OMG PLC ANNUAL REPORT
AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 SEPTEMBER 2016

COMPANY NO 3998880

Contents

CHAIRMAN'S STATEMENT

Roger Parry

The past financial year (to end September 2016) has seen your company deliver growth in both revenues and profits, alongside continued investment in strengthening our two businesses, Vicon and Yotta. It was a strong year for Vicon which enjoyed some good individual sales.

The Group reported improved revenues from continuing operations of £29.5m (FY15: £25.7m) up 14.6% year-on-year. Accordingly, Adjusted PBT* also improved 15.4% to £5.6m (FY15: £4.9m).

We finished the year with £8.3m (FY15: £11.7m) in cash after payment of Final and Special dividends totalling £5.3m (FY15: £11.5m) during the year. Oxford Metrics therefore had another year of strong cash generation.

In light of the performance I am pleased to announce that a proposed Final Dividend of 1.00p (FY15: 0.65p) per share will be paid to shareholders in line with our progressive dividend policy.

STRATEGY REVIEW

Oxford Metrics is now focused on two operating businesses - Vicon and Yotta. We have more than 30 years of experience turning innovative technologies into commercial solutions, serving clients in more than 70 countries ranging from leading research hospitals and sports coaches to Hollywood studios and highways authorities.

The first step to achieving this sharper focus came in April 2015 when we sold our defence software business, 2d3, to Boeing for $25m. Then in May 2016 we announced the intended spin out of Intellectual Property ("IP") assets developed inside OMG Life into a new independently funded vehicle, called *Pimloc,* which has since completed and where we received a 27% stake in the new company. Most recently we discontinued OMG Life's initiatives to license its remaining camera-based IP to focus on growth opportunities within Vicon and Yotta.

In light of this focussed revised set of assets, we conducted a detailed strategy review during the second half of 2016 with the objective of developing a five-year growth plan. The results of this are described later in this report. The broad direction is to focus our resources and capital allocation initially on the strategic development of Yotta through reaching into new geographical markets and expanding the capabilities of our software, whilst continuing to strengthen and grow our Vicon business. Strategic plans have been developed for Vicon to expand into adjacent markets but the formal decision to implement these will be made by the Board at a later date pending further research into these opportunities and progress with Yotta.

Whilst the Group's main focus is organic growth, we will continue to consider acquisition opportunities where there is strategic rationale to strengthen Vicon and Yotta and leverage our technical and/or market expertise.

CASH GENERATION AND AN EFFICIENT BALANCE SHEET

As part of this simpler business, I want to be clear on the Group's attitude towards cash generation and its focus on managing an efficient Balance Sheet.

Going forward we anticipate making investments to grow both Vicon and Yotta. On the basis of the currently identified organic investment opportunities we do not anticipate any need to raise new funds from equity or debt.

Over the past two financial years we have returned some £16.8 million to shareholders in ordinary and special dividends. The Board has a progressive dividend policy that reflects our status as an ambitious, AIM-listed, technology business. We intend to maintain or grow the dividend each year with the aim of achieving an average Dividend Cover of 2.0x over the next five years, whilst recognising that some reported earnings fluctuations are to be expected as we move into an investment phase. The annual dividend will reflect the Board's view of the earnings prospects over the entirety of the investment cycle.

STRATEGIC DIRECTION

The year to September 2016 was a good cash generative year and combined with receipts from asset disposals post year-end, leaves us with deployable cash resources. Against this backdrop, the Group plans to proceed with a five-year growth plan to invest in the future organic growth of Oxford Metrics, by investing in the Group's two main businesses – Vicon and Yotta.

Although these investments will impact our reported profit in the financial year to September 2017, we do expect to see some early revenue benefits from the initiatives we outline in the Strategy Review section of the Strategic Report. Indeed, Vicon's Adjusted PBT* performance in FY17 is expected to be unaffected, given anticipated revenue growth and accounting treatment of R&D. And even in Yotta, where we will be investing £1.9m in FY17, approximately split between additional people in sales and marketing and R&D, we expect accelerating revenues will at least restore Adjusted PBT* to pre-investment levels by FY18.

Our organic growth plans are expected to result in significant revenue growth in Yotta from 2018 onward and some growth from Vicon over the full five-year period. The goals in the plan will be closely aligned with the long-term incentives for individual managers – much of which are intended as share awards.

In this way, our five-year plan will see the Group accelerate the returns from the markets it serves. By acting now with these targeted investments, we aim to establish or maintain dominant market positions and achieve higher levels of profits in the mid-term than we would have seen without these actions.

The Group also announces its intention to change its name to Oxford Metrics plc, in order that the name more accurately reflects the brand recognised in the marketplace, subject to shareholder approval at the Company's next Annual General Meeting ("AGM"). The Group's website will be changed to www.oxfordmetrics.com with immediate effect and further details of the AGM will be announced in due course.

BOARD

I was delighted to be invited to join the Board as Non-executive Chairman in June 2016 so can take no credit for the excellent results reported but I have taken the lead in developing a five-year plan for the business and I look forward to working with the great team here to execute it.

Julian Morris who founded this company in 1984 has stepped down from his role as executive Deputy Chairman to become a Non-executive Director. Additionally he is now the Executive Chairman of *Pimloc*. For the past 30 years Julian has been the inspirational driving force behind Oxford Metrics. I am delighted that he remains on our Board and on behalf of shareholders would like to both congratulate and thank him for building such an impressive and valuable business over the years.

OUTLOOK

The current financial year to end September 2017 has started well with good trading and healthy sales pipelines in both Vicon and Yotta. Vicon's new range of systems continues to be received well and Yotta has recently been awarded notable new contracts at Rhondda Cynon Taf County Borough Council and Northamptonshire County Council to provide software and services for the management of a wide range of assets. Also on the international expansion side, Yotta's new German distributor, Lehmann and Partner, has secured their first deal within three months of becoming a partner. The increased investment in Yotta bodes well for its prospects in the years to come and we look forward to updating the market in due course.

Roger Parry
Chairman
5 December 2016

** Profit Before Tax from continuing operations before Group recharges adjusted for share based payments, amortisation of intangibles arising on acquisition and redundancy costs. The statutory equivalents of the adjusted numbers shown in this statement are disclosed in notes 4 and 6.*

STRATEGIC REPORT
OPERATIONAL REVIEW
Nick Bolton, CEO

2015/16 was another successful year for Oxford Metrics. We saw commercial progress with near record numbers from our Vicon business and the highest level of recurring revenue ever achieved at Yotta. We saw product successes too with the well-received launch of the Vicon Vero and Vue systems and market acclaim for Yotta's new range of mobile apps extending the applicability of our software. But in addition to this tactical progress, perhaps the greatest step the Group took over the past 12 months has been the development and implementation of the strategic plan for the business, which we will go into greater detail in this report. This plan created some changes for the business which are already starting to show the green shoots of progress within each of the subsidiaries.

YOTTA

KPI	Revenue		PBT		Adjusted PBT*	
	FY16	FY15	**FY16**	FY15	**FY16**	FY15
Yotta	**£9.1m**	£8.6m	**£0.7m**	£0.8m	**£2.0m**	£2.0m

Yotta achieved revenue growth of 5.2% during the year and the transition to a software and services business continues with 63.6% of revenues (FY15: 54.9%) derived from these activities representing year-on-year growth of 21.7%. Yotta made progress with Software as a Service ("SaaS") and support-related revenues, which increased to an annual value of contracted revenues of £3.8m (FY15: £3.6m) at the end of the financial year. Adjusted PBT* for the year remained unchanged reflecting additional investment to establish an Australian subsidiary in the second half to exploit the clear market opportunity in this region.

Yotta recorded another strong year of operational development – with both the software and professional services sides of the business making clear progress. This was exemplified in August when Yotta announced a five-year extension of its existing contract with Amey, one of the UK's leading public and regulated services providers. The new deal, which is worth over £1.1m in total over five years, enables Amey to roll out licences for Yotta's visualised asset management solution, Horizons, to subscribers in Australia, New Zealand and Spain in addition to those based in the UK.

2016 has also seen Yotta record further international expansion with the appointment of a European Distributor Manager, who is tasked with growing the distribution network in Europe. This has led to both new software wins in existing territories, for example the SAAOne win in the Netherlands, and increasing the focus on signing new distributors. As a direct result, in September we appointed Lehmann and Partner as a new distributor in Germany. Lehmann and Partner, a surveying business with offices throughout Germany provides asset and condition surveys, consultancy and equipment to over 175 local authorities in Germany.

Yotta continues to perform well in the UK. Indeed, Yotta's software now underpins nearly 90 per cent of Welsh Local Authorities in the management and delivery of frontline street scene services. With more than 60 individual installations of Yotta's Mayrise Management Software, including Street Lighting, Street Works, Highways and Waste, Yotta is also leading the way in mobile and hosted solutions across Wales.

Also during the year, Yotta expanded the footprint of its software, enabling us to solve more problems for customers. This software expansion included an all new Android suite of mobile apps including Street Works Mobile and Highways Assets. The latter is the partner application for the new Asset module, which was released to the Mayrise user base earlier in 2016.

It was a great year for our Professional Services team where the recruitment of a number of senior consultants led to an increase in strategic consultancy. The team also saw growth through the success of Yotta's software, which is creating demand for product-related consultancy, training and configuration services, which in turn deepens Yotta's client relationships. This can be seen in the project at Transport for Greater Manchester ("TfGM"), where Yotta provides a wide variety of services to assist TfGM in their asset management strategies for their Key Road Network. This is also helping TfGM and the relevant highways authorities move towards a holistic and integrated region-wide approach to road maintenance.

2016 has seen us lay a lot of the groundwork for Yotta's future, which will be built around the successful expansion of both its international reach and enhancing Yotta's product capabilities. Worldwide there is a clear need for infrastructure assets to be better managed from the condition of roads to monitoring waste and managing street lights. Yotta's software tools effectively and efficiently do exactly that. With its track record to date of strong customer relationships, its highly differentiated products and innovative approach, Yotta is positioned well to take advantage of this truly global opportunity.

VICON

KPI	Revenue		PBT		Adjusted PBT*	
	FY16	FY15	**FY16**	FY15	**FY16**	FY15
Vicon	**£20.4m**	£17.1m	**£4.5m**	£4.2m	**£5.9m**	£5.3m

Vicon continues to lead its marketplace with a strong performance in almost all geographies, with overall revenue growth of 19.4% during the year and an improved Adjusted PBT* up £0.6m. Indeed, FY16 was a particularly good year for Vicon which included a number of deals from entertainment customers who tend to adopt early in the product life cycle. The overall performance was further enhanced by the movements in foreign exchange rates in the latter half of the year, which is discussed further in the Financial Review section.

Throughout the year, Vicon benefited from the competitiveness of the Vicon Vantage system - an easy-to-use, yet high capability system, which, following its launch late in 2015, has opened up motion capture to a wider audience. Indeed, the system won a StudioDaily Prime Award in the Best Production Tools category at NAB 2016 for its innovation and market-defining capabilities.

Vicon sold well around the world to both new and existing customers including Industrial Light and Magic for both its London and San Francisco locations, Duke University within its Human Performance Lab, CD Projekt in Poland, Autodesk, Children's Hospital Colorado and Teleton in Uruguay. The system with Teleton was the first sale to this large charitable group that will support children's rehabilitation centres across South America.

During the year Vicon saw further progress in its Life Sciences market. Of particular note, Vicon signed a sole source vendor agreement with a major US hospital group to supply all its gait laboratory equipment. Also in the year, the University of Oregon invested in multiple Vicon systems to individualise the training of student athletes to maximise performance and prevent injury. Vicon offered the best-in-class solution to provide data for Oregon's three key measurements goals: Recovery, Physiology, and Movement analysis. With a 36 camera Vicon system, the new Marcus Mariota Sports Performance Center is one of the most comprehensive and capable sports facilities in the world.

With interest in Virtual Reality growing, Vicon announced a strategic partnership with ArtAnim, a company offering a multi-user immersive platform which combines a 3D environment, viewed through a VR headset, with a large, real life set, which can be up to hundreds of metres square. Players put on the headsets and then battle each other in any one of number of virtual scenarios, but in a real environment – so where there is a wall in the VR world there is a physical wall in the real environment. Users are tracked by the Vicon motion capture system allowing them to see their own bodies and move physically in the virtual environment.

Building on the success of Vantage, Vicon launched and shipped Vero and Vue systems in July 2016 – systems that offer powerful performance and great value for money. Vero is the replacement for the highly successful Bonita system. Vero introduces a series of Vantage-led innovations but makes them available to a broader audience at a competitive price point. This unique combination was received well by the market and became the fastest selling system in the company's history.

Significant technological progress has also been made in the Innovate UK-funded project, Real Time Digital Acting, and Vicon now moves into a focused exploitation phase of the research. This covers how the technology developed thus far will be integrated into the company's existing and future products.

LIFE

KPI	Revenue		PBT		Adjusted PBT**	
	FY16	FY15	**FY16**	FY15	**FY16**	FY15
Total Life	**£0.1m**	£0.0m	**(£3.0m)**	(£3.4m)	**(£1.1m)**	(£2.5m)

Lastly turning to OMG Life, as reported in our Trading Update in October 2016, the decision was made during the financial year to discontinue operations. Whilst we had seen positive market interest from consumer technology businesses and we had successfully delivered the two engineering engagements announced earlier in the year, following extensive analysis, the Board concluded it should discontinue this division in order to focus the Group's resources on Vicon and Yotta and capitalise on lower risk opportunities within these divisions.

The potential reward from any potential licensing deal with a consumer brand was clear. Indeed, such a license had the potential for higher returns than our other businesses, but the opportunities to achieve such a deal are more challenging to deliver, as they are subject to factors outside our influence. Undoubtedly, through our work in Life we have developed strong relationships with a number of large technology companies and these may prove useful to the Group in the future.

CONCLUSION

Both Vicon and Yotta have had strong years. Vicon continues to push boundaries and make clear advances in innovation whilst Yotta is expanding into new geographical markets, providing the Group with increasing levels of recurring revenue.

