9	22	77
Net book amount at 30 September 1999	58	30	38	126
Net book amount at 30 September 2000	77	38	37	152

6.7 *Stocks*

	1998 £'000	*1999 £'000*	*2000 £'000*
Component parts	309	365	414

6.8 *Debtors*

	1998 £'000	*1999 £'000*	*2000 £'000*
Trade debtors	262	416	1,657
Other debtors	77	134	305
Prepayments and accrued income	56	82	154
	395	632	2,116

6.9 *Current Asset Investments*

	1998 £'000	1999 £'000	2000 £'000
Other investments	580	613	441

6.10 *Creditors: Amounts falling due within one year*

	1998 £'000	1999 £'000	2000 £'000
Trade creditors	220	233	263
Corporation tax	112	144	426
Social security and other taxes	20	22	38
Accruals and deferred income	83	227	301
	435	626	1,028

6.11 *Share Capital*

	1998 £'000	1999 £'000	2000 £'000
Authorised			
120,000 ordinary shares of £1 each	120	120	120
Allotted, called up and fully paid			
101,000 ordinary shares of £1 each	101	101	101

6.12 *Share Premium Account and Reserves*

	Share premium account £'000	Profit and loss account £'000
As at 1 October 1997	1	1,501
Currency movements	–	(2)
Retained profit for the financial year	–	102
At 30 September 1998	1	1,601
Retained profit for the financial year	–	163
At 30 September 1999	1	1,764
Currency movements	–	1
Retained profit for the financial year	–	687
At 30 September 2000	1	2,452

6.13 *Reconciliation of Movements in Shareholders' Funds*

	1998 £'000	1999 £'000	2000 £'000
Currency movements	(2)	–	1
Profit for the financial year	102	163	687
	100	163	688
Opening shareholders' funds	1,603	1,703	1,866
Closing shareholders' funds	1,703	1,866	2,554

6.14 Net Cash Outflow from Operating Activities

	Year ended 30 September		
	1998	*1999*	*2000*
	£'000	*£'000*	*£'000*
Operating profit	32	169	989
Depreciation	78	90	133
Profit on sale of tangible fixed assets	(4)	(3)	(2)
Increase in stock	(88)	(56)	(49)
Increase in debtors	(23)	(238)	(1,496)
(Decrease)/increase in creditors	(84)	158	107
Net cash (out)/inflow from operating activities	(89)	120	(318)

6.15 Reconciliation of Net Cash Flow to Movement in Net Funds

	Year ended 30 September		
	1998	*1999*	*2000*
	£'000	*£'000*	*£'000*
Decrease in cash in the period	(352)	(22)	(317)
Cash out/(in)flow from increase in liquid resources	40	33	(172)
Change in net funds arising from cash flows	(312)	11	(489)
Currency movements	(1)	1	20
Change in net funds in the period	(313)	12	(469)
Opening net funds	1,670	1,357	1,369
Closing net funds	1,357	1,369	900

6.16 Analysis of Changes in Net Funds

	As at 1 October 1997 £'000	*Cash flow £'000*	*Currency movements £'000*	*As at 30 September 1998 £'000*
Cash at bank and in hand	1,130	(352)	(1)	777
Current asset investments	540	40	–	580
Net funds	1,670	(312)	(1)	1,357

	As at 1 October 1998 £'000	*Cash flow £'000*	*Currency movements £'000*	*As at 30 September 1999 £'000*
Cash at bank and in hand	777	(22)	1	756
Current asset investments	580	33	–	613
Net funds	1,357	11	1	1,369

	As at 1 October 1999 £'000	*Cash flow £'000*	*Currency movements £'000*	*As at 30 September 2000 £'000*
Cash at bank and in hand	756	(317)	20	459
Current asset investments	613	(172)	–	441
Net funds	1,369	(489)	20	900

6.17 Capital Commitments

The VMS Group had no capital commitments as at 30 September 1998, 1999 or 2000.

6.18 Contingent Liabilities

There were no contingent liabilities as at 30 September 1998, 1999 or 2000.

6.19 Pensions

The Company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the Company.

6.20 Leasing Commitments

Operating lease payments, which all relate to land and buildings, of £202,000 (1999:81,000, 1998:63,000) are due within one year.

The leases to which these amounts relate expire as follows:

	Year ended 30 September		
	1998	*1999*	*2000*
	£'000	*£'000*	*£'000*
In one year or less	–	11	26
Between one and five years	63	70	176
	63	81	202

6.21 Post Balance Sheet Events

The Company was acquired by OMG plc by way of a share for share exchange on 6 December 2000.

Yours faithfully

GRANT THORNTON

PART V
PRO FORMA STATEMENT OF THE NET ASSETS OF THE COMPANY

Grant Thornton

The Directors
OMG plc
14 Minns Business Park
7 West Way
OXFORD
OX2 0JB

1 Westminster Way
OXFORD
OX2 0PZ

The Partners
Smith & Williamson
No 1 Riding House Street
LONDON
WIA 3AS

28 March 2001

Dear Sirs

OMG plc (the Company) Pro forma financial information

We report on the pro forma statement of net assets set out in Part V of the prospectus dated 28 March 2001 of OMG plc, which has been prepared, for illustrative purposes only, to provide information about how the Placing might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the Directors of OMG plc to prepare the pro forma financial information.

It is our responsibility to form an opinion, on the pro forma statement of net assets and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma statement of net assets beyond that owed to those to whom the reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of OMG plc.

Opinion

In our opinion:

i the pro forma statement of net assets has been properly compiled on the basis stated;

ii such basis is consistent with the accounting policies of the issuer; and

iii the adjustments are appropriate for the purposes of the pro forma statement of net assets as disclosed.

Yours faithfully

GRANT THORNTON

Pro forma Statement of Net Assets

The following unaudited pro forma statement of net assets has been prepared to illustrate the effect of the Placing on the assets and liabilities of the Group. It is based on the consolidated net assets of Vicon Motion Systems Limited as set out in Part IV of the Prospectus, adjusted only as disclosed in the notes below. The pro forma statement of net assets is prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Group following the Placing.