The combination of these two strong businesses provide the Group with a solid platform as it enters the next stage of its development. This gives us confidence in deploying additional investment in the year ahead to see both divisions broaden and enhance their future profit streams, improve the quality of future earnings and ultimately realise their potential.

STRATEGIC REVIEW AND FIVE-YEAR PLAN

In the summer of 2016 after the appointment of the new Chairman and following the disposal of our defence business, 2d3, in the previous year, we felt the time was right to conduct a detailed strategic review and adopt a five-year plan for investment and growth.

Oxford Metrics was founded in 1984 to develop commercial applications for then newly available digital imaging technologies. Over the following 30 years, the Group has created Vicon, a world leader in motion measurement and analysis, and built other businesses linked to digital imaging such as the recently sold 2d3. We established Yotta which grew out of the use of digital imaging in asset surveying and now provides software for infrastructure asset management.

Today, we have two clearly defined and well-focused businesses - Vicon and Yotta. They share a common history in imaging and both companies now provide analytical software solutions to an enviable list of international clients spread over 70 countries across a broad range of industry verticals. Through proprietary algorithms and elegant visualisation, both companies help their clients measure, analyse and optimise the metrics that matter most to them.

Although the two companies share this focus on analytics, they have developed with different economics, address different markets, and have different customers and competitors. This means they offer different growth opportunities and also face different challenges. Our investment strategy therefore reflects the specific needs of each operation.

At an early stage of the review we concluded we should implement two immediate actions. As has been reported, we discontinued operations at OMG Life which licensed consumer facing technology in the B2C (Business to Consumer) market. And secondly, we spun out some nascent image-recognition technology into a new start-up, Pimloc, in which we have taken a 27% holding.

AMPLIFY THE CORE

In conducting the review, we looked at all the assets remaining in our Group at the end of the financial year and assessed their potential for growth. We sought input from a wide range of stakeholders including customers, industry analysts, shareholders and our own employees. We examined the dynamics of the markets in which the companies operate and we explored the opportunities open to them. This review made clear that we own some valuable assets in both Vicon and Yotta in which we can invest to create further organic growth.

Our path ahead is clear – we must drive growth by amplifying our core strengths and capabilities across our core products, our core markets, our core customers and our people. In this way, we aim to achieve two challenging but realistic objectives: by 2021, we aim to double Group profit and to triple those revenues which are recurring, predictable and ideally contracted. But we do not plan to take risks in new areas. We want to amplify our core strengths and make our two existing businesses stronger and better.

Through targeted investments in Yotta and Vicon, we aim to accelerate our growth. In broad terms, the investment we plan to make in Vicon will be designed to further strengthen and protect the position of this proven, profitable global market leader. In Yotta, the objective is to expand geographically through the building of new international sales channels and further develop our cloud-based software products, both of which should drive significant growth in Yotta's revenues and profit over time.

YOTTA

Yotta grew out of using Oxford Metrics-developed image analysis technology to map roads and other assets owned by local government. Yotta's origins are as a surveying business but this led us into the development of software to maintain, visualise and analyse the surveyed information to greatly improve the management of these assets. Yotta is mostly a Business to Government ("B2G") business and our clients include central and local government agencies and other infrastructure owners who wish to optimise the management of assets. The majority of our software is now provided on a cloud-based Software as a Service ("SaaS") model, so the business benefits from significant levels of recurring and predictable revenues.

Today, this young growing business, offers a range of 10 software products with over 150 customers in the UK, Netherlands, Germany and Australia. This strong software foundation fuels a growing professional services practice, delivering both strategic asset management advice and software implementation services. This practice is strategically important to Yotta as whilst infrastructure asset management requires data analysis and systems; successful implementation requires a far wider context to be considered, including policies, strategies, processes and organisational structure.

Our investment plans for Yotta are two-fold. First, we aim to expand the business internationally as the market for infrastructure asset management software is clearly global and the UK is a very credible source of case studies of satisfied clients. Secondly, we hope to broaden the capability of our software, so we can solve more problems for customers in more integrated ways.

Expand Internationally

The UK continues to be Yotta's strongest market and will remain a major focus area for growth. The UK plays a leadership role in the global asset management field and there is no better place to generate innovation-led growth for Yotta. The early successes Yotta has enjoyed in Germany, the Netherlands and Australia have demonstrated that there is international appetite for Yotta's products and approach. We will actively invest in growing in those territories, and other regions, through direct and indirect channels. This will involve the hiring of sales staff, so there will naturally be some lag before they can generate revenue.

All countries hold infrastructure assets. These are relied upon every day and form the very fabric of civilised society. Very often these assets are some of the most valuable and important assets a country holds, so their efficient and effective management are central concerns for their governments. That said, every country presents a unique asset management challenge. Countries have differing assemblages of asset types, they have differing densities of population depending on those assets, they have differing conditions of those assets and they certainly have differing budgets available to maintain those assets. However, they all share a common goal – the need to efficiently manage those assets, which is where Yotta can help.

Yotta's software is designed to be flexible to meet the specific needs of each geographical market. For example, the tools can be readily translated to support multiple local languages. This is true for *Horizons* and will be even truer for new products.

We will look to prioritise the order in which we enter each geographical market, based on a wide variety of factors. But in each instance our aim is to partner with local, experienced professionals who can bring market access. When combined with Yotta's unique software proposition this will provide clear market differentiation. This local distributor approach to some markets means Yotta can reach a relatively large number of geographies cost effectively.

Broaden Product Capability

Yotta developed its software service *Horizons to* turn commoditised data into something elegant, usable and powerful. It created a value-adding tool, which not only delivered real benefit to its users, but also established Yotta as an innovator in its market. Our investment plan is simple – to hire additional in-house software developers to bring this approach to all aspects of asset management, for all asset types, in many more markets.

Yotta will change to reflect the demands of our clients who are looking for services which are cloud-based and constantly updated, which capture all the benefits of the mobile internet and provide more data driven insights.

The availability of data is also changing. Where clients would have once relied upon periodic inspections or surveys, they now have the chance to use sensors and smart-devices to monitor the state of their asset base. The Internet of Things ("IoT") is changing the very essence of data collection and it brings great opportunity to help our clients make better, faster decisions.

IoT will be at the heart of many aspects of asset management. It will provide the asset owner with information more frequently and provide real-time interaction where appropriate. Yotta provides the repositories for that information and tools to allow the user to make optimised decisions about that asset.

When Yotta took the decision to create *Horizons*, it did so to embrace the richness of the data that was collected by survey vehicles. Previously, that data was mostly discarded - there was just too much of it. *Horizons* changed that. It enabled the richness to be used to make better decisions and provided visualisations that made the data intelligible by all. Yotta's customers, be they in the UK or anywhere else in the world, need to deliver outcomes that are common across geographies. It is truly a global opportunity.

VICON

Founded in 1984, Vicon is the world leader in the niche market of high precision movement analysis. We estimate Vicon supplies about 50% of the addressable world market, supplying motion measurement software and hardware to a wide range of end users. It is mainly a Business-to-Business ("B2B") company with revenues derived from three vertical markets: Life Sciences (50% of revenues in year to 30 September 2016), Engineering (22%) and Entertainment (28%). It has always been a globally focussed business with customers now in over 70 countries with the following geographical split in revenues in the year to 30 September 2016: Americas (53%), UK (7%), non-UK Europe (15%), Asia Pacific (20%) and elsewhere (5%).

Vicon makes a range of highly sophisticated and extremely accurate motion capture software tools supported by some proprietary measurement sensors and specialist cameras. Our systems are generally purchased as capital goods from our own direct salesforce in the UK and USA or via agents elsewhere. Sales to our current markets tend to be skewed towards the end of our financial year reflecting the traditional buying patterns of our customers. Because our customers are buying one system or a few systems at a time, either as a new investment or as a replacement, our order book and sales cycle are "lumpy". We can be affected by some specific vertical market factors, for example; by changing government policies on university funding and "hit and miss" cycles in entertainment.

There is a wide and growing range of applications for our motion capture tools. In medical applications, therapists model the movements of people who have disabilities and or have suffered injuries to help them improve their mobility (gait analysis). Sports coaches use the systems to assess and improve the performance of athletes. Researchers use our systems to better understand the biomechanics of animal movement, including horses and even kangaroos. Aero engineers use the systems to design and manufacture the latest commercial aircraft and quadcopter drones. And in the most high profile application, content production companies use them to capture the motion of human actors to drive the movement of characters in films, television shows, theatre and video games (motion capture animation).

The business has a successful track record in driving growth through the addition of adjacent marketplaces. To achieve success in these new markets, sometimes product development is required to customise the existing products, and sometimes an investment in market development is required. And sometimes it requires both.

We have two specific targeted investment projects, both of which will require modest cash in 2017. The exact objectives are commercially sensitive but the broad thrust is to improve our existing offer and to grow market share in new vertical markets. We have also identified several specific more ambitious growth projects in Vicon but the formal decision to implement these will not take place until we have completed additional research.

FINANCIAL IMPACT

While we understand the importance of short term profitability in order to maintain a robust Balance Sheet and to deliver dividend returns to investors, we also believe that long term growth requires investment and, sometimes, our long term growth opportunity may require us to invest ahead of the curve. The year to September 2016 was a good cash generative year and combined with receipts from asset disposals post year-end leaves us with deployable cash resources. So, although our new investment will impact our profitability in the financial year to 30 September 2017, we are not adding any financial risk to the Group and we can fund all our strategic objectives from our own resources.

Our organic growth plans are expected to result in significant revenue growth from Yotta from 2018 onward and some growth from Vicon over the full five year period. The goals in the plan will be closely aligned with the long-term incentives for individual managers – much of which will be paid in shares.

We also believe there are possible acquisition opportunities for both Vicon and Yotta which might bring us additional products, technologies and markets. Whilst this is under consideration, it is a secondary priority to our organic growth and we have no immediate plans to move forward on these.

From a P&L perspective, the investments to be made to implement our Strategy are expected to affect our trading performance as follows:

- Underlying trading performance in Vicon, given expected revenue growth and the accounting treatment of R&D, is expected to be unaffected in FY17.

- Yotta will be investing an additional £1.9m in FY17. Given expected revenue growth and the accounting treatment of R&D a modest level of Adjusted PBT* is expected to be reported in FY17. In FY18, we expect accelerating revenues will at least restore Adjusted PBT* to pre-investment levels. Thereafter, the full benefit of the strategic investment will be realised.

In this way, our five-year plan will see the Group accelerate the returns from our markets. By acting now with these targeted investments, we aim to establish or maintain dominant market positions and bring forward higher levels of profits than we would have seen without these actions. We want to make our two existing businesses stronger and better, and in the case of Yotta, much larger in scale. The time for this acceleration is now. We have the opportunity and the resources to amplify the already demonstrable qualities of each business. Both Yotta and Vicon have progressed far but now we embark on a new strategy - a strategy we expect will result in both growth and improved quality of earnings.

FINANCIAL REVIEW

David Deacon, CFO

INCOME STATEMENT

The Group reported revenues of £29.5m (FY15: £25.7m). The weakening of sterling during the latter part of the financial year has had a beneficial impact on the results this year given 37% of our revenues are denominated in dollars. Taking account of this, the underlying revenue growth achieved was 10.9% (Headline revenue growth: 14.6%) in the year equating to a benefit of around £0.9m for the full year. From an Adjusted PBT* perspective, the benefit is less pronounced given the Group has operations in the USA, the benefit arising being around £0.3m.

Gross Profit improved year-on-year in real terms from £16.3m to £19.4m and in percentage terms from 63.2% to 65.9% reflecting increased higher margin software related revenues from Yotta and improved product gross margins in Vicon of 72%: (FY15: 70.1%), driven by the new product line up of Vantage, Vero and Vue.

Reviewing the cost base on the face of the Income Statement:

- Sales, Support and Marketing costs increased during the year due to further business development investment by Yotta and higher commission costs in Vicon due to sales success.

- The increase in Research & Development costs was due to lower R&D capitalisation in the year of £1.2m (FY15: £1.7m) and a higher amortisation charge of £1.1m (FY15: (£0.9m). The remainder of the increase is related to the Real Time Digital Acting (RTDA) project which is mitigated by an increase in Grant Income reported in Other Operating Income.

- The Administration charge has risen year-on-year for a variety of reasons including performance related payments to management, additional IT infrastructure costs in Yotta and increases arising from costs in the US being converted at a lower exchange rate.

- The Group has reported Other Operating Income of £1.0m (FY15: £0.5m) which relates to Grant income receivable from Innovate UK for the RTDA project which was completed in October 2016.

STATEMENT OF FINANCIAL POSITION

Goodwill and Intangibles

The carrying value of Goodwill relating to previous acquisitions of Peak Performance Technologies Inc., Data Collection Limited and Mayrise Systems Limited have been reviewed in accordance with IAS 36 and remain unchanged.

Amortisation relating to Mayrise Acquired Intangibles has been charged to the P&L. This amounts to £0.4m (FY15: £0.4m) which is a common feature of this and last year's results.

Changes to Intangible Assets includes the capitalisation of R&D of £1.4m (FY15: £2.5m), amortisation of development costs £1.1m (FY15: £1.4m) and impairment of previously capitalised OMG Life R&D £1.6m (FY15: £0.4m).

Inventories

The inventory position at the end of the Financial year was £2.7m (FY15: £1.9m), so somewhat higher than last year. There are several reasons for this: the end of life Vicon T-Series and Bonita cameras has necessitated holding stock to support and/or replace cameras sold in the past to maintain good customer service, secondly Vicon now has a broader hardware product set than in the past and thirdly Vicon is selling more so working capital needs have risen. Whilst Vicon endeavours to minimise the stock level required this higher level of Inventory is likely to be a feature of future results.

Trade and other receivables

The Group normally enjoys a strong September driven in part by the fiscal year-end of the US Government and this year was stronger still, Accounts Receivable stood at £9.8m (FY15: £7.5m). In addition, Other Receivables included the deferred consideration of £1.8m relating to the disposal of 2d3 to Insitu/Boeing in April 2015 which had been classed as a Non-current Asset in the previous year. Post year-end the full consideration has now been received.

Current Tax debtor

The Group pays corporation tax on account in the USA and given the final result and inter-company recharges a refund is now expected early in the new financial year.

Trade and other payables

Trade Payables remained largely unchanged at the year-end at £2.4m (FY15: 2.6m) so the overall increase was due to year end Accruals.

Derivative financial liability

In April 2016 the Group hedged the receipt of the 2d3 deferred consideration (due and received in October 2016) in order to lock in the foreign exchange benefit compared to April 2015 when the deal was completed. Sterling however weakened even further since putting in place the hedging arrangement giving rise to this liability.

Non-current liabilities

Other liabilities include Deferred Income recognisable beyond one year and provision for leasehold dilapidations.

STATEMENT OF CASHFLOWS

The Group finished the year with cash of £8.3m (FY15: £11.7m). During the year the Group paid Special and Final dividends of £5.3m (FY15: £11.5m) so in real terms generated an additional £1.8m in cash after changes in working capital, investing activities and payment of tax detailed in the Statement of Cashflow.

TAX

The Group tax charge this year was £0.6m (FY15: £0.4m) representing a blended rate of 11.2% (FY15: 7.6%) This increase is due to our strong performance in the US this year where the marginal rate of tax (38%) is significantly higher than the UK (20%). The level of Group R&D activities in the UK continues to have beneficial effect on the level of corporation tax payable in the UK given the reliefs available. Tax paid in the year included the final settlement of tax arising on the 2d3 disposal and tax payments on account for the financial year just ended.

The deferred tax asset reduced to £0.3m (FY15: £0.6m) whilst the Deferred Tax Liability £1.6m (FY15: £2.2m) decreased mainly due to adjustments which reflect the write off of OMG Life Intangibles discussed earlier.

KEY PERFORMANCE INDICATORS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

- Vicon Group

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

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

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

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

- Yotta Group

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

Financial
The business has outlined its principal financial risks in note 20 to the accounts. These are broadly summarised as foreign currency and credit risks. Typically, a third of the Group's revenues are generated from its US subsidiaries in US dollars, together with some overseas territories which purchase in US dollars and Euros. Changes in exchange rate could have an adverse effect on revenues and profitability of the Group. Where possible the Group aims to mitigate this by making purchases and engaging personnel in local markets.

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

SUMMARY

In summary, Oxford Metrics enters the new financial year with a robust Balance Sheet including a strong cash position and no debt.

On behalf of the Board

Nick Bolton
Chief Executive and Director
5 December 2016

** Profit Before Tax from continuing operations before Group recharges adjusted for share based payments, amortisation of intangibles arising on acquisition and redundancy costs. The statutory equivalents of the adjusted numbers shown in this statement are disclosed in notes 4 and 6.*

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

REPORT OF THE DIRECTORS

The directors present their report together with the audited consolidated and parent Company financial statements for the year ended 30 September 2016.

Business review

OMG plc is a holding Company. The nature of the Group's operations and its principal activities are set out in the Strategic Report on pages 4 to 12. Its subsidiary undertakings are shown in note 16. The Strategic Report includes details of the market overview; key growth drivers; our business model; strategic objectives; principal risks and uncertainties; key performance indicators and a summary of 2015/16 performance.

Likely future developments

The Group's likely future developments are discussed within the Strategic Report on page 4.

Share capital

The Company has one class of ordinary shares which carry no right to a fixed income. Full details of changes in share capital during the year are shown in note 24 to the financial statements. Details of employee share options are set out in note 25.

Dividends

A special dividend of 3.75 pence per share totalling £4,520,000 was paid during the year.

The directors are proposing a final dividend in respect of the financial year ended 30 September 2016 of 1.00 pence per share which will absorb an estimated £1,213,000 of shareholders' funds. This dividend, if approved, will be paid on 9 March 2017 to shareholders on the register of members at close of business on 16 December 2016.

Research and development

During the year, the Group's continuing operations expensed £3,910,000 (2015: £2,835,000) and discontinued operations expensed £2,052,000 (2015: £2,063,000) in research costs. In addition, £1,360,000 (2015: £2,514,000) of development costs were capitalised.

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

Directors and their interests

The interests of the directors in the shares of the Company and their interest in options over the shares of the Company at 30 September 2016 are disclosed in the Report on Directors' Remuneration.

The directors who served during the year were as follows:

Anthony Simonds-Gooding (retired 27 June 2016)
Roger Parry (appointed 28 June 2016)
Jonathon Reeve
Adrian Carey
Julian Morris
Nick Bolton
David Deacon
Catherine Robertson

At the Annual General Meeting of the Company, Roger Parry, Julian Morris and Jonathon Reeve representing one third of the Board, will retire and, being eligible, offer themselves for re-election.

Financial instruments

Information about the Group's management of financial risk can be found in note 20 of the financial statements.

Directors' indemnity insurance

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

Employees

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

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

Going concern

After making relevant enquiries, reviewing the cash flow forecasts for the two year period from the 30 September 2016 and considering the Group's risk profile, the directors consider the Group to have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Subsequent events

After the reporting date the Group completed the spin out of some currently unexploited intellectual property into a new company called Pimloc Limited. Further details are disclosed in note 33.

Statement on disclosure of information to auditors

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

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

Statement of directors' responsibilities

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

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

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

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

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

Website publication

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

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

On behalf of the Board

David Deacon
Director
5 December 2016

CORPORATE GOVERNANCE REPORT

Directors' statement on corporate governance

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

Directors

The composition of the Board is set out on page 13. The Board comprises a non-executive Chairman, three additional non-executive directors and three executive directors.

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

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

Accountability and audit

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

Internal control

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

- The preparation and review of monthly financial information which provides a comparison to budget and forecast and identifies and explains significant variances and also highlights emerging trends in the business.
- The preparation of an annual budget showing projected revenues, costs, funding requirements and operational targets. The Board is responsible for approving the budget. Forecasts are produced to update the budget for any significant change in Group performance.
- Significant capital expenditure projects, acquisitions, and contracts require Board approval.

REPORT ON DIRECTORS' REMUNERATION

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

Remuneration Committee

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

Service agreements

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

Policy on directors' remuneration

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

Directors' remuneration

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

	Salary £'000	Bonus £'000	Benefits in kind £'000	Gains on the exercise of share options £'000	**2016 Total £'000**	**2016 Pension contributions £'000**	2015 Total £'000	2015 Pension contributions £'000
A Simonds-Gooding (Retired Chairman)	33	-	-	-	**33**	**-**	42	-
R Parry (Chairman)	10	-	-	-	**10**	**-**	-	-
J Reeve (Non Executive Director)	33	-	-	-	**33**	**-**	31	-
A Carey (Non Executive Director)	33	-	-	-	**33**	**-**	31	-
J Morris (Non Executive Director)	113	11	2	-	**126**	**16**	149	16
N Bolton (Chief Executive Officer)	239	162	1	571	**973**	**-**	955	-
C Robertson (Secretary and Executive Director)	99	14	1	69	**183**	**14**	233	10
D Deacon (Chief Finance Officer)	177	91	3	399	**670**	**-**	391	-
	737	278	7	1,039	**2,061**	**30**	1,832	26

Directors' share options

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

	Exercise price	**At 30 September 2016 Number**	At 1 October 2015 Number	Exercise period
J Reeve	55.94p	**65,000**	65,000	August 2009 to August 2017
A Carey	31.18p	**77,194**	77,194	September 2015 to September 2023
C Robertson	24.59p	**-**	300,000	September 2014 to July 2022
N Bolton	0.25p	**1,209,500**	2,417,000	September 2015 to September 2022
D Deacon	23.42p	**-**	473,015	March 2011 to March 2019
D Deacon	0.25p	**604,750**	1,208,500	September 2015 to September 2022
		1,956,444	4,542,209	

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

The LTIP implemented in 2012 became due for evaluation on 30 September 2015. As a result 2,417,000 nil-cost share options and 1,208,500 nil-cost share options will duly vest over the two year period ending 30 September 2017 for N Bolton and D Deacon respectively.

The average share price for the year was 44.07 pence (2015: 37.67 pence) and the closing share price was 45.71 pence (2015: 41.25 pence).

Directors' interests

The directors who held office at the end of the financial year had the following beneficial interests in the ordinary share capital of OMG plc at 30 September 2016 and at 1 October 2015 according to the register of directors' interests.

	Ordinary shares of 0.25p		**Percentage of issued share capital**	
	2016 Number	2015 Number	**2016 %**	2015 %
R Parry	**100,000**	-	**0.08**	-
J Reeve	**31,475**	31,475	**0.03**	0.03
A Carey	**175,658**	175,380	**0.14**	0.15
J Morris*	**8,119,320**	9,459,320	**6.69**	8.05
C Robertson	**1,439,201**	1,286,801	**1.19**	1.10
N Bolton	**1,788,746**	1,197,467	**1.47**	1.02
D Deacon	**850,661**	451,985	**0.70**	0.38

*On 17 May 2016 Julian Morris transferred his entire shareholding to himself and his wife as the Trustees of The Appleton Trust. The Trust has been established primarily for a class of potential beneficiaries including Julian Morris, his wife and members of their family.

By order of the Remuneration Committee

Jonathon Reeve
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OMG PLC

We have audited the financial statements of OMG plc for the year ended 30 September 2016 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statement of financial position, the consolidated and company statement of cashflows, the consolidated and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

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

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

Opinion on financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 September 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

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

Christopher Pooles (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Reading
United Kingdom
Date: 5 December 2016
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	**2016 £'000**	2015 £'000
Revenue	4	**29,492**	25,733
Cost of sales		**(10,065)**	(9,445)
Gross profit		**19,427**	16,288
Sales, support and marketing costs		**(5,136)**	(4,149)
Research and development costs		**(3,910)**	(2,835)
Administrative expenses		**(6,027)**	(5,167)
Other operating income	5	**990**	601
Operating profit		**5,344**	4,738
Finance income	9	**45**	40
Finance expense	9	**-**	(7)
Profit before taxation		**5,389**	4,771
Taxation	8	**(608)**	(361)
Profit from continuing operations		**4,781**	4,410
(Loss)/profit from discontinued operations, net of tax	12	**(2,510)**	3,632
Profit attributable to owners of the parent during the year	5	**2,271**	8,042
Earnings per share for profit on continuing operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	**3.96p**	3.85p
Diluted earnings per ordinary share (pence)	10	**3.90p**	3.76p
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per ordinary share (pence)	10	**1.89p**	7.02p
Diluted earnings per ordinary share (pence)	10	**1.86p**	6.85p

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Group 2016 £'000	Group 2015 £'000
Net profit for the year	**2,271**	8,042
Other comprehensive income		
Items that will or may be reclassified to profit or loss		
Exchange differences on retranslation of overseas subsidiaries	**224**	336
Loss on hedging instrument	**(158)**	-
Tax recognised directly in equity	**121**	336
Total other comprehensive income	**187**	672
Total comprehensive income for the year attributable to owners of the parent	**2,458**	8,714

The notes on pages 24 to 59 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

COMPANY NUMBER: 3998880	Note	**Group 2016 £'000**	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Non-current assets					
Goodwill and intangible assets	13	**11,086**	12,838	**-**	-
Property, plant and equipment	15	**787**	984	**39**	30
Financial asset - investments	16	**69**	69	**14,409**	14,409
Deferred consideration receivable	12	**113**	1,971	**-**	331
Deferred tax asset	21	**311**	632	**146**	335
		12,366	16,494	**14,594**	15,105
Current assets					
Inventories	17	**2,704**	1,876	**-**	-
Trade and other receivables	18	**13,919**	9,631	**11,588**	19,787
Current tax debtor		**453**	-	**-**	-
Cash and cash equivalents		**8,273**	11,738	**3,309**	206
		25,349	23,245	**14,897**	19,993
Current liabilities					
Trade and other payables	19	**(8,582)**	(8,013)	**(5,509)**	(5,318)
Derivative financial liability	20	**(158)**	-	**(158)**	-
Current tax liabilities		**-**	(497)	**-**	-
		(8,740)	(8,510)	**(5,667)**	(5,318)
Net current assets		**16,609**	14,735	**9,230**	14,675
Total assets less current liabilities		**28,975**	31,229	**23,824**	29,780
Non-current liabilities					
Other liabilities	22	**(321)**	-	**-**	-
Provisions	23	**(185)**	-	**-**	-
Deferred tax liability	21	**(1,640)**	(2,174)	**-**	-
		(2,146)	(2,174)	**-**	-
Net assets		**26,829**	29,055	**23,824**	29,780
Capital and reserves attributable to owners of the parent					
Share capital	24	**303**	294	**303**	294
Shares to be issued	26	**65**	65	**65**	65
Share premium account	26	**16,834**	16,326	**16,834**	16,326
Retained earnings	26	**9,506**	12,315	**6,902**	12,967
Cash flow hedging reserve	26	**(158)**	-	**(158)**	-
Foreign currency translation reserve	26	**279**	55	**(122)**	128
Total equity shareholders' funds		**26,829**	29,055	**23,824**	29,780

The financial statements on pages 20 to 59 were approved and authorised for issue by the Board of Directors on 5 December 2016 and signed on its behalf by

Nick Bolton
Director

David Deacon
Director

The notes on pages 24 to 59 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Cash flows from operating activities					
Operating profit/(loss) from continuing operations		**5,344**	4,738	**(659)**	(71)
Operating (loss)/profit from discontinued operations		**(3,016)**	5,707	**-**	-
Group Operating profit/(loss)		**2,328**	10,445	**(659)**	(71)
Depreciation and amortisation		**2,016**	2,697	**28**	23
Impairment of intangibles		**1,634**	415	**-**	-
Loss/(profit) on the sale of property, plant and equipment		**9**	(71)	**-**	-
Profit on the sale of subsidiary undertakings		**-**	(10,798)	**-**	(138)
Share-based payments		**103**	170	**64**	87
Exchange adjustments		**(147)**	(283)	**(465)**	140
Increase in inventories		**(674)**	(105)	**-**	-
(Increase)/decrease in receivables		**(1,950)**	3,264	**8,584**	6,964
Increase in payables		**1,088**	578	**353**	2,262
Cash generated from operating activities		**4,407**	6,312	**7,905**	9,267
Tax paid		**(1,301)**	(1,530)	**-**	-
Net cash from operating activities		**3,106**	4,782	**7,905**	9,267
Cash flows from investing activities					
Purchase of property, plant and equipment		**(526)**	(626)	**(37)**	(31)
Purchase of intangible assets		**(1,425)**	(2,514)	**-**	-
Proceeds on disposal of property, plant and equipment		**122**	346	**-**	-
Interest received		**45**	40	**22**	26
Proceeds from sale of subsidiary undertakings net of cash disposed		**-**	12,790	**-**	2,477
Net cash (used in)/generated from investing activities		**(1,784)**	10,036	**(15)**	2,472
Cash flows from financing activities					
Payment of finance lease liabilities		**-**	(51)	**-**	-
Interest element of finance lease repayments		**-**	(6)	**-**	-
Bank interest paid		**-**	(4)	**-**	-
Issue of ordinary shares		**517**	894	**517**	894
Equity dividends paid	32	**(5,304)**	(11,541)	**(5,304)**	(11,541)
Net cash used in financing activities		**(4,787)**	(10,708)	**(4,787)**	(10,647)
Net (decrease)/increase in cash and cash equivalents		**(3,465)**	4,110	**3,103**	1,092
Cash and cash equivalents at beginning of the period		**11,738**	7,628	**206**	(886)
Cash and cash equivalents at end of the period		**8,273**	11,738	**3,309**	206

The notes on pages 24 to 59 are an integral part of these financial statements.