	Short form Part IV £'000	*Adjustments £'000*	*Notes*	*Pro forma £'000*
Fixed assets				
Tangible assets	152			152
Current assets				
Stocks	414			414
Debtors	2,116			2,116
Investments	441			441
Cash at bank	459	5,237	1	5,696
	3,430	5,237	1	8,667
Creditors: amounts falling due within one year	(1,028)			(1,028)
Net current assets	2,402	5,237		7,639
Net assets	2,554	5,237		7,791

1 Adjustments to reflect the proceeds of the Placing of all the New Ordinary Shares of £5.872 million net of expenses of £635,000.

2 No account has been taken of trading since 30 September 2000.

PART VI
ADDITIONAL INFORMATION

1. Responsibility Statement

The Directors of the Company, whose names appear on page 7 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

The Company was incorporated in England and Wales on 22 May 2000 as a private limited company under the Companies Act 1985 (the "Act"), registered with number 3998880 and with the name Law 2155 Limited. The Company changed its name to Oxford Metrics Group Limited on 14 June 2000, and re-registered as a public limited company and changed its name to OMG plc on 23 March 2001. The liability of the members of the Company is limited. The Company's registered office is at 14 Minns Business Park, West Way, Oxford, Oxfordshire OX2 0JB.

Subsidiary Undertakings

The Company, which is the holding Company for the Group, has the following subsidiary undertakings, all of which are wholly owned:

Name of Company	*Place of Incorporation*	*Principal Activity*	*Shareholding*
2d3 Limited	England and Wales	Development of a range of products based on visual geometry	100%
Vicon Motion Systems Limited	England and Wales	Development of a range of products based on motion capture	100%
Vicon Motion Systems Inc.	California	Provision of marketing, sales and customer support	100%

3. Share Capital

3.1 On its incorporation, the authorised share capital of the Company was £1,000.00 divided into 1000 ordinary shares of £1 each of which one subscriber share was issued and fully paid. The authorised share capital of the Company was increased to £250,000.00 on 9 June 2000 by the creation of 249,000 ordinary shares of £1 each.

3.2 At the date of this document the Company's authorised share capital is £250,000 divided into 100,000,000 shares of 0.25p each, of which 41,102,000 are issued credited and fully paid.

3.3 Immediately following Admission the Company's authorised share capital will be £250,000 divided into 100,000,000 shares of 0.25p each, of which 48,930,947 will be issued credited and fully paid.

3.4 At an extraordinary general meeting of the Company held on 28 March 2001 it was resolved, conditional upon the arrangements contemplated by the Placing Agreement being completed:

(a) That in substitution of all existing authorities, the Directors be unconditionally authorised pursuant to section 80 of the Companies Act 1985 to exercise generally all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £25,000 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) 5 years from the date of the passing of the resolution, but so that the Company is able to make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Directors be and are hereby authorised to allot relevant securities in pursuance of that offer or agreement.

(b) That in substitution of all existing authorities, the Directors be and are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities for cash pursuant to the authority referred to in paragraph (a) above as if sub-paragraph (1) of section 89 of the Companies Act 1985 did not apply to such allotment provided that this power is limited to:

(i) the allotment of equity securities up to a maximum aggregate nominal amount equal to the aggregate nominal amount of those of the Placing Shares which are to be issued by the Company; and

(ii) the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value equal to 5 per cent of the total nominal value of the issued share capital of the Company immediately following the allotment and issue of those of the Placing Shares which are to be issued by the Company;

and expires (unless previously renewed, varied or revoked by the Company in general meeting) on the date falling 5 years after the date of the passing of the resolution, save that before such expiry the Company be authorised to make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors be empowered to allot securities in pursuance of such offer or agreement as if the power conferred thereby had not expired.

3.5 Save as disclosed in this document:

(a) no share or loan capital of the Company, or of any other company within the Group, is under option or has been agreed, conditionally or unconditionally, to be put under option;

(b) other than for the Placing, there is no present intention to issue any of the authorised but unissued share capital of the Company.

3.6 The Ordinary Shares will be in registered form and may be held in either certificated or uncertificated form. Crest is a paperless settlement procedure enabling securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. The articles of association of the Company permit the holding of Ordinary Shares under the Crest system. The Directors will apply for the Ordinary Shares to be admitted to Crest with effect from Admission. Accordingly it is intended that settlement of transactions in the Ordinary Shares from Admission may take place within the Crest system if the relevant shareholders so wish. Crest is a voluntary system and shareholders who wish to receive and retain share certificates will be able to do so. It is expected that share certificates will be posted within ten days of Admission and that Ordinary Shares to be held in Crest will be credited to relevant accounts on the day of Admission. No temporary documents of title will be issued.

4. Memorandum of Association

The memorandum of association of the Company (the "Memorandum") provides that its principal objects include the carrying on of the business of a general commercial company. The objects of the Company are set out in full in clause 3 of the Memorandum.

5. Articles of Association

The articles of association of the Company (the "Articles") include provisions to the following effect:

(a) Votes of members

(i) Votes attaching to shares

Subject to any special rights or restrictions as to voting attached by or in accordance with the Articles to any shares or class of shares, on a show of hands every member who is present in person or by proxy shall have one vote and on a poll every member who is present in person shall have one vote for every share of which he is the holder.

(ii) No voting rights where calls outstanding

No member shall, unless the Board otherwise determines, be entitled to vote:

(A) if any call or other sum presently payable by him to the Company in respect of the shares remains unpaid; or

(B) if a member has been served with a restriction notice and failed to provide the Company with information concerning any interest in those shares required to be provided under the Act.

(b) Transfer of shares

(i) Form of transfer

Transfers of shares may be effected by an instrument of transfer in any usual form or in any other form approved by the Board. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register in respect of such shares.

(ii) Right to refuse to register a transfer

The Board may in its absolute discretion and without assigning any reason for its actions refuse to register any transfer of any share which is not a fully paid share. The Board may decline to recognise any instrument of transfer unless:

(A) the duly stamped instrument of transfer:

(1) is in respect of only one class of share;

(2) is lodged at the registered office or such other place as the Board may appoint; and

(3) is accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(B) in the case of a transfer to joint holders, the number of joint holders does not exceed four.