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2016

Group	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Foreign currency translation reserve £'000	Total £'000
Balance as at 1 October 2014	283	65	15,443	6,589	8,493	-	(55)	30,818
Net profit for the year	-	-	-	-	8,042	-	-	8,042
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	-	-	336	336
Transfer between reserves	-	-	-	(6,589)	6,815	-	(226)	-
Tax recognised directly in equity	-	-	-	-	336	-	-	336
Transactions with owners:								
Dividends	-	-	-	-	(11,541)	-	-	(11,541)
Issue of share capital	11	-	883		-	-	-	894
Movement in relation to share options	-	-	-	-	170	-	-	170
Balance as at 30 September 2015	294	65	16,326	-	12,315	-	55	29,055
Net profit for the year	**-**	**-**	**-**	**-**	**2,271**	**-**	**-**	**2,271**
Exchange differences on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**224**	**224**
Loss on hedging instrument	**-**	**-**	**-**	**-**	**-**	**(158)**	**-**	**(158)**
Tax recognised directly in equity	**-**	**-**	**-**	**-**	**121**	**-**	**-**	**121**
Transactions with owners:								
Dividends	**-**	**-**	**-**	**-**	**(5,304)**	**-**	**-**	**(5,304)**
Issue of share capital	**9**	**-**	**508**	**-**	**-**	**-**	**-**	**517**
Movement in relation to share options	**-**	**-**	**-**	**-**	**103**	**-**	**-**	**103**
Balance as at 30 September 2016	**303**	**65**	**16,834**	**-**	**9,506**	**(158)**	**279**	**26,829**

Company	Share capital £'000	Shares to be issued £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Cash flow hedging reserve £'000	Foreign currency translation reserve £'000	Total £'000
Balance as at 1 October 2014	283	65	15,443	6,589	3,775	-	(8)	26,147
Net profit for the year	-	-	-	-	13,810	-	-	13,810
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	-	-	136	136
Transfer between reserves	-	-	-	(6,589)	6,589	-	-	-
Tax recognised directly in equity	-	-	-	-	247	-	-	247
Transactions with owners:								
Dividends	-	-	-	-	(11,541)	-	-	(11,541)
Issue of share capital	11	-	883	-	-	-	-	894
Movement in relation to share options	-	-	-	-	87	-	-	87
Balance as at 30 September 2015	294	65	16,326	-	12,967	-	128	29,780
Net loss for the year	**-**	**-**	**-**	**-**	**(911)**	**-**	**-**	**(911)**
Exchange differences on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**(250)**	**(250)**
Loss on hedging instrument	**-**	**-**	**-**	**-**	**-**	**(158)**	**-**	**(158)**
Tax recognised directly in equity	**-**	**-**	**-**	**-**	**86**	**-**	**-**	**86**
Transactions with owners:								
Dividends	**-**	**-**	**-**	**-**	**(5,304)**	**-**	**-**	**(5,304)**
Issue of share capital	**9**	**-**	**508**	**-**	**-**	**-**	**-**	**517**
Movement in relation to share options	**-**	**-**	**-**	**-**	**64**	**-**	**-**	**64**
Balance as at 30 September 2016	**303**	**65**	**16,834**	**-**	**6,902**	**(158)**	**(122)**	**23,824**

The notes on pages 24 to 59 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Basis of preparation of the financial statements

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

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

Changes in accounting standards

International Accounting Standards (IAS/IFRS)

The following amendments to standards have been adopted during the period:

- Amendments to IFRS 2 'Share-based Payment'
- Amendments to IFRS 3 'Business Combinations'
- Amendments to IFRS 8 'Operating Segments'
- Amendments to IFRS 13 'Fair Value Measurement'
- Amendments to IAS 24 'Related Party Disclosures'

The adoption of the above amendments to standards has not had a material impact on the financial statements during the period ended 30 September 2016.

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

- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- IFRS 16 'Leases'
- Amendments to IFRS 2 'Share-based Payment'
- Amendments to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'
- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 16 'Property, Plant and Equipment'
- Amendments to IAS 38 'Intangible Assets'

At the date of authorisation of these financial statements, the directors have considered the standards and interpretations which have not been applied in these financial statements, that were in issue but not yet effective (and in some cases had not yet been adopted by the EU) and only IFRS 15 "Revenue from Contracts with Customers" and IFRS 16 'Leases' were considered to be relevant. The directors are assessing whether the application of IFRS 15 and IFRS 16, once effective, will have a material impact on the results of the company. Adoption of the other standards and interpretations referred to above is not expected to have a material impact on the results of the company. Application of these standards may result in some changes in presentation of information within the Company's financial statements.

2. Accounting policies

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Basis of consolidation

The consolidated financial statements consolidate those of the Company and all of its subsidiary undertakings drawn up to 30 September 2016.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance

Subsidiary undertakings are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting from the date of acquisition. Inter-company balances and transactions are eliminated on consolidation.

Segment reporting

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

Revenue

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

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

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

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

Government grants

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Goodwill and intangible assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Property, plant and equipment

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

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

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

Investments in subsidiaries

Investments are included at cost less provision for impairment.

Inventories

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

Non-current assets and disposal groups

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

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

Financial assets

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

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

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

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

Financial liabilities

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

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

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

Trade and other receivables

Trade receivables do not carry interest and are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables are assessed individually for impairment. Such provisions for impairment are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents

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

Trade and other payables

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

Current and deferred taxation

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

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

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

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

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

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

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

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

Hedge accounting
Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge;
- For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss;
- The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective);
- The effectiveness of the hedge can be reliably measured;
- The hedge remains highly effective on each date tested. Effectiveness is tested quarterly.

Cash flow hedges
The effective part of forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from firm commitments, and highly probable forecast transactions, are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The Group uses such contracts to fix the rate of significant expected future cash inflows in the functional currency of the Group entity concerned.

If a highly probable forecast transaction results in the recognition of a non-monetary asset, the cumulative loss/(gain) is added to/(subtracted from) the cost of the asset acquired ("basis adjustment"). Otherwise the cumulative gain or loss recognised in other comprehensive income is reclassified from the cash flow hedge reserve to profit or loss at the same time as the hedged transaction affects profit or loss. The two transactions are recognised in the same line item.

If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income is frozen and recognised in profit or loss in accordance

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

with the policy set out in the paragraph above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place (even though it is still expected to take place) the cumulative gain or loss on changes in fair value of the derivative is similarly recognised in accordance with the policy set out in the paragraph above. If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss immediately.

Employee benefits

Contributions to pension schemes

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

Employee share option schemes

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

Operating leases

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

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

Finance leases

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

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

Dividend distribution

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

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

3. Critical accounting estimates and judgements

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

Estimates, judgements and assumptions

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

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

(c) *Inventory*
The Group reviews the net realisable value of, and demand for, its inventory on a regular basis to provide assurance that recorded inventory is stated at the lower of cost or net realisable value. Provision is made for obsolete and slow moving items in accordance with the Group policy and management revisit this annually to ensure it remains appropriate. Factors that could impact estimated demand and selling prices include the timing and success of future technological innovations, competitor actions, supplier prices and economic trends. If total inventory losses differ from management estimates by 1%, the Group's consolidated net income in 2016 would have improved/declined by an estimated £5,000, depending upon whether the actual results were better/worse, respectively, than expected.

(d) *Share based payments*
The Group operates a number of equity settled share based remuneration schemes for employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of the equity instruments at the date of grant, excluding the impact of any non market vesting conditions. The fair value of share options is estimated using the Monte Carlo option pricing model on the date of grant based on certain assumptions. Those assumptions are described in note 25 and include, among others, the expected volatility and expected life of the option. More details including carrying values are disclosed in note 25.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

(g) *Revenue recognition*

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

The Group's selling price for hardware sales includes support and maintenance servicing and therefore the Group defers an element of revenue which is recognised over a subsequent period. Typically, the servicing is for a period of one year from date of sale, but can be up to five years. Management believes that, based on past experience with similar revenue streams and actual support costs, an estimate of deferral of between 2% and 3% per year, dependent upon the specific CGU, is appropriate and is consistent with the current level of support costs. If management's estimate of the appropriate level of revenue deferral increased by 1% the Group's consolidated net income in 2016 would have decreased by £95,000. If management's estimate of the appropriate level of revenue deferral decreased by 1% the Group's consolidated net income in 2016 would have increased by £92,000.

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

(h) *Capitalisation of development costs*

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

(i) *Dilapidation provisions*

Provision for dilapidations are recognised in accordance with IAS 37. Management use assumptions and judgement as to the best estimate of returning a leasehold property to its original condition in accordance with the lease terms.

4. Segmental analysis

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

The Group comprises the following business segments:

- Vicon Group: This is the development, production and sale of computer software and equipment for the engineering, entertainment and life science markets;
- Yotta Group: This is services for the management of infrastructure, highway surveying and associated software development;
- 2d3 Group: This is the development and sale of computer software for the defence market; and
- OMG Life: Development and sale of software and hardware solutions for the consumer electronics market.

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

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

Intra segment sales between Vicon UK and Vicon USA are eliminated prior to management and internal reporting, and hence are not shown separately in the analysis below. The total sales from Vicon UK to Vicon USA in the year ended 30 September 2016 are £6,150,000 (2015: £3,416,000).

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Business segments are analysed below:

	Revenue 2016 £'000	2015 £'000
Vicon UK	**9,607**	9,458
Vicon USA	**10,802**	7,637
Vicon Group	**20,409**	17,095
Yotta UK	**5,889**	5,708
Yotta Mayrise	**3,194**	2,930
Yotta Group	**9,083**	8,638
Continuing operations	**29,492**	25,733
OMG Life Group	**87**	32
House of Moves**	**-**	38
2d3 UK	**-**	380
2d3 USA	**-**	1,580
2d3 Group	**-**	1,960
Discontinued operations	**87**	2,030
OMG Group	**29,579**	27,763

	2016 £'000	2015 £'000
Vicon revenue by market		
Engineering	**4,490**	3,605
Entertainment	**5,635**	4,595
Life sciences	**10,284**	8,895
Vicon Group*	**20,409**	17,095

Group revenue by type		
Sale of hardware	**19,359**	15,580
Sale of software	**2,081**	1,572
Rendering of services	**8,052**	8,581
Continuing operations	**29,492**	25,733
Sale of hardware	**-**	32
Sale of software	**-**	1,226
Rendering of services	**87**	772
Discontinued operations	**87**	2,030
OMG Group	**29,579**	27,763

Yotta revenue by type		
Software and related services	**5,775**	4,743
Surveying services	**3,308**	3,895
Yotta Group	**9,083**	8,638

	Revenue 2016 £'000	2015 £'000
By destination		
UK	**11,218**	10,386
Europe	**3,014**	2,532
North America	**10,246**	7,306
Asia Pacific	**4,049**	4,854
Other	**965**	655
Continuing operations	**29,492**	25,733
UK	**1**	274
Europe	**-**	161
North America	**86**	1,580
Asia Pacific	**-**	15
Discontinued operations	**87**	2,030
OMG Group	**29,579**	27,763

By origin		
UK	**18,670**	18,096
North America	**10,802**	7,637
Asia Pacific	**20**	-
Continuing operations	**29,492**	25,733
UK	**82**	447
North America	**5**	1,583
Discontinued operations	**87**	2,030
OMG Group	**29,579**	27,763

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	2016				2015			
	Adjusted profit/(loss) before tax £'000	**Adjusting items £'000**	**Group recharges £'000**	**Profit/(loss) before tax £'000**	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000
Vicon UK	**1,544**	**-**	**2,360**	**3,904**	2,489	(76)	791	3,204
Vicon USA	**4,375**	**-**	**(3,774)**	**601**	2,769	(5)	(1,796)	968
Vicon Group	**5,919**	**-**	**(1,414)**	**4,505**	5,258	(81)	(1,005)	4,172
Yotta UK	**11**	**(29)**	**(505)**	**(523)**	560	(107)	(424)	29
Yotta Mayrise	**1,949**	**(424)**	**(347)**	**1,178**	1,475	(424)	(298)	753
Yotta Group	**1,960**	**(453)**	**(852)**	**655**	2,035	(531)	(722)	782
Unallocated	**(2,237)**	**(64)**	**2,530**	**229**	(2,404)	(87)	2,308	(183)
Continuing operations	**5,642**	**(517)**	**264**	**5,389**	4,889	(699)	581	4,771
OMG Life Group	**(1,079)**	**(1,673)**	**(264)**	**(3,016)**	(2,497)	(657)	(238)	(3,392)
House of Moves**	**-**	**-**	**-**	**-**	(93)	(175)	-	(268)
2d3 UK	**-**	**-**	**-**	**-**	2,693	(8)	(208)	2,477
2d3 USA	**-**	**-**	**-**	**-**	(3,819)	10,840	(135)	6,886
2d3 Group	**-**	**-**	**-**	**-**	(1,126)	10,832	(343)	9,363
Discontinued operations	**(1,079)**	**(1,673)**	**(264)**	**(3,016)**	(3,716)	10,000	(581)	5,703
OMG Group	**4,563**	**(2,190)**	**-**	**2,373**	1,173	9,301	-	10,474

Adjusted profit before tax is detailed in note 6.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Non-current assets		Additions to non-current assets		Carrying amount of segment assets		Carrying amount of segment liabilities		Segment depreciation and amortisation	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000	**£'000**	£'000
Vicon UK	**3,381**	3,501	**1,044**	1,752	**10,949**	16,262	**(3,587)**	(3,229)	**1,002**	797
Vicon USA	**860**	885	**17**	330	**6,342**	4,772	**(2,042)**	(1,332)	**27**	84
Vicon Group	**4,241**	4,386	**1,061**	2,082	**17,291**	21,034	**(5,629)**	(4,561)	**1,029**	881
Yotta UK	**3,742**	4,288	**361**	458	**8,706**	9,076	**(2,133)**	(2,531)	**495**	611
Yotta Mayrise	**4,094**	4,197	**350**	66	**11,211**	10,967	**(1,884)**	(1,757)	**456**	448
Yotta Group	**7,836**	8,485	**711**	524	**19,917**	20,043	**(4,017)**	(4,288)	**951**	1,059
Unallocated	**254**	2,091	**37**	32	**6,184**	2,498	**(1,114)**	(1,310)	**28**	21
Continuing operations	**12,331**	14,962	**1,809**	2,638	**43,392**	43,575	**(10,760)**	(10,159)	**2,008**	1,961
Yotta USA	**-**	-	**-**	-	**32**	28	**(6)**	(5)	**-**	-
OMG Life Group	**35**	1,532	**-**	776	**(5,709)**	(3,864)	**(120)**	(520)	**1,642**	893
2d3 UK	**-**	-	**-**	23	**-**	-	**-**	-	**-**	3
2d3 USA	**-**	-	**-**	18	**-**	-	**-**	-	**-**	255
2d3 Group	**-**	-	**-**	41	**-**	-	**-**	-	**-**	258
Discontinued operations	**35**	1,532	**-**	817	**(5,677)**	(3,836)	**(126)**	(525)	**1,642**	1,151
OMG Group	**12,366**	16,494	**1,809**	3,455	**37,715**	39,739	**(10,886)**	(10,684)	**3,650**	3,112

5. Profit for the year

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

	2016	2015
	£'000	£'000
Loss/(profit) on disposal of property, plant and equipment	**9**	(71)
Depreciation of property, plant and equipment - owned (note 15)	**478**	575
- under hire purchase/finance lease (note 15)	**-**	82
Amortisation of customer relationships (note 13)	**305**	397
Amortisation of intellectual property (note 13)	**126**	228
Amortisation of development costs (note 13)	**1,107**	1,415
Impairment of intangible fixed assets (note 13)	**1,634**	415
Share based payments – equity settled (note 25)	**103**	170
Operating lease charges – land and buildings	**576**	721
Foreign exchange (gain)/loss	**(552)**	41
Grant income receivable	**(990)**	(490)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

	2016 **£'000**	2015 £'000
Fees payable to the Company's auditor for the audit of the parent Company and consolidated financial statements	**29**	33
Fees payable to the Company's auditor for other services:		
The audit of financial statements of subsidiaries pursuant to legislation	**48**	42
Tax services	**21**	32
Fees payable to associates of the Company's auditor for other services	**21**	40
	119	147

Audit services include £13,000 in respect of the Company (2015: £13,000).

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

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

	2016 **£'000**	2015 £'000
Profit before tax – continuing operations	**5,389**	4,771
Share based payments – equity settled	**64**	117
Amortisation of intangibles arising on acquisition	**424**	502
Redundancy costs	**29**	80
Reapportion Group overheads	**(264)**	(581)
Adjusted profit before tax – continuing operations	**5,642**	4,889
(Loss)/profit before tax – discontinued operations	**(3,016)**	5,703
Share based payments – equity settled	**39**	53
Amortisation of intangibles arising on acquisition	**-**	124
Impairment of intangible assets	**1,634**	-
Redundancy costs	**-**	80
Compensation to contract manufacturer and Autographer inventory write off	**-**	540
Profit on disposal of House of Moves and 2d3 Group	**-**	(10,797)
Reapportion Group overheads	**264**	581
Adjusted loss before tax – discontinued operations	**(1,079)**	(3,716)
Total adjusted profit before tax – all operations	**4,563**	1,173

The redundancy costs in the year ended 30 September 2016 are associated with the restructuring of the Yotta UK business segment and those in the year ended 30 September 2015 are associated with the restructuring of the Yotta UK, Vicon and OMG Life business segments.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

7. Directors and employees

Staff costs during the year were as follows:

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Wages and salaries	**11,195**	12,394	**1,378**	1,155
Share-based payments	**103**	228	**64**	145
Social security costs	**1,146**	1,223	**222**	190
Other pension costs	**495**	505	**58**	55
	12,939	14,350	**1,722**	1,545

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

	2016 Number	2015 Number
Development	**49**	60
Sales and customer support	**46**	52
Production and production services	**80**	81
Management and administration	**28**	33
	203	226

The average number of employees of the Company during the year was 10 (2015:10) all of which are classified as management and administration.

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

Key management personnel compensation:

	2016 £'000	2015 £'000
Wages and salaries	**1,015**	1,149
Share-based payments	**64**	119
Social security costs	**253**	165
Other pension costs	**30**	26
Benefits in kind	**7**	7
	1,369	1,466
Gains on exercise of share options	**1,039**	676
	2,408	2,142

The number of directors accruing benefits under Group pension schemes was 2 (2015: 2).

Exercise of directors' share options

During the year 3 directors (2015: 3 directors) exercised share options. The aggregate of the gains made on these exercises in the table above is calculated on the difference between the option price and the mid-market price at the time of exercise. Additional details can be obtained from the Report on Directors' Remuneration on page 17.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

8. Taxation

The tax is based on the profit for the year and represents:

	2016 £'000	2015 £'000
United Kingdom corporation tax at 20% (2015: 20.5%)	**492**	212
Overseas taxation	**312**	2,041
Adjustments in respect of prior year	**(275)**	(155)
Current taxation	**529**	2,098
Deferred taxation (note 21)	**(427)**	334
Total taxation expense	**102**	2,432

Continuing and discontinued operations:

	2016 £'000	2015 £'000
Income tax expense from continuing operations	**608**	361
Income tax credit from discontinued operations excluding gain on sale (note 12)	**(526)**	(589)
	82	(228)

Total tax expense:

	2016 £'000	2015 £'000
Income tax expense/(credit) excluding tax on sale of discontinued operations	**82**	(228)
Income tax expense on gain on sale of discontinued operations (note 12)	**20**	2,660
	102	2,432

At 30 September 2016, the Group had an undiscounted deferred tax asset of £311,000 (2015: £632,000). The asset comprises principally accelerated capital allowances and future tax relief available on the exercise of outstanding employee share options in OMG plc.

Deferred tax assets and liabilities have been measured at an effective rate of 17% and 38% in the UK and USA, respectively (2015: 20% and 38%, respectively) and are detailed in note 21

The inclusion of legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and then a further reduction to 17% from 1 April 2020 was substantively enacted on 15 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 20% (2015: higher than the standard rate of 20.5%).
The differences are explained as follows:

	2016 £'000	2015 £'000
Profit on ordinary activities before tax	**2,373**	10,474
Expected tax income based on the standard rate of corporation tax in the UK of 20% (2015: 20.5%)	**475**	2,147
Effect of:		
Expenses not deductible for tax purposes	**(53)**	61
Tax gain on sale of discontinued operation in excess of book gain	**2**	346
Book gain on sale of discontinued operation in excess of tax gain	**-**	(1,732)
Unrelieved current year losses	**-**	475
Utilisation of losses brought forward	**201**	-
Adjustments to tax charge in respect of prior year current tax	**(275)**	(155)
Adjustments to tax charge in respect of prior year deferred tax	**(185)**	(203)
Higher rates on overseas taxation	**250**	1,754
Research and development tax credit	**(308)**	(320)
Tax deduction in excess of income statement charge	**88**	6
Effect of rate change	**(93)**	53
Total tax expense	**102**	2,432

9. Finance income and expense

	2016 £'000	2015 £'000
Finance expense - Hire purchase liabilities	**-**	(6)
- Bank interest paid	**-**	(4)
	-	(10)
Finance income - Interest income on short term bank deposits	**23**	30
- Unwinding of discount on contingent consideration	**22**	10
	45	40

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

10. Earnings/(loss) per share

	2016			2015		
	Earnings/ (loss) £'000	**Weighted average number of shares '000**	**Per share amount (pence)**	Earnings £'000	Weighted average number of shares '000	Per share amount (pence)
Continuing operations						
Basic earnings per share						
Earnings attributable to ordinary shareholders	**4,781**	**120,354**	**3.96**	4,410	114,626	3.85
Dilutive effect of employee share options	**-**	**1,717**	**(0.06)**	-	2,789	(0.09)
Diluted earnings per share	**4,781**	**122,071**	**3.90**	4,410	117,415	3.76
Discontinued operations						
Basic (loss)/earnings per share						
(Loss)/earnings attributable to ordinary shareholders	**(2,510)**	**120,354**	**(2.07)**	3,632	114,626	3.17
Dilutive effect of employee share options	**-**	**1,717**	**-**	-	2,789	(0.08)
Diluted (loss)/earnings per share	**(2,510)**	**122,071**	**(2.07)**	3,632	117,415	3.09
Total operations						
Basic earnings per share						
Loss attributable to ordinary shareholders	**2,271**	**120,354**	**1.89**	8,042	114,626	7.02
Dilutive effect of employee share options	**-**	**1,717**	**(0.03)**	-	2,789	(0.17)
Diluted earnings per share	**2,271**	**122,071**	**1.86**	8,042	117,415	6.85

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

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

11. Profit of the holding company

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own income statement in these financial statements. The loss of the Company for the year was £911,000 (2015: profit of £13,810,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

12. Discontinued operations

During the year the decision was taken by the Group to discontinue the OMG Life Group cash generating unit. The comparative period income statement and related notes have been restated to reflect this.

Result of OMG Life Group

	2016 £'000	2015 £'000
Revenue	**87**	32
Expenses other than finance costs	**(3,103)**	(3,424)
Tax credit	**526**	217
Loss for the year	**(2,490)**	(3,175)

During the prior year the sale of House of Moves Inc. was completed on 15 October 2014 for a total consideration of $1,300,000.

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

	2016 £'000	2015 £'000
Cash consideration received	-	313
Deferred consideration	-	413
Total consideration receivable at fair value	-	726
Cash disposed of	-	59
Net cash inflow on disposal of House of Moves	-	667
Net assets disposed (other than cash):		
Property, plant and equipment	-	548
Trade and other receivables	-	19
Other assets	-	332
Trade and other payables	-	(56)
	-	843
Pre-tax loss on disposal of House of Moves	-	(176)
Related tax expense	-	(129)
Loss on disposal of House of Moves	-	(305)

Result of House of Moves

	2016 £'000	2015 £'000
Revenue	**-**	38
Expenses other than finance costs	**-**	(130)
Tax (expense)/credit	**-**	94
Loss from selling discontinued operation after tax	**(20)**	(305)
Loss for the year	**(20)**	(303)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

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

	2016 £'000	2015 £'000
Cash consideration received	-	13,866
Deferred consideration	-	1,678
Total consideration receivable at fair value	-	15,544
Cash disposed of	-	186
Transaction costs (including one off bonuses paid to directors and staff)	-	1,144
Net cash inflow on disposal of 2d3 Group	-	14,214
Net assets disposed (other than cash):		
Property, plant and equipment	-	117
Intangibles	-	4,293
Inventory	-	21
Trade and other receivables	-	659
Other assets	-	49
Trade and other payables	-	(1,455)
Other liabilities	-	(443)
	-	3,241
Pre-tax profit on disposal of 2d3 Group	-	10,973
Related tax expense	-	(2,531)
Profit on disposal of 2d3 Group	-	8,442

Result of 2d3 Group

	2016 £'000	2015 £'000
Revenue	-	1,960
Expenses other than finance costs	-	(3,567)
Finance costs	-	(3)
Tax credit	-	278
Gain from selling discontinued operation after tax	-	8,442
Profit for the year	-	7,110

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Result of all discontinued operations

	2016 £'000	2015 £'000
Revenue	**87**	2,030
Expenses other than finance costs	**(3,103)**	(7,121)
Finance costs	**-**	(3)
Tax credit	**526**	589
Gain from selling discontinued operation after tax	**(20)**	8,137
(Loss)/profit for the year	**(2,510)**	3,632

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

	2016 £'000	2015 £'000
Operating activities	**(494)**	1,103
Tax paid	**-**	(1,329)
Investing activities	**(142)**	11,974
Financing activities	**-**	(3)
Net cash flow from discontinued operations	**(636)**	11,745

The deferred consideration receivable in respect of the sale of House of Moves totals $400,000 (2015: $800,000). The fair value of this at 30 September 2016 was £234,000 (2015: £447,000). The deferred consideration receivable in respect of the sale of 2d3 Group totals $2,500,000 (2015: $2,500,000). The fair value of this at 30 September 2016 was £1,924,000 (2015: £1,656,000). The deferred consideration receivable in more than one year totals £113,000 (2015: £1,971,000).