(iii) The Board may also decline to register a transfer of shares (except for certain types of transfer) after there has been a failure to provide the Company with information concerning any interest in those shares required to be provided under the Articles or the Act until such failure has been remedied.

(c) Dividends

(i) Final dividends

The Company may by ordinary resolution declare dividends but no such dividends shall exceed the sum recommended by the Board.

(ii) Interim and fixed dividends

In so far as, in the opinion of the Board, the profits of the Company justify such payments, the Board may declare and pay fixed dividends on any class of shares carrying fixed dividends expressed to be payable on fixed dates or half-yearly or other dates prescribed for the payment of such dividends and may also from time to time declare and pay interim dividends on shares of any class of such sums and on such dates and in respect of such periods as it thinks fit.

(iii) Retention of dividends

The Board may retain any dividend or other moneys payable on or in respect of a share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or obligations in respect of which the lien exists.

The Board may withhold dividends payable on shares after there has been failure to provide the Company with information concerning interests in those shares required to be provided under the Act until such failure has been remedied.

(iv) Unclaimed dividend

Any dividend unclaimed after a period of twelve years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

(v) Distribution in specie

The Company may upon the recommendation of the Board by ordinary resolution direct payment of a dividend in whole or in part by the distribution of specific assets (and in particular of paid-up shares or debentures of any other company) and the Board shall give effect to such resolution.

(vi) Distribution in specie on a winding up

If the Company shall be wound up the liquidator may, with the authority of an extraordinary resolution and subject to any provision of law, divide among the members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes or property and may determine how such division shall be carried out as between the members or different classes of members.

(d) Capitalisation of profits and reserves

(i) The Board may, with the sanction of an ordinary resolution of the Company, capitalise any sum standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of profit and loss account.

(ii) Such capitalisation shall be effected by appropriating such sum to the holders of ordinary shares in proportion to their holdings of ordinary shares and applying such sum on their behalf in paying up in full unissued ordinary shares.

(e) Share capital

(i) Variation of rights

The special rights attached to any class may, subject to the provisions of the Act, be varied either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class.

(ii) Increase in share capital

The Company may from time to time by ordinary resolution increase its share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe.

(iii) Consolidation, subdivision and cancellation

The Company may by ordinary resolution:

(A) consolidate and divide all or any of its share capital into shares of larger nominal value than its existing shares;

(B) cancel any of its shares which have not been taken, or agreed to be taken;

(C) subject to the provisions of the Act, sub-divide its shares.

(iv) *Reduction or cancellation*

The Company may by special resolution reduce or cancel its share capital or any revaluation reserve or share premium account or any other reserve fund in any manner and with and subject to any confirmation or consent required by law.

(v) *Purchase of own shares*

Subject to the provisions of the Act, the Company may purchase or may enter into any contract under which it will or may purchase, any of its own shares.

(f) ***Forfeiture and lien***

(i) *Notice on failure to pay a call*

If a member fails to pay in full any call or instalment of a call on the due date for payment the Board may at any time after the failure serve a notice on him requiring payment and shall state that in the event of non-payment in accordance with such notice the shares on which the call was made will be liable to be forfeited.

(ii) *Lien on partly-paid shares*

The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such share.

(iii) *Sale of shares subject to lien*

The Company may sell in such manner as the Board thinks fit any share on which the Company has a lien, fourteen days after a notice in writing stating and demanding payment of the sum presently payable and giving notice of intention to sell.

(g) ***Directors***

(i) *Number of Directors*

Unless otherwise determined by ordinary resolution the Directors shall not be fewer than two nor more than ten in number.

(ii) *Directors' fees*

The fees payable to the Directors for acting as Directors shall from time to time be determined by the Board except that such remuneration shall not exceed £750,000 per annum in aggregate or such higher sum as may from time to time be determined by ordinary resolution of the Company.

(iii) *Directors' expenses*

The Board may repay to any Director all such reasonable expenses as he may incur in attending meetings of the Board or of any committee of the Board or shareholders' meetings or otherwise in connection with the business of the Company.

(iv) *Age limit*

Any provision of the Act which, subject to the provision of the Articles, would have the effect of rendering any person ineligible for appointment or election as a Director or liable to vacate office as a Director on account of his having reached any specified age or of requiring special notice or any other special formality in connection with the appointment or election of any Director over a specified age, shall not apply to the Company.

(v) *Retirement by rotation*

At each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation.

(vi) *Restrictions on voting*

A Director shall not vote (save as provided in the Articles) in respect of any contract or arrangement or any other proposal whatsoever in which he or persons connected with him have a material interest otherwise than by virtue of his interest in shares or debentures or other securities of, or otherwise in or through, the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is not entitled to vote.

Subject to the provisions of the Act, a Director shall (in the absence of some other material interest other than is indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution relating to:

(A) any contract or arrangement for giving to such Director any security, guarantee or indemnity in respect of money lent by him or obligations incurred by him for the benefit of the Company or any subsidiary;

(B) any contract or arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company or any subsidiary which the Director has himself guaranteed, indemnified or secured in whole or in part;

(C) any contract or arrangement by a Director to subscribe for securities of the Company issued or to be issued pursuant to any offer in which the Director is or may be entitled to participate as a holder of securities, or in the underwriting or sub-underwriting of which the Director is to participate;

(D) any contract or arrangement concerning any other company (not being a company in which the Director owns one per cent. or more) in which he (together with the persons connected with him within the meaning of section 346 of the Act) is interested directly or indirectly whether as an officer, shareholder, creditor or otherwise howsoever in one per cent. or more of either any class of the equity share capital or the voting rights in such company;

(E) any proposal concerning any pension fund or retirement, death or disability benefits scheme or employees' share scheme which has been approved by the Inland Revenue and does not provide in respect of any Director as such any privilege or advantage not accorded to the employees to which such scheme or fund relates; and

(F) insurance which the Company proposes to maintain or purchase for the benefit of Directors or persons including Directors of the Company.

(h) Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, to give guarantees and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

6. Directors' and Other Interests

(a) Directors' and other significant interests in the Company's share capital

(i) *Directors' Shareholdings and Options*

At the date of this document and immediately following the Placing, the interests of the Directors (including persons connected with them within the meaning of section 346 of the Act) in the issued share capital of the Company which have been notified to the Company pursuant to sections 324 and 328 of the Act and which are shown in the register of Directors' interests maintained under section 325 of the Act, are as follows:

Shareholdings

Name	*At the date of this document*		*Following Admission*	
Sir Peter Thompson	Nil	Nil	133,333	0.27%
Julian Morris	16,000,000	38.93%	15,903,129	32.50%
Malcolm Lewin	200,000	0.49%	103,129	0.21%
Catherine Robertson	1,016,800	2.47%	919,929	1.88%

Share Options

Name	*Exercise price*	*Number of share options*	*Percentage of Enlarged Share Capital*
Sir Peter Thompson	75p	133,333	0.27%
Malcolm Lewin*	2.59p	800,000	1.63%
Catherine Robertson*	2.59p	1,551,600	3.17%

** Exercise period: 15 September 2002 to 15 March 2011.*

All of the above interests of the Directors are or will be beneficial.

(ii) *Senior Employees' Shareholdings*

At the date of this document senior employees as referred to in paragraph 8 of Part I above, at the date of this document have, and immediately following the Placing will have, the following interests (aggregating with such interests the interests of persons connected with them within the meaning of section 346 of the Act) in the issued share capital of the Company:

Senior Employees	*At the date of this document*		*Following Admission*	
Peter Meddings	400,000	0.97%	363,131	0.74%
Brian Nilles	200,000	0.49%	103,130	0.21%
Thomas Shannon	2,634,400	6.41%	2,537,529	5.19%
Christopher Steele	200,000	0.49%	160,000	0.33%

(iii) *Substantial Shareholders*

At the date of this document and immediately following the Placing, so far as the Directors are aware, the only persons (other than relevant Directors and senior employees as listed above) who are interested in 3% or more of the shares in the Company (including persons connected with them within the meaning of section 346 of the Act) are as follows:

Shareholders	*At the date of this document*		*Following Admission*	
Inversion LP	4,000,000	9.73%	3,903,129	7.98%
Peter Walton	4,000,000	9.73%	3,903,129	7.98%
Graham Klyne	2,228,400	5.42%	2,131,529	4.36%
Sir Martin Wood	2,000,000	4.87%	1,903,129	3.89%
Jason Morris	2,000,000	4.87%	1,903,129	3.89%
Benjamin Morris	2,000,000	4.87%	1,903,129	3.89%
Kate Morris	2,000,000	4.87%	1,903,129	3.89%
Annabel Cartwright	1,682,000	4.09%	1,648,000	3.37%

(iv) Save as described above, the Directors are not aware of any persons who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.

(v) The Vendors are:

Directors	*Senior Employees*	*Shareholders*
Malcolm Lewin	Peter Meddings	Annabel Cartwright
Catherine Robertson	Brian Nilles	Joseph Cartwright
	Thomas Shannon	Inversion LP
	Christopher Steele	Amanda Klyne
		Graham Klyne
		Jennifer Lewin
		Jonathan McWilliam
		Colin Meddings
		Kirsten Meddings
		Valerie Meddings
		Benjamin Morris
		Jason Morris
		Julie Morris
		Kate Morris
		Lucy Morris
		Marilyn Morris
		Cynthia Shannon
		Julie Steele
		Kathryn Walton
		Peter Walton
		Sir Martin Wood

(b) Directors' remuneration and service agreements

(i) As at the date of this document the Directors are not due any remuneration or benefits in kind.

(ii) The aggregate remuneration and benefits in kind of the Directors in respect of the financial year ending 30 September 2001 under the arrangements in force at the date hereof is expected to be £211,000.

(iii) The standard Director's contract contains the following terms:

1. The contract may be terminated by either party giving six months written notice or the statutory minimum notice whichever is the longer.

   In the event of both a change of ownership of the Company and where a Director has served in excess of 5 years, the notice period required to be given by the Company shall be extended to 12 months.

2. The contract shall terminate upon the Director's 65th birthday.

3. Salary is reviewed by the Board on 1 March each year.

4. The contract provides for a discretionary bonus to reward exceptional performance.

5. The Director is entitled to membership of the Company's medical expenses scheme, benefit of life insurance, and membership of the Company's permanent health insurance scheme.

6. The Director is entitled to a company car.

7. The Director is entitled to membership of the company pension scheme.

8. The Director shall be entitled to 25 days paid holiday in addition to normal statutory and bank holidays.

9. The Director is entitled to up to 13 weeks sick leave on full remuneration in any 12 month period.

(iv) All of the Directors' service agreements contain identical material terms, except in respect of remuneration and commencement date, save for:

1. Catherine Robertson's usual weekly hours are between 15 and 25 (average 20). She can work up to 50 per cent of her time at home.

2. Remuneration:

Directors' remuneration including benefits in kind is shown below for the year ended 30 September 2000:

(a)	J. Morris:	£71,350
(b)	C. Robertson:	£34,143
(c)	M. Lewin:	£25,567 *

** represents a five month period from 1 May 2000 on which date Mr Lewin joined the Group.*

(v) Sir Peter Thompson has been appointed as a Director and as chairman pursuant to a letter of appointment dated 19 March 2001. Under this arrangement, Sir Peter has agreed to act as Non-executive Director and has agreed to chair meetings of the shareholders and the Board, as well as the remuneration, audit and nomination committees once established. He will initially be paid £18,000 per annum in monthly instalments.

(vi) Save as set out above, there is no arrangement under which any Director has agreed to waive future emoluments, nor has there been any waiver of emoluments during the financial year immediately preceding the date of this document.

(c) Loans and guarantees

There are no loans or guarantees provided by any member of the Company for the benefit of any Director.