13. Goodwill and intangible fixed assets

Group	**Brand name £'000**	**Customer relationships £'000**	**Intellectual property £'000**	**Development costs £'000**	**Goodwill £'000**	**Total £'000**
Cost						
At 1 October 2015	71	3,126	789	12,074	4,925	20,985
Additions	-	65	-	1,360	-	1,425
Disposals	-	-	-	(189)	-	(189)
Translation difference	12	8	-	-	74	94
At 30 September 2016	**83**	**3,199**	**789**	**13,245**	**4,999**	**22,315**
Amortisation						
At 1 October 2015	71	1,386	432	6,258	-	8,147
Charge for the year	-	305	126	1,107	-	1,538
Impairment	-	-	-	1,634	-	1,634
Disposals	-	-	-	(102)	-	(102)
Translation difference	12	-	-	-	-	12
At 30 September 2016	**83**	**1,691**	**558**	**8,897**	**-**	**11,229**
Net book value at 30 September 2016	**-**	**1,508**	**231**	**4,348**	**4,999**	**11,086**
Net book value at 30 September 2015	-	1,740	357	5,816	4,925	12,838

During the year the decision was taken to discontinue the OMG Life cash generating unit. Subsequently all remaining capitalised development costs were impaired resulting in an impairment loss of £1,634,000.

On 29 April 2016 Yotta Pty Limited acquired certain trade and assets of Roads Solar Works Pty Limited. Net assets of AUD$5,000 were acquired for a consideration of AUD$124,000. On acquisition £65,000 of customer relationships were recognised as an intangible asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

None of the goodwill included in the tables above has been internally generated.

Goodwill of £3,995,000 was disposed of as part of the sale of the 2d3 Group during the year ended 30 September 2015, further information on the sale is disclosed in note 12
.
Current estimates of the remaining useful economic lives of the intangible assets are as follows:

Customer relationships	4-5 years
Intellectual property	2 years
Development costs	1-5 years
Goodwill	Indefinite

Company	Intellectual Property £'000
Cost	
At 1 October 2015 and 30 September 2016	**164**
Amortisation	
At 1 October 2015 and 30 September 2016	**164**
Net book value at 30 September 2015 and 2016	**-**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

14. Goodwill and impairment

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

	Goodwill carrying value	
	2016	2015
	£'000	£'000
Vicon:		
Vicon USA cash generating unit (Peak)	**533**	459
Yotta:		
Yotta UK cash generating unit (DCL)	**2,452**	2,452
Mayrise cash generating unit (Mayrise)	**2,014**	2,014
	4,999	4,925

The recoverable amounts of all the CGU's have been determined from value in use calculations based on cash flow projections from formally approved budgets covering the financial years ending 30 September 2017 and 30 September 2018.
The recoverable amount for the CGUs that hold a significant proportion of the Group's overall goodwill balance are as follows:

- Yotta UK (DCL) exceeds its carrying amount by £2.3m (2015: £1.0m); and

- Mayrise exceeds its carrying amount by £3.7m (2015: £3.7m).

Other major assumptions are as follows (the growth rate applies only to the period beyond the formal budgeted period with the value in use calculation based on the budgeted cash flows up to 30 September 2018 and assumes a perpetuity based terminal value).

	Peak	**DCL**	**Mayrise**
	2016	**2016**	**2016**
	%	**%**	**%**
Pre tax discount rate	**21.3**	**16.5**	**16.5**
Average operating margin	**37.0**	**18.0**	**58.5**
Growth rate	**1.0**	**0.0**	**0.0**

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

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

A sensitivity analysis has been performed to establish how a change in the key assumptions would impact the value in use. The discount rate would need to move 4.4% for Mayrise goodwill carrying value to be impaired. All other discount rates would have to move significantly in order for the carrying values to be impaired. A growth rate of 0% would not result in any of the carrying values being impaired. The operating margins would have to move significantly in order for goodwill carrying values to be impaired.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

15. Property, plant and equipment

Group	Computers and equipment £'000	Furniture and fixtures £'000	Motor vehicles £'000	Demonstration equipment £'000	Leasehold improvements £'000	Total £'000
Cost						
At 1 October 2015	4,240	308	288	485	555	5,876
Additions	224	147	27	127	1	526
Disposals	(1,901)	(62)	(165)	(199)	-	(2,327)
Adjustment to inventory	-	-	-	(93)	-	(93)
Translation differences	42	2	-	14	-	58
At 30 September 2016	**2,605**	**395**	**150**	**334**	**556**	**4,040**
Depreciation						
At 1 October 2015	3,690	287	224	284	407	4,892
Charge for the year	325	13	42	34	64	478
Disposals	(1,847)	(58)	(165)	(84)	-	(2,154)
Translation differences	27	2	-	8	-	37
At 30 September 2016	**2,195**	**244**	**101**	**242**	**471**	**3,253**
Net book value at 30 September 2016	**410**	**151**	**49**	**92**	**85**	**787**
Net book value at 30 September 2015	550	21	64	201	148	984

There were no assets relating to hire purchase and finance lease agreements included within the net book value of £787,000. No depreciation was charged in the period in respect of these assets.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Company	Computers and equipment £'000	Furniture and fixtures £'000	Leasehold improvements £'000	Total £'000
Cost				
At 1 October 2015	222	203	8	433
Additions	37	-	-	37
Disposals	(3)	-	-	(3)
At 30 September 2016	**256**	**203**	**8**	**467**
Depreciation				
At 1 October 2015	199	197	7	403
Charge for the year	25	2	1	28
Disposals	(3)	-	-	(3)
At 30 September 2016	**221**	**199**	**8**	**428**
Net book value at 30 September 2016	**35**	**4**	**-**	**39**
Net book value at 30 September 2015	23	6	1	30

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

16. Investments

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Shares in subsidiary undertakings - cost				
At 1 October	**-**	-	**14,340**	8,674
Additions	**-**	-	**-**	8,341
Disposals	**-**	-	**-**	(2,675)
At 30 September	**-**	-	**14,340**	14,340
Other investment – cost and fair value				
At 1 October and 30 September	**69**	69	**69**	69
Total financial assets - investments	**69**	69	**14,409**	14,409

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

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

Yotta Pty Limited was incorporated during the year ended 30 September 2016.
*Investment held indirectly.

Available-for-sale financial asset

During the year ended 30 September 2005 the Company acquired 12% of the equity in a business start-up incorporated in Germany in return for a capital injection of €100,000 (£69,000). There were no disposals or impairment provisions on the available-for-sale financial asset in the year ended 30 September 2016 or 2015. This investment is stated at fair value which is also its cost as at 30 September 2016.

17. Inventories

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Component parts	**2,704**	1,876	**-**	-

The cost of inventories recognised as an expense and included in cost of sales is £5,733,000 (2015: £4,864,000). During the year £87,000 of inventories were impaired (2015: £nil). £2,000 of inventories were written off (2015: £216,000) and included within cost of sales. During the prior year a further £118,000 of inventories relating to Autographer were written off and included within the result from discontinued operations.

18. Trade and other receivables

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Trade receivables	**9,844**	7,487	**-**	-
Provision for impairment of trade receivables	**(13)**	(10)	**-**	-
Net trade receivables	**9,831**	7,477	**-**	-
Amounts owed by other Group undertakings	-	-	**11,022**	19,595
Other debtors	**301**	265	**25**	46
Prepayments and accrued income	**1,089**	1,024	**156**	146
Deferred consideration receivable	**2,045**	132	**385**	-
Amounts due from customers for contract work	**653**	733	**-**	-
	13,919	9,631	**11,588**	19,787

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

As of 30 September 2016 trade receivables of £2,723,000 (2015: £1,285,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables from date of invoice is as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Up to 3 months	**1,408**	872	**-**	-
3 to 6 months	**1,315**	413	**-**	-
	2,723	1,285	**-**	-

As of 30 September 2016 trade receivables of £13,000 (2015: £10,000) were impaired. The amount of the provision was £13,000 as of 30 September 2016 (2015: £10,000). The ageing of these receivables is as follows:

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Over 6 months	**13**	10	**-**	-

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

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Sterling	**7,295**	6,947	**10,642**	17,501
Euro	**101**	289	**-**	-
US Dollar	**6,500**	2,395	**946**	2,286
AUS Dollar	**23**	-	**-**	-
	13,919	9,631	**11,588**	19,787

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

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
At 1 October	**10**	145	**-**	-
Provided during the year	**3**	-	**-**	-
Disposed of with subsidiary undertaking	**-**	(135)	**-**	-
At 30 September	**13**	10	**-**	-

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

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

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

19. Trade and other payables

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Trade payables	**2,359**	2,585	**69**	98
Amounts payable to group undertakings	**-**	-	**4,933**	4,814
Social security and other taxes	**284**	237	**-**	-
Other creditors	**407**	467	**-**	-
Accruals and deferred income	**5,532**	4,724	**507**	406
	8,582	8,013	**5,509**	5,318

Amounts payable to Group undertakings are payable on demand and do not carry interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

Derivative financial liabilities

Derivatives designated as hedging instruments

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Forward foreign exchange contracts – cash flow hedge	**158**	-	**158**	-

The Group has no derivative financial instruments not designated as hedging instruments.

Cash flow forward foreign exchange contracts
Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency. Where the risk to the Group is considered to be significant, the Group will enter into a matching forward foreign exchange contract with a reputable bank.

There was one cash flow hedge outstanding at 30 September 2016 and its fair value was £158,000 (2015: £nil).

The hedged forecast transaction denominated in foreign currency occurred in October 2016. Gains and losses recognised in the cash flow hedging reserve in equity on forward foreign exchange contracts as at 30 September 2016 are recognised in the consolidated statement of comprehensive income. The amount recorded in the consolidated statement of comprehensive income in the period in relation to this forward foreign exchange contract was a loss of £158,000.

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

The rate of interest earned during the year on cash deposits was 0.08% (2015: 0.08%).

	GBP £'000	**Euro £'000**	**US$ £'000**	**AUS$ £'000**	**2016 Total £'000**	GBP £'000	Euro £'000	US$ £'000	AUS$ £'000	2015 Total £'000
Group cash at bank and in hand	**6,458**	**70**	**1,721**	**24**	**8,273**	9,635	94	2,009	-	11,738

	GBP £'000	**Euro £'000**	**US$ £'000**	**2016 Total £'000**	GBP £'000	Euro £'000	US$ £'000	2015 Total £'000
Company cash at bank and in hand	**2,652**	**-**	**657**	**3,309**	186	-	20	206

Management considers a 0.5 basis point move in interest rates to be reasonably possible. If the interest rates in effect during the year had moved by plus or minus 0.5 basis points and all other variables held constant the Group's profit for the year ended 30 September 2016 would decrease by £23,000/increase by £47,000 (2015: decrease by £30,000/increase by £48,000). There would be no impact on other equity reserves.

As disclosed in note 16 the Group has an equity investment of £69,000 (2015: £69,000) denominated in Euros. This is accounted for as an available-for-sale financial asset and is measured at fair value in the balance sheet with gains or losses recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

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

Borrowing facilities

The Group and Company have no borrowings.

The Group operates a Multi-Currency Balance Management Arrangement between certain Group companies. This arrangement may result in individual accounts of certain entities showing debit balances. However, due to the arrangements in place, such debit balances do not incur interest charges and the Group position must always result in a net deposit balance as there is no borrowing facility. Therefore, such accounts are presented net as cash and cash equivalents on the face of the Consolidated and Company Statement of Financial Position.

Risk management

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

Liquidity risk

At 30 September 2016 the Group's cash and short term deposits amounted to £8,273,000 (2015: £11,738,000). The Group had no financial borrowing obligations.
At 30 September 2016 the Group had a forward foreign currency exchange contract outstanding with a contracted amount payable of £1,765,000. The contractual value of the receivable is $2,500,000.
All financial liabilities are due within five years.
Management does not consider liquidity to be a key risk.

Credit risk

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

Foreign currency risk

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

The Group considers the volatility of currency markets over the year to be representative of the potential foreign currency risk it is exposed to. The main currency the Group's results were exposed to at the year end was the US dollar and over the year the volatility of this currency was 9.6% (2015: 7.8%). If Sterling had strengthened against the dollar at year end by 10% it would have increased the Group profit by £64,000 (2015: increased Group profit by £62,000). If Sterling had weakened against the dollar at year end by 10% it would have decreased the Group profit by £78,000 (2015: decreased Group profit by £76,000).

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

Functional currency of operation:	**Sterling £'000**	**US$ £'000**	**Euro £'000**	**2016 Total £'000**	Sterling £'000	US$ £'000	Euro £'000	2015 Total £'000
Sterling	**-**	**875**	**172**	**1,047**	-	(687)	371	(316)
US dollar	**4,084**	**-**	**-**	**4,084**	-	-	-	-

Derivative financial instruments at fair value through profit or loss

At the current and prior year end, the Group had no forward contracts outstanding that are held at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Fair value of financial assets and financial liabilities

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

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

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

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

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

The Group measures some items at fair value which are all classified as Level 3, with the exception of the cash flow forward foreign exchange contract which is classified as level 2:

- Financial instruments (notes 2, 16 and 20);
- Deferred consideration receivable (notes 12 and 18).

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

The fair value technique has not been used to value the Group's equity investment, however cost is not materially different to fair value in the Board's opinion.

Regarding the treatment of the cash flow forward foreign exchange contract, the fair value of the hedged item was calculated at the spot rate on 30 September 2016 and that of the hedging instrument at the contracted rate. If the spot rate had increased by 10% at 30 September 2016 the impact on other comprehensive income for the year would have been an increase of £175,000. If the spot rate had decreased by 10% at 30 September 2016 the impact on other comprehensive income for the year would have been a decrease of £214,000. In both instances the cash flow hedge would have been deemed effective and there would be no impact on the profit for the year.