(d) Directors' interests in transactions

Save as disclosed in this document, no Director has or has had any interest in any transaction which is of an unusual nature, contains unusual terms or is significant in relation to the business of the Company and which was effected during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

(e) Directorships

(i) In addition to their directorships of the Company, the Directors hold, and have previously held during the five years preceding the date of this document, the following directorships:

Name	*Current Directorships*	*Past Directorships*
Sir Peter Thompson	The Arcade (Newport Pagnall) Ltd Child Base Ltd Douglas Stewart Ltd The Milton Keynes Theatre & Gallery Company Goldcrest Homes plc Phoenix Asset Management Partners Ltd Pre-Eminence Ltd Hammond & Dummer Ltd	Community Hospitals Group plc Smiths Industries Plc FI Group plc Aegis Group PLC Brewin Dolphin Holdings Delancey Advertising M31 Ltd M33 Ltd Pease Ltd
Julian Morris	Vicon Motion Systems Ltd 2d3 Ltd Vicon Motion Systems Inc Palms Delicatessen Ltd	Oxford Medical Systems Ltd Oxford Dynamics Ltd
Malcolm Lewin	n/a	Beechcroft Plc Beechcroft Developments Ltd Beechcroft Construction Ltd Beechcroft Management Services Ltd Beachcroft Developments Ltd Ithaca (Charity) Ltd
Catherine Robertson	Vicon Motion Systems Ltd 2d3 Limited Vicon Motion Systems Inc	n/a

(ii) Save as disclosed above, none of the Directors has been a director of a company at any time in the previous five years. None of the Directors has any unspent convictions in respect of indictable offences. None of the Directors has been a bankrupt or entered into an individual voluntary arrangement. None of the Directors was a partner of any partnership at the time of or within 12 months of any compulsory liquidation, administration or partnership voluntary arrangement. None of the Directors has owned an asset over which a receiver has been appointed nor has any of the Directors been a partner of any partnership at the time of or within 12 months of receivership of any assets of the partnership.

(iii) Sir Peter Thompson became a non-executive director of British and Commonwealth Holdings plc in May 1989. This company was subsequently placed into receivership and a liquidator was appointed in June 1990. In a subsequent enquiry into the receivership of a subsidiary company of British and Commonwealth Holdings plc, Atlantic Computers Ltd, by the Department of Trade and Industry, the DTI inspectors did not criticise Sir Peter in any way in their report to the Secretary of State. Sir Peter resigned from the board in September 1990.

Sir Peter Thompson became a non-executive director of Pease Limited in March 1997. Sir Peter resigned from the board in May 1998 and the company was subsequently placed into receivership and a liquidator was appointed in September 1998. At the date of the commencement of the winding up there was a deficit to creditors of £64,391.

(iv) There have been no public criticisms of any of the Directors by any statutory or regulatory authority (including recognised professional bodies) and none of the Directors has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

(v) Save as disclosed above, none of the Directors was a director of any company at the time of or within 12 months preceding any receivership, compulsory liquidation, creditors voluntary liquidation, administration, company voluntary arrangement or any composition or arrangements with its creditors generally or any class of its creditors.

7. Approved VMSL Employee Share Option Scheme

(a) Administration and Operation:

The approved scheme provides for eligible Directors and employees to be granted options to acquire shares in VMSL.

The approved scheme rules received Inland Revenue approval on 31 January 1995 under the provisions of schedule 9 of the Income and Corporation Taxes Act 1988 (as amended) relating to Inland Revenue approved discretionary option schemes.

There are a number of share options granted under the scheme, and all such options over shares in VMSL have been exchanged for options over shares in OMG. The Directors do not intend that any further options be granted under the approved scheme.

(b) Eligibility:

Any director or employee of any participating company who is required to work at least 25 hours a week or in the case of an employee who is not a director of any participating company, 20 hours per week.

(c) Grant of Options:

Options may be granted by the Board to eligible employees no later than 28 days following the issue of an invitation to apply for the grant of options. No option may be transferred assigned or charged, except in the event of the death of an option holder in which case the personal representative of such option holder shall be entitled to exercise the option.

(d) Maximum Grant:

Participation is limited so that the total market value of shares over which any participant has been granted, when aggregated with the market value of shares subject to existing options granted to the relevant employee does not exceed either £100,000 or four times the amount of the employees' relevant emoluments for the current or preceding year whichever is greater.

(e) Exercise Price:

The acquisition price at which shares may be acquired on the exercise of any option shall be included in the invitation to apply for the grant of options, and shall not be less than the market value of a share on the day the invitation to apply for an option is issued.

(f) Exercise of options:

Options granted under the approved scheme will normally be exercisable by the participant at any time between the third and tenth anniversaries of grant. However, early exercise is permitted in certain circumstances such as death, cessation of employment through ill-health, injury, disability, redundancy, retirement or bankruptcy.

(g) Variation of share capital:

The number and nominal amount of ordinary shares subject to any option may be subject to adjustment in the event of a variation of the share capital of the company by way of capitalisation or rights issue, consolidation, sub-division or reduction of capital or otherwise.

(h) Amendments:

Amendments to the approved scheme may be made by Board resolution provided they receive prior approval from the Inland Revenue.

8. EMI scheme

(a) Purpose

To assist in the recruitment and retention of key employees the Company intends, from time to time, to grant options that satisfy the provisions of schedule 14 of the Finance Act 2000 ("Enterprise Management and Incentives").

(b) Option Price

The price per share on the exercise of an option will be determined by the Board and will not be less than the greater of the nominal value of the Ordinary Share or the market value of such a share.

(c) Exercise of Options

Options granted under the scheme will normally be exercisable between the first and tenth anniversaries of the grant subject to the vesting of option shares at a rate of one third of the shares each year for three years from the next vesting date following the first anniversary of the date of grant. Vesting dates fall on 15th March and 15th September of each year. Options must be exercised within a period of the later of 14 days from the Directors signing the half yearly (if any) or annual results and 14 days from their public announcement. No exercise is permissible within the first year after flotation. However, earlier exercise is permitted in certain circumstances such as death, injury, disability, redundancy or retirement.

(d) Eligibility

Any Director or employee of the Company who works for not less than 25 hours per week or if less, not less than 75% of his total working time.

(e) Variation of capital

Subject to the provisions of the Companies Act and the Company's articles of association, the number and /or the price of the option shares may be adjusted by the Board provided that:

(i) the aggregate option price payable on exercise of the option shall neither be increased nor materially decreased;

(ii) the option price of a share shall never be less than its nominal value;

(iii) the adjustment is approved by the Inland Revenue.

(f) Amendments

Amendments to the scheme may be made by Board resolution provided that no amendments may materially adversely affect the grantee without the grantee's written consent and that no amendment may cause the option to fail to remain a qualifying option without the grantee's written consent. This restriction does not include minor administrative alterations or additions made to obtain, or maintain, favourable taxation or regulatory treatment.

9. Unapproved Share Option Scheme

(a) The main features of the scheme

Rules constituting the share option scheme were adopted by the Company on 16 January 2001. The scheme is intended to motivate, retain and reward Directors and employees. Directors and employees by their efforts are able to influence the success of the Company's current strategy. The scheme has not been approved by the Inland Revenue.

(b) Eligibility

Any Director or *bona fide* employee of any participating company.

(c) Grant of Options

Options may be granted by the Board at a price to be determined by the Board. The Board may, in granting an option, make its exercise dependent on the satisfaction of any performance condition, which must be stated in writing at the date of grant. All options are personal to the grantee and may not be assigned, transferred or charged. In the event that a participant is adjudicated bankrupt, any option shall lapse on the date of such adjudication.

(d) Exercise of Options

Options granted under the scheme will normally be exercisable by the participant between the first and tenth anniversaries of the grant subject to the vesting of option shares at a rate of one third of the shares each year from the later of the next vesting date following the first anniversary of the grant and the next vesting date falling after the first anniversary of a flotation if such a flotation occurs within the 365 days after the date of grant. Vesting dates fall on 15th March and 15th September each year. Therefore no exercise will be permissible within the first year after Admission. However, early exercise is permitted in certain circumstances such as death, injury, disability, redundancy or retirement.

(e) ***Variation of share capital***

The number and nominal amount of Ordinary Shares subject to any option may be subject to variation of the share capital provided that the option price of a share will never be less than its nominal value and the aggregate option price payable on the exercise of any option shall neither be increased nor materially decreased.

(f) ***Amendments***

The Board may amend the rules of the scheme provided that no amendment materially adversely affects any option holder without the prior written consent of that option holder. This restriction does not include minor administrative alterations or additions made to obtain or maintain favourable taxation or regulatory treatment.

10. VMSI – Equity Incentive Plan

(a) ***Purpose***

To provide a means by which employees may be given an opportunity to benefit from increases in value of the stock in OMG, in order to retain the services of the employees and to provide incentives for employees to exert maximum efforts for the success of VMSI, OMG and their affiliates.

(b) ***Administration***

The scheme shall be administered by the board of directors of VMSI ("VMSI Board") unless and until the VMSI Board delegates administration to a committee of not less than two members of the VMSI Board.

The scheme provides for eligible directors, employees and consultants to be granted stock options made up of incentive stock options ("ISOs") and non-statutory stock options ("NSOs"), stock bonuses, or rights to purchase restricted stock, or a combination of the foregoing. ISOs are options intended to qualify as incentive stock options within the meaning of the Internal Revenue Code and NSOs are options that are not intended to qualify. The provisions of each grant need not be identical.

(c) ***Eligibility***

ISOs may be granted only to employees of VMSI and officers and directors who are employed by VMSI. Awards other than ISOs may also be granted to directors who are paid a directors fee and consultants.

No person shall be eligible for the grant of an option or an award to purchase restricted stock if such person owns stock possessing more than 10 per cent of the total combined voting power of all classes of stock of OMG or of any of its affiliates unless:

(i) the exercise price of such an option is at least 110 per cent of the fair market value as determined by the VMSI Board of such stock at the date of grant and the option is not exercisable after the expiration of 5 years from the date of grant; or

(ii) in the case of a restricted stock purchase award, the purchase price is at least 100 per cent of the fair market value as determined by the VMSI Board of such stock at the date of grant.

(d) ***Exercise of Options***

Options granted under the scheme will normally be exercisable by the grantee at any time up to the tenth anniversary of the grant. Where the VMSI Board deems appropriate, the VMSI Board may also make the option subject to conditions relating to the time from when the option may be exercised. To date the VMSI Board has generally imposed restrictions on the exercise of options such that options are not exercisable within one year of grant or within one year of the listing of OMG shares on any major exchange. In addition, the VMSI Board has imposed vesting requirements such that one third of the options shall become exercisable each year from the next vesting date following the first anniversary of the grant, with vesting dates falling on the 15th March and the 15th September each year, with the further restriction that options may only be exercised within a period of the later of 14 days from the date the Directors sign the half yearly or annual results and 14 days from their public announcement. A grantee may exercise an option within a defined period following termination of employment to the extent that such option was exercisable at the date of termination. In the event of the death of a grantee during the period specified in the option agreement, the option may be exercised by the grantee's estate.

The exercise price of each ISOs shall be not less than 100 per cent of the fair market value of such stock as determined by the VMSI Board. The exercise price of each NSO shall be not less than 85 per cent of the fair market value of such stock as determined by the VMSI Board.

Prior to Placing no option under the scheme shall be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the person to whom an option is granted only by such person.

(e) ***Terms of stock bonuses and purchases of restricted stock***

The purchase price under each restricted stock purchase agreement shall be determined by the VMSI Board, and shall not be less than 85 per cent of the stock's fair market value as determined by the VMSI Board on the date the award is made. Any award made to a 10 per cent stockholder shall have a purchase price of 110 per cent of the stock's fair market value as determined by the VMSI Board on the date such award is made. The rights under a stock bonus or restricted stock purchase agreement shall be transferable by the grantee only under such terms and conditions as are set out in the stock award agreement.