The deferred consideration due on the sale of the House of Moves cash generating unit has been discounted at a rate of 8% and translated into Sterling at the spot rate at 30 September 2016. If management's estimate of the applicable discount rate differed by 1% the fair value of the deferred consideration would increase/decrease by £7,000 and there would be a corresponding increase/decrease in the interest recognised in the profit for the period of £2,000. If the spot rate at 30 September 2016 had increased by 10% the fair value of the deferred consideration receivable would have decreased by £21,000 with a corresponding decrease in the profit for the year. If the spot rate at 30 September 2016 had decreased by 10% the fair value of the deferred consideration receivable would have increased by £26,000 with a corresponding increase in the profit for the year.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Financial instruments held for trading purposes

The Group does not trade in financial instruments.

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

Financial assets	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Loans and receivables				
Trade receivables	**9,831**	7,477	**-**	-
Other debtors	**180**	-	**-**	17
Accrued income	**404**	263	**-**	-
Deferred consideration receivable	**2,045**	132	**385**	-
Amounts due from customers for contract work	**653**	733	**-**	-
Cash and cash equivalents	**8,273**	11,738	**3,309**	206
Available for sale				
Equity investment	**69**	69	**69**	69
At 30 September	**21,455**	20,412	**3,763**	292

Financial liabilities	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Other financial liabilities				
Trade payables	**2,359**	2,585	**69**	98
Provisions	**185**	-	**-**	-
Derivative financial liability	**158**	-	**158**	-
Accruals	**2,449**	1,678	**507**	406
At 30 September	**5,151**	4,263	**734**	504

Capital management

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

The Group considers its capital to comprise ordinary share capital, shares to be issued, share premium and accumulated retained earnings. The foreign currency translation reserve and cash flow hedging reserve are not considered capital. There have been no changes in what the Group considers to be capital from the prior year.

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

21. Deferred tax

	Group Deferred tax asset £'000	Group Deferred tax liability £'000	Company Deferred tax asset £'000	Company Deferred tax liability £'000
At 1 October 2014	614	(2,280)	209	-
Credited to the income statement (note 8)	(103)	(231)	-	-
Disposal of subsidiary undertakings	(63)	395	-	-
Charged directly to equity	184	(58)	126	-
At 30 September 2015	**632**	**(2,174)**	**335**	**-**
Credited to the income statement (note 8)	(236)	800	(92)	-
Charged directly to equity	(127)	(87)	(122)	-
Effect of deferred tax rate change	42	(179)	25	-
At 30 September 2016	**311**	**(1,640)**	**146**	**-**

The following table summarises the provided tax asset and liability.

Recognised - asset	**Group 2016 £'000**	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Capital allowances in excess of depreciation	**34**	1	**4**	9
Tax relief on unexercised employee share options	**203**	410	**142**	326
Short term timing differences	**74**	(28)	**-**	-
Losses	**-**	249	**-**	-
Deferred tax asset	**311**	632	**146**	335
Recognised - liability				
Recognition of intangible asset	**(453)**	(572)	**-**	-
Tax on gain on discontinued operations – deferred consideration	**(407)**	(412)	**-**	-
Depreciation in excess of capital allowances	**(780)**	(1,190)	**-**	-
Deferred tax liability	**(1,640)**	(2,174)	**-**	-

Deferred tax assets and liabilities have been measured on an undiscounted basis at an effective tax rate of 17% and 38% (30 September 2015: 20% and 38%) in the UK and USA, respectively. As at 30 September 2016, the Group has un-provided deferred tax assets of £1,953,000 arising on unrelieved trading losses for which recoverability is not certain (2015: £2,318,000).

22. Other liabilities

	Group 2016 £'000	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
Deferred income	**321**	-	**-**	-

The deferred income above relates to revenue from support contracts which cover a period of more than 12 months from 30 September 2016.

23. Provisions

	Group £'000	**Company £'000**
At 1 October 2015	**-**	**-**
Charged to income statement – leasehold dilapidations	**185**	**-**
At 30 September 2016	**185**	**-**

Leasehold dilapidations relate to the estimated cost of returning the Group's leasehold properties to their original state at the end of the lease in accordance with the lease terms. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

24. Share capital

	2016 £'000	2015 £'000
Allotted, called up and fully paid		
121,327,208 shares of 0.25p (2015: 117,434,799 ordinary shares of 0.25p)	**303**	294

During the year ended 30 September 2016 3,892,409 shares (2015: 4,076,985 shares) were issued relating to share options that were exercised.

At 30 September 2016 options were outstanding over 4,128,564 ordinary shares of 0.25p each (2015: 8,020,972) including those held by directors as follows:

Number of shares over which options granted	Exercise price	Exercise period
1,814,250	0.25p	September 2015 to September 2022
148,180	19.75p	September 2011 to September 2019
1,141,580	24.59p	September 2014 to July 2022
77,194	31.18p	September 2015 to September 2023
50,000	33.12p	March 2015 to March 2022
65,000	55.94p	August 2009 to August 2017
832,360	35.43p	March 2016 to March 2025

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

The market price of the ordinary shares at 30 September 2016 was 45.71p (2015: 41.25p) and the range during the year was 41.00p to 50.25p (2015: 25.25p to 48.00p). Shares to be issued are detailed in the Statement of Changes in Equity.

25. Share based payments

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

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

A reconciliation of option movements over the year to 30 September 2016 is shown below:

	2016 Number '000	2016 Weighted average exercise price (pence)	2015 Number '000	2015 Weighted average exercise price (pence)
Outstanding at 1 October	**8,021**	**15.01**	12,985	16.61
Granted	**-**	**-**	936	35.43
Exercised	**(3,892)**	**13.30**	(4,077)	21.93
Forfeited	**-**	**-**	(1,823)	21.40
Outstanding at 30 September	**4,129**	**16.63**	8,021	15.01
Exercisable at 30 September	**2,598**	**17.83**	5,208	16.27

The weighted average share price at the date of exercise for options exercised during the year ended 30 September 2016 was 46.71 pence (2015: 44.55 pence).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

Share options outstanding at the year end

	2016			2015		
Range of exercise prices (pence)	**Weighted average exercise price (pence)**	**Number of shares ('000)**	**Weighted average contractual remaining life (years)**	Weighted average exercise price (pence)	Number of shares ('000)	Weighted average contractual remaining life (years)
0.25	**0.25**	**1,814**	**6**	0.25	3,627	7
19.75 - 23.42	**19.75**	**148**	**3**	22.33	673	4
23.66	**-**	**-**	**-**	23.66	160	-
24.59	**24.59**	**1,142**	**6**	24.59	2,433	7
31.18	**31.18**	**77**	**7**	31.18	77	8
33.12	**33.12**	**50**	**6**	33.12	50	7
35.43	**35.43**	**832**	**8**	35.43	936	9
55.94	**55.94**	**65**	**1**	55.94	65	2

The total charge for the year relating to employee share based payment plans was £103,000 (2015: £170,000), all of which related to equity-settled share based payment transactions. After tax, the total charge was £82,000 (2015: £135,000).

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

There were no options granted in the year ended 30 September 2016. The assumptions used in the calculation of the fair value of the options granted during the year ended 30 September 2015 were as follows:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

26. Movement in reserves

The movement in reserves are disclosed fully within the Consolidated and Company Statement of Changes in Equity on page 23. The description of the nature and purpose of each reserve within owner's equity is as follows:

Reserve	Description and purpose
Share capital	Amount subscribed for share capital at nominal value.
Shares to be issued	Shares to be issued to Bartle Bogle Hegarty in exchange for services received.
Share premium account	Amount subscribed for share capital in excess of nominal value.
Foreign currency translation	Gains/losses arising on retranslation of the net assets of overseas operations into sterling.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.
Cash flow hedging reserve	Gains and losses arising on the effective portion of hedging instruments carried at fair value in a qualifying cash flow hedge.
Merger reserve	Excess of the fair value of the shares issued for the acquisition made in the year to 30 September 2007 and for the acquisition made in the year to 30 September 2011 over the aggregate of the nominal value of shares issued by the Company to the former shareholders of the acquired company, which qualify for merger relief under Section 612(2) of the Companies Act 2006. This transferred to retained earnings and the foreign currency translation reserve following the disposal of the 2d3 Group in the year ended 30 September 2015.

27. Capital commitments

At 30 September 2016 the Group had no capital commitments contracted but not provided for (2015: £nil).

28. Contingent liabilities

There are no material contingent liabilities requiring disclosure at 30 September 2016 (2015: None).

29. Pensions

The Company operates a defined contribution pension scheme for the benefit of the UK employees. The assets of the scheme are administered by trustees in a fund independent from those of the Group. The amount charged under this scheme to the income statement during the year was £448,000 (2015: £439,000).

Pension contributions are also paid for the benefit of US employees under the 401k savings plan scheme, a US government savings scheme. The amount charged under this scheme to the income statement during the year was £39,000 (2015: £66,000).

30. Government grants

During the year £990,000 (2015: £490,000) of Government grants were recognised in the income statement. These grants significantly relate to funding for research projects.
There are no unfulfilled conditions or other contingencies attached to the government grants recognised in the current or prior periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

31. Commitments under operating leases

At 30 September 2016 the Group had the following gross minimum lease payments under non - cancellable operating leases:

	Land and Buildings	
	2016	2015
	£'000	£'000
Not later than one year	**365**	391
Later than one year and not later than five years	**232**	277
	597	668

At 30 September 2016 the total future minimum sublease payments expected to be received under non - cancellable subleases was £nil (2015: £39,000).

32. Dividends

	2016	2015
Equity - ordinary	**£'000**	£'000
Final 2015 paid in 2016 (0.65 pence per share)	**784**	-
Final 2014 paid in 2015 (0.50 pence per share)	**-**	567
Special paid in 2016 (3.75 pence per share)	**4,520**	-
Special paid in 2015 (4.50 pence per share)	**-**	5,102
Special paid in 2015 (5.00 pence per share)	**-**	5,872
	5,304	11,541

The directors are proposing a final dividend in respect of the financial year ended 30 September 2016 of 1.00 pence per share (2015: 0.65 pence per share) which will absorb an estimated £1,213,000 of shareholders' funds. This dividend will be paid on 9 March 2017 to shareholders who are on the register of members at close of business on 16 December 2016 subject to approval at the AGM. These dividends have not been accrued in these financial statements.

33. Events after the reporting date

On 14 October 2016 the Group completed the spin out of some currently unexploited intellectual property into a new company called Pimloc Limited. In exchange for the spin out OMG plc's equity stake in Pimloc Limited is 27%.

34. Related party transactions

The key management personnel are deemed to be the directors. During the year short term employee benefits of £1,052,000 (2015: £1,183,000) were paid to the directors. In addition share based payments of £64,000 (2015: £119,000) were charged to the income statement in respect of share options held by the directors. For further information see note 7.

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

	Outstanding balances		Transactions in year	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Vicon Motion Systems Limited	**2,981**	9,409	**(6,428)**	11,112
Vicon Motion Systems, Inc	**561**	924	**(363)**	8
2d3 Limited	**-**	-	**-**	(3,062)
Yotta Limited	**7,135**	7,655	**(520)**	(2,638)
Mayrise Limited	**345**	1,253	**(908)**	765
OMG Life Limited	**-**	354	**(354)**	354
2d3, Inc.	**-**	-	**-**	(5,024)
2d3 Sensing	**-**	-	**-**	(391)
OMG, Inc.	**(4,933)**	(4,814)	**(119)**	(4,811)
	6,089	14,781	**(8,692)**	(3,687)

Outstanding balances are unsecured and repayable on demand, they do not carry interest. Consideration for these outstanding balances is expected to be in the form of cash or through the transfer of services.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

The transactions in the year include head office recharges to subsidiaries of £2,530,000 (2015: £2,308,000). Other transactions arise from treasury cash management between the Company and its subsidiaries.

The amount receivable from OMG Life Limited is stated net of a provision of £2,889,000 (2015: £2,007,000) and the amount recognised as an expense in the year in respect of doubtful debts from related parties was £882,000 (2015: £nil).

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

	2016 £'000	2015 £'000
Anthony Simonds-Gooding	**46**	104
Jonathon Reeve	**1**	3
Adrian Carey	**8**	18
Julian Morris	**416**	946
Nick Bolton	**79**	80
David Deacon	**37**	24
Catherine Robertson	**63**	122

COMPANY INFORMATION

Company registration number:	3998880
Registered office:	14 Minns Business Park West Way Oxford OX2 0JB
Directors:	Roger Parry (Non-executive Chairman) Jonathon Reeve (Non-executive Director) Adrian Carey (Non-executive Director) Julian Morris (Non-executive Director) Nick Bolton (Chief Executive) David Deacon (Finance Director) Catherine Robertson (Executive Director)
Secretary:	Catherine Robertson
Bankers:	National Westminster Bank plc 121 High Street Oxford OX1 4DD
Solicitors:	Goodman Derrick LLP 10 St Bride St London EC4A 4AD
Broker and nominated advisor:	N+1 Singer Advisory LLP 1 Bartholomew Lane London EC2N 2AX
Registrars:	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Auditors:	BDO LLP Kings Wharf 20-30 Kings Road Reading Berkshire RG1 3EX

Notice of Annual General Meeting

This document is important and requires your immediate attention. If you are in any doubt as to what action to take you are recommended to consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your ordinary shares in OMG plc, you should pass this document, together with the accompanying form of proxy, to the person through whom the sale or transfer was made for the transmission to the purchaser or transferee.

OMG plc
Notice of annual general meeting

Notice of the annual general meeting which has been convened for 23rd February 2017 at 2pm at OMG plc, 14 Minns Business Park, West Way, Oxford, OX2 0JB is set out below.

To be valid, forms of proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Capita Asset Services, PXS 1, 34 Beckenham, Kent, BR3 4TU as soon as possible and in any event not later than 48 hours (excluding days that are not a working day) before the time appointed for holding the meeting.