(f) ***Amendment***

Amendments to the scheme may be made by the VMSI Board, but no amendment shall be effective unless approved by the stockholders of the company, to the extent necessary to satisfy the requirements of section 422 of the Internal Revenue Code of 1986.

11. Premises

Address	*Tenure*	*Current Annual Rent*	*Expiry Date of Lease*
Unit 7 A Minns Business Park, West Way, Oxford	Licence	£10,800 + VAT	3 June 2001
Unit 12, Block C Minns Business Park, West Way, Oxford	Leasehold	£53,500 + VAT	28 Sept 2004
Unit 14, Block C Minns Business Park, West Way, Oxford	Leasehold	£19,000 + VAT	28 Sept 2004
Unit 11a, Botley Works, Botley, Oxford	Leasehold	£14,625 + VAT	2 Sept 2003
9 Spectrum Pointe Drive Lake Forest, Orange, California	Leasehold	$116,449	5 years
Suite D, 15031, Parkway Loop Tustin, Orange, California	Leasehold	$39,360	31 May 2001

12. Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company since its incorporation and are, or may be, material.

(a) An agreement dated 28 March 2001 between the Company (1), Smith & Williamson (2), and the Directors (3) (the "Placing Agreement") under which Smith & Williamson has agreed as agents of the Company to use its reasonable endeavours to procure subscribers for up to 7,828,947 New Ordinary Shares at the Placing Price, but without liability or obligation to subscribe for any New Ordinary Shares not taken up pursuant to the Placing. Similarly, Smith & Williamson has been appointed by the Vendors pursuant to deeds of authority dated 28 March 2001, as their agents to use its reasonable endeavours to procure purchasers of up to 1,333,320 Vendor Shares at the Placing Price, without liability or obligation to purchase any Vendor Shares not acquired pursuant to the Placing. The Company and the Directors have given certain representations and warranties and the Company has given certain indemnities to Smith & Williamson as to the accuracy of the information contained in this document and other matters in relation to the Company and the Placing. The Placing of the Placing Shares is conditional on the admission of the issued and to be issued ordinary share capital of the Company to trading on AIM becoming effective by 10 April 2001 (or such later date as Smith & Williamson and the Company may agree). Pursuant to the Placing Agreement, the Directors have agreed not to dispose of any interest in their Ordinary Shares (except in limited circumstances) for a period of one year (and in the case of Julian Morris, for a period of a further year in respect of two-thirds of his holding and after that a further year in respect of one third of his holding) from the date of Admission. The deeds of authority contain undertakings in similar terms by the Vendors. Following the end of the restriction on disposals of Ordinary Shares within the initial 12 month period following the date of Admission, both the Directors and Vendors have agreed that for a further period of 24 months any sales of Ordinary Shares should be made only through the Broker, for the time being, of the Company. Under the Placing Agreement, the Company shall pay to Smith & Williamson for its services a fee of £75,000 (plus VAT, if applicable) and a commission of 0.75 per cent of the value of the New Ordinary Shares for which subscribers are procured and shall indemnify Smith & Williamson against costs and expenses in connection with the application for Admission. In addition, Teather & Greenwood, as agent of Smith & Williamson for the purposes of the Placing, will be entitled to payment by the Company of a fee of £25,000 (plus VAT, if applicable) and a commission of 3 per cent of the value of the New Ordinary Shares for which subscribers are procured. A commission of ½ per cent will also be payable in respect of approximately 520,000 New Ordinary Shares, the Placing of which will be subject to a clawback to satisfy commitments of selected investors.

(b) A Nominated Advisor agreement dated 28 March 2001 between the Company (1), the Directors (2), and Smith & Williamson (3) pursuant to which the Company has appointed Smith & Williamson to act as Nominated Adviser to the Company for the purposes of AIM, commencing with effect from Admission and continuing thereafter. The Company has agreed to pay a fee of £20,000 (plus VAT, if applicable) per annum for its services as Nominated Adviser under this agreement. The agreement contains certain undertakings and indemnities given by the Company and the Directors in respect of, *inter alia*, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of agreement and thereafter is subject to termination on the giving of three months' notice.

(c) A Broker agreement dated 28 March 2001 between the Company (1), the Directors (2) and Teather & Greenwood Limited (3) pursuant to which the Company has appointed Teather & Greenwood Limited to act as Broker to the Company for the purposes of AIM commencing with effect from Admission and continuing thereafter. The Company has agreed to pay Teather & Greenwood Limited a fee of £30,000 (plus VAT, if applicable) per annum for its services as Broker under this agreement. The agreement is subject to termination on the giving of three months' notice.

(d) A contract between VMSL and Oxford University dated 1 November 1998, relating to the sponsorship by VMSL and the carrying out by the University of a research program relating to "Visual Metrology". This relates to a potential development of the Vicon technology so as to permit live character animation without the need to use special reflective markers on the subject concerned. The main terms of the agreement are as follows:

- VMSL is to provide a total of £73,100 by way of funding for the project;
- the University is to use reasonable endeavours to provide the facilities, materials, equipment and personnel to carry out the projects within the scope allowed by VMSL's funding;
- the project is to run from 1 November 1998 to 30 December 2001;
- all equipment bought with VMSL's funds will remain the University's property;
- the University is to own all intellectual property rights and any inventions and other work product arising out of the project;
- the University licenses VMSL on an exclusive and worldwide basis to market products derived from the results of the project. The licence may be sub-licensed by VMSL with the prior written consent of the University;
- VMSL is to pay the University a royalty on sales;
- VMSL must use reasonable endeavours to develop and exploit products based on the results of the project and must report to the University annually on the progress made and steps taken to develop and exploit such products. The University can terminate the contract if it concludes, "on reasonable and demonstrable grounds", that progress made and steps taken are insufficient.