Notice is hereby given that the 2017 annual general meeting of OMG plc (the "Company") will be held at 14 Minns Business Park, West Way, Oxford OX2 0JB on 23rd February 2017 at 2pm for the following purposes:

Ordinary business

1. To receive and adopt the financial statements of the Company for the financial year ended 30th September 2016 and the reports of the directors and auditors on those financial statements.

2. To reappoint BDO LLP as auditors of the Company and to authorise the directors to determine the auditors' remuneration.

3. To declare a final dividend of 1 pence per share on each of the Company's ordinary shares for the financial year ended 30th September 2016.

4. To re-elect Roger Parry who retires by rotation in accordance with the Company's articles of association and offers himself for re-appointment by general meeting, as a director of the Company.

5. To re-elect Julian Morris who retires by rotation in accordance with the Company's articles of association and offers himself for re-appointment by general meeting, as a director of the Company.

6. To re-elect Jonathon Reeve who retires by rotation in accordance with the Company's articles of association and offers himself for re-appointment by general meeting, as a director of the Company.

Special business

As special business to consider and, if thought fit, pass resolution 7 as an ordinary resolution and resolutions 8, 9 and 10 as special resolutions.

7. That the directors be and are hereby generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £151,659.

This authority shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall unless previously revoked, varied or renewed by the Company in general meeting, expire on 22 February 2022, save that the Company may before such expiry make any offer or agreement which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the directors may allot shares or grant such rights in pursuance of any such offer or agreement as if the power and authority conferred by this resolution had not expired.

8. **Special Resolution.** That, subject to the passing of resolution 7 above, the directors be and are hereby generally and unconditionally given power for the purposes of section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act and to includethe sale of treasury shares as referred to in section 560(3) of the Act) for cash pursuant to the authority conferred by resolution 7 above, in each case as if section 561 of the Act did not apply to any such allotment, provided that this power shall be limited to:

(a) the allotment of equity securities in connection with an offer or pursuant to a rights issue, open offer or other pro-rata issue made to:

i) the holders of shares in the Company in proportion (as nearly as may be practicable) to the respective numbers of shares held by them; and

ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the directors of the Company otherwise consider necessary, and the directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or operated by the Company; and

(c) the allotment of equity securities, other than pursuant to sub-paragraphs (a) and (b) above of this resolution, up to an aggregate nominal amount of £30,332.

This power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on 22nd February 2022, save that the Company may before the expiry of this power make any offer or enter into any agreement which would or might require equity securities to be allotted, or treasury shares sold, after such expiry and the directors may allot equity securities or sell treasury shares in pursuance of any such offer or agreement as if the power conferred by this resolution had not expired.

9. **Special Resolution.** That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make market purchases (as defined in section 693(4) of the Act) of ordinary shares of 0.25 pence each in the capital of the Company ("Ordinary Shares") in such manner and on such terms as the directors of the Company may from time to time determine, and where such shares are held as treasury shares, the Company may use them for the purposes set out in sections 727 or 729 of the Act, including for the purpose of its employee share schemes, provided that:

(a) the maximum number of Ordinary Shares authorised to be purchased is 12,132,721;

(b) the minimum purchase price which may be paid for any Ordinary Share is 0.25 pence (exclusive of expenses);

(c) the maximum purchase price which may be paid for any Ordinary Share is the higher of (in each case exclusive of expenses):

i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made; and

ii) an amount equal to the higher of the price of the last independent trade and the highest current independent bid as derived from the London Stock Exchange's trading system known as SEAQ; and this authority shall take effect on the date of passing of this resolution and shall (unless previously revoked, renewed or varied) expire on the conclusion of the next annual general meeting of the Company after the passing of this resolution or, if earlier, 15 months after the date of passing of this resolution, save in relation to purchases of Ordinary Shares the contract for which was concluded before the expiry of this authority and which will or may be executed wholly or partly after such expiry.

10. **Special Resolution.** That the name of the Company be changed to Oxford Metrics plc.

By order of the Board
Catherine Robertson
Company Secretary
5th December 2016

Registered office: 14 Minns Business Park, West Way, Oxford, OX2 0JB

The notes on voting procedures, together with explanatory notes on the resolutions to be put to the meeting, which follow, form part of this notice.

Notes:

1. Only holders of Ordinary Shares are entitled to attend and vote at this meeting. A member entitled to attend and vote at the meeting is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the meeting and at any adjournment of it. Such a member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member may only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. A proxy need not be a member of the Company. Completion and return of a form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment of the meeting.

2. A form of proxy is provided with this notice and instructions for use are shown on the form. To be effective, the completed form of proxy must be deposited at the office of the Company's registrars, Capita Asset Services, PXS 1, 34 Beckenham, Kent BR3 4ZF, by not later than 48 hours (excluding days that are not a working day) before the start of the meeting (or any adjournment of the meeting) together with, if appropriate, the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority.

3. A vote withheld option is provided on the form of proxy to enable you to instruct your proxy not to vote on any particular resolution, however, it should be noted that a vote withheld in this way is not a 'vote' in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

4. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company at close of business on 21st February 2017 shall be entitled to attend and vote at this annual general meeting in respect of such number of shares registered in their name at that time. Changes to entries on the register of members after close of business on 21st February 2017 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. Copies of the service agreements of the executive directors and the letters of appointment of the non-executive directors will be available for inspection during normal business hours from the date of dispatch of this notice until the date of the meeting (Saturdays, Sundays and public holidays excepted) at the registered office of the Company and will also be made available for inspection at the place of the annual general meeting for a period of 15 minutes prior to and during the continuance of the meeting.

6. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not so in relation to the same shares.

7. Except as provided above, members who wish to communicate with the Company in relation to the meeting should do so by calling our shareholder helpline on 0871 664 0300 (calls cost 12p per minute plus network extras) or, if calling from overseas, on +44 371 664 0300. Lines are open 9.00am – 5.30pm Monday to Friday. No other methods of communication will be accepted.

Explanatory notes

Report and Accounts (Resolution 1)
The directors of the Company must present the accounts to the meeting.

Reappointment and remuneration of auditors (Resolution 2)
Resolution 2 proposes the reappointment of BDO LLP as auditors of the Company and authorises the directors to set their remuneration.

Declaration of a dividend (Resolution 3)
A final dividend can only be paid after the shareholders at a general meeting have approved it. A final dividend of 1 pence per Ordinary Share is recommended by the directors for payment to shareholders who are on the register of members at the close of business on 16th December 2016. If approved, the date of payment of the final dividend will be 9th March 2017.

Re-election of directors (Resolutions 4, 5, and 6)
The Company's articles of association require that all directors retire at least every three years and that all newly appointed directors retire at the first annual general meeting following their appointment.

At this meeting, Roger Parry, Julian Morris and Jonathon Reeve will retire and stand for re-election as directors. Having considered the performance of and contribution made by each of the directors standing for re-election the board remains satisfied that the performance of each of the relevant directors continues to be effective and to demonstrate commitment to the role and, as such, recommends their re-election.

Directors' authority to allot securities (Resolution 7)
Your directors may only allot shares or grant rights over shares if authorised to do so by shareholders. The authority granted at the last annual general meeting will expire on the passing of this resolution or, if it is not passed, on 22nd February 2022. The authority in resolution 7 will allow the directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to a nominal value of £151,659.

As at 6th December 2016, the Company did not hold any shares in treasury. If the resolution is passed, the authority will expire on 22nd February 2022 unless previously revoked, varied or renewed.

Disapplication of pre-emption rights (Resolution 8)
If the directors wish to allot any of the unissued shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme) company law requires that these shares are first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the directors will need the flexibility to finance business opportunities by the issue of equity securities without a pre-emptive offer to existing shareholders. This cannot be done under the Act unless the shareholders have first waived their pre-emption rights.

Resolution 8 asks the shareholders to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities and the grant of share options, the authority will be limited to allotment of equity securities for cash up to a maximum number of 12,132,721 ordinary shares (which includes the sale on a non-pre-emptive basis of any shares held in treasury). Shareholders will note that this resolution also relates to treasury shares and will be proposed as a special resolution.

This resolution seeks a disapplication of the pre-emption rights on a rights issue so as to allow the directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

If given, the authority will expire on 22nd February 2022.

Authority to purchase own shares (Resolution 9)

In certain circumstances, it may be advantageous for the Company to purchase its own shares and resolution 9 seeks the authority from shareholders to continue to do so. The directors will continue to exercise this power only when, in the light of market conditions prevailing at the time, they believe that the effect of such purchases will be to increase earnings per share and is in the best interests of shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority.

Any shares purchased in this way will be cancelled and the number of shares in issue will be reduced accordingly, save that the Company may hold in treasury any of its own shares that it purchases pursuant to the Act and the authority conferred by this resolution. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively and provides the Company with greater flexibility in the management of its capital base. It also gives the Company the opportunity to satisfy employee share scheme awards with treasury shares.

Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further, no dividend or other distribution of the Company’s assets may be made to the Company in respect of the treasury shares.

The resolution specifies the maximum number of Ordinary Shares that may be acquired and the maximum and minimum prices at which they may be bought.

Resolution 9 will be proposed as a special resolution to provide the Company with the necessary authority. If given, this authority will expire at the conclusion of the next annual general meeting of the Company in 2018 or, if earlier, the date which is 15 months after the date of passing of the resolution.

The directors intend to seek renewal of this power at subsequent annual general meetings.

Change of Company name (Resolution 10)

The OMG group widely uses the “Oxford Metrics” branding, and the name change is being proposed in order that the Company name more accurately reflects the brand recognised in the marketplace.

The change of name will not affect any shareholders’ rights. If the change of name is approved, any new issues of share certificates will be in the new name of the Company. Existing cetificates will remain valid and it is not proposed that replacement certificates will be issued in the name of Oxford Metrics plc.

Form of Proxy

Notes for completion of the proxy form

1. As a member of the Company you are entitled to appoint another person as your proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You must follow the appointment procedures set out in these notes.

2. Completion and return of this proxy form or appointment of a proxy electronically using the CREST electronic proxy appointment service will not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box on page 67, the chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf at the meeting, you will need to appoint someone other than the chairman and give them the relevant instructions directly.

4. If you appoint a proxy to vote on your behalf at this annual general meeting, your voting rights will revert to you at the conclusion of the annual general meeting or any adjournment of the annual general meeting.

5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy, please insert the name of each proxy to be appointed in the box on page 67 and insert in brackets after each name the number of shares in respect of which each respective proxy is appointed.

6. To direct your proxy how to vote on the resolutions, please indicate how you wish your vote to be cast by placing 'X' in the appropriate column. To abstain from voting on a resolution, select the relevant "Vote withheld" box. Please note that a vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no specific direction as to how you wish your vote to be cast is given, your proxy may vote or abstain, at his or her discretion. On any other business which is put before the meeting (including a motion to adjourn the meeting or to amend a resolution) the proxy will vote (or abstain from voting) at his or her discretion.

7. To be valid, this proxy form must be:

(a) completed and signed;

(b) sent or delivered to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham BR3 4ZF; and

(c) received by Capita Asset Services, no later than 48 hours (excluding days that are not a working day) before the time of the meeting.

8. If a member is a company, this proxy form must be executed under its common seal (or such form of execution as has the same effect) or executed on its behalf by a duly authorised officer of the company or an attorney for the company. A copy of the authorisation of such officer or attorney must be lodged with this proxy form.

9. If this proxy form is executed under a power of attorney or any other authority the original power or authority (or a duly certified copy of such power or authority) must be lodged together with this proxy form.

10. In the case of joint holders, any one holder may sign the form of proxy but all the names of the joint holders should be stated on this proxy form. If more than one of the joint holders purports to appoint a proxy, the appointment submitted by the most senior holder will be accepted to the exclusion of the appointment(s) of the other joint holder(s), seniority being determined by the order in which the names of the joint holders stand in the register of members of the Company in respect of the joint holding (the first-named being the most senior).

11. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.

12. Any alterations made to this form should be initialled.

13. You may not use any fax number or email address or other electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

If you have any queries completing this form please contact Capita Asset Services on telephone number 0871 664 0300 (calls cost 12p per minute plus network extras) or, if calling from overseas, on +44 371 664 0300. Lines are open 9.00am – 5.30pm, Monday to Friday.

Form of Proxy

For use at the annual general meeting to be held at 14 Minns Business Park, West Way, Oxford OX2 0JB on 23rd February 2017. Before completing this form, please read the explanatory notes opposite.

I/We ....

Of..

being [a] member[s] of OMG plc (the "**Company**"), hereby appoint the chairman of the meeting or (see note 3)

....

as my/our proxy (see note 4) to attend, speak and vote for me/us on my/our behalf at the annual general meeting of the Company to be held on 23rd February 2017 and at any adjournment of the meeting.

I/We have indicated with an 'X' in the appropriate spaces how I/we wish my/our votes to be cast and direct the proxy to vote as indicated.

If this form is signed and returned without any indication as to how my/our proxy shall vote, my/our proxy may exercise his or her discretion as to both how he or she votes (including as to any amendments to the resolutions) and whether or not he or she abstains from voting.

I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

Resolution. (Place X in appropriate box)	**For**	**Against**	**Withheld**	**Discretionary**
Ordinary business				
1. To receive and adopt the financial statements for the year ended 30 September 2016				
2. To re-appoint BDO LLP as auditors and authorise the directors to fix their remuneration				
3. To declare a final dividend				
4. To re-elect Roger Parry as a director				
5. To re-elect Julian Morris as a director				
6. To re-elect Jonathon Reeve as a director				
Special business				
7. To authorise the directors to allot shares pursuant to section 551 of the Companies Act 2006 (the "Act")				
8. To authorise the directors to allot shares pursuant to section 570 of the Act as if section 561 of the Act did not apply				
9. To authorise the Company to make one or more market purchases of ordinary shares in the company				
10. To change the name of the Company to Oxford Metrics plc				

Signature(s) ....Date ....2017 Signature(s) ....Date 2017

[Please return in envelope supplied]