(e) A contract between ISIS Innovation Limited ("ISIS") and 2d3L dated 31 January 2001, pursuant to which ISIS licenses 2d3L to use and exploit "Multiviewox" software. This is software which is incorporated (along with the Group's proprietary software) within the current version of boujou. The main terms of the agreement are as follows:

- 2d3L is to pay to ISIS a royalty of 5 per cent of net revenues on all supplies of the licensed software. The agreement provides for this royalty rate to reduce as the software product(s) commercially marketed by 2d3L are developed so as to include new software to replace the licensed software, subject to a minimum royalty of 5 per cent being payable for at least 2 years from 31 January 2001;
- the licence is to be a worldwide, non-exclusive licence and 2d3L shall be entitled to copy, reproduce, adapt, modify, translate, publish, distribute, sell, supply, market, broadcast, display, disclose, rent, communicate or otherwise make available the licensed software;
- 2d3L may grant sub-licences of the software to its end-user customers, and others provided it has the prior written consent of ISIS;
- the licence agreement is to last for an initial period of 5 years. The agreement will automatically renew for a further period of 3 years and then for successive periods of 3 years each, unless either party gives six months prior written notice to terminate;
- all intellectual property rights in the licensed software belong to ISIS, but any rights in developments, enhancements or other adaptations made by 2d3L shall belong to 2d3L;
- ISIS is to provide 2d3L with the source code for the licensed software in order for 2d3L to exercise its rights under the agreement;
- 2d3L must indemnify ISIS in relation to any third-party product liability claims in relation to Multiviewox.

13. Litigation

There are no legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) against, or being brought by, the Company which are having or may have a significant effect on the Company's financial position.

14. Working Capital

The Directors are of the opinion that, having made due and careful enquiry, the working capital available to the Company will, from the time the Ordinary Shares are admitted to AIM, be sufficient for the Company's present requirements, that is for at least the 12 months following the date of this document.

15. Taxation

The statements below are intended only as a general guide to the current law and practice in relation to UK taxation and may not apply to certain persons who hold shares in the Company other than as an investment (such as dealers in securities) or who are not resident or ordinarily resident in the UK. The statements below do not constitute advice to any particular shareholder or potential shareholder as to that person's tax position; any investors who are in doubt as to their position should consult their professional adviser.

(a) Dividends

There is no United Kingdom withholding tax on dividends. Individual shareholders who are resident for tax purposes in the United Kingdom and who receive a dividend from the Company will normally be entitled to a tax credit and will be liable to income tax on the aggregate of the dividend received together with the associated tax credit (the "gross dividend").

The amount of the tax credit is 10 per cent of the gross dividend. Unless the individual is subject to the higher rate of income tax (currently 40 per cent), the tax credit will fully discharge the individual's liability to income tax on the gross dividend. Higher rate tax payers will be liable to tax on dividends at the rate of 32.5 per cent so that an individual holder will have a liability, after taking account of the tax credit, equal to 25 per cent of the net cash dividend. A United Kingdom resident corporate shareholder will not normally be liable to corporation tax in respect of any dividend received from another United Kingdom resident company.

(b) Capital Gains

A subsequent disposal of Ordinary Shares may result in a liability to United Kingdom taxation of chargeable gains, depending upon individual circumstances.

16. General

16.1 Smith & Williamson has given and have not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to its name in the form and context in which they appear.

16.2 Smith & Williamson which is a member of The Securities and Futures Authority Limited has its principal place of business at No 1 Riding House Street, London W1A 3AS.

16.3 Teather & Greenwood Limited which is regulated by The Securities and Futures Authority Limited has its registered office at Beaufort House, 15 St Botolph Street, London EC3A 7QR.

16.4 Save as disclosed in this document, no person (other than professional advisers and trade suppliers) has:

(a) received, directly or indirectly, from the Company within the 12 months preceding the application for Admission; or

(b) entered into contractual arrangements

in each case, to receive, directly or indirectly, from the Company on or after Admission:

(i) fees totalling £10,000 or more; or

(ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or

(iii) any other benefit with a value of £10,000 or more at the date of Admission.

16.5 The Company may incur liability to pay employer's national insurance contributions on the exercise of options granted pursuant to the option schemes described in paragraphs 8 and 9. Any such liability should be recoverable from the relevant option holder in accordance with indemnification provisions contained within the relevant scheme rules.

16.6 Each UK company in the Group is probably required to make a notification under the Data Protection Act 1998 and intends to do so following Admission.

16.7 There is no minimum amount which, in the opinion of the Directors, must be raised by the Placing for the purposes mentioned in paragraph 21 of Schedule 1 to the Regulations.

16.8 The estimated amount of the expenses of the Placing which are all payable by the Company, assuming the Placing is fully subscribed, is £635,000 (excluding VAT).

16.9 Grant Thornton of 1 Westminster Way, Oxford OX2 0PZ, the auditors of the Company, have given and have not withdrawn their written consent to the inclusion of their reports in this document and accept responsibility for them and have stated that they have not become aware, since the date of any report, of any matter affecting the validity of that report at that date.

16.10 The financial information contained in this document does not constitute full statutory accounts as referred to in section 240 of the Act.

16.11 Save as disclosed in this document there has been no significant change in the financial or trading position of the Company since the date on which the financial statements contained in Part III and IV of this document were made up.

16.12 The net proceeds of the Placing are estimated at £5.237 million for the Company.

16.13 Of the Placing Price, 0.25p represents the nominal value of each New Ordinary Share and 74.75p represents a premium.

17. Publication of Prospectus

Copies of this document will be available free of charge to the public at the offices of Taylor Joynson Garrett, Carmelite, 50 Victoria Embankment, London EC4Y 0DX and Smith & Williamson of No 1 Riding House Street, London W1A 3AS from the date of this document until at least the end of the period of 1 month after Admission.

18. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Taylor Joynson Garrett, Carmelite, 50 Victoria Embankment, London EC4Y 0DX during the usual business hours on any weekday (weekends and public holidays excepted) for the period of 14 days following the date of this document:

(a) the Memorandum and Articles;

(b) Grant Thornton's reports on the Company and VMSL as set out in Part III and IV of this document;

(c) the Directors' service agreements and in the case of Sir Peter Thompson, his letter of appointment referred to in paragraph 6(b) above;

(d) the rules of the share option schemes referred to in paragraphs 7,8, 9 and 10 above; and

(e) the material contracts referred to at paragraph 12 above.

Date: 28 March 2001

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