11 June 2019

Oxford Metrics plc

("Oxford Metrics", the "Company" or the "Group")

Interim Results for the six months ended 31 March 2019

Oxford Metrics plc (LSE: OMG), the international software company servicing government, life sciences, entertainment and engineering markets, announces interim results for the six months ended 31 March 2019.

Summary of Results			
	H1 FY19	**H1 FY18**	**% Change**
Revenue	£16.1m	£14.3m	+12.6%
Adjusted Profit before Tax*	£1.7m	£1.5m	+16.1%
Statutory Profit before Tax	£1.2m	£1.2m	-1.5%
Statutory Earnings per Share	0.86p	0.58p	+48.3%
Net Cash	£10.9m	£9.2m	+18.7%

** Profit/(loss) Before Tax from continuing operations before Group recharges adjusted for share-based payments, amortisation of intangibles arising on acquisition, change in fair value of deferred consideration payable and unwinding of associated discount factor, Pimloc and exceptional costs*

Financial Highlights

- Headline Group revenue of £16.1m, up 12.6% (H1 FY18: £14.3m)
  - Group revenue up 10.4% on a constant currency basis
- Adjusted profit before tax up 16.1% to £1.7m (H1 FY18: £1.5m)
- Cash generated from operations (before paying interest and tax) £3.3m (H1 FY18: £3.5m)
- Cash of £10.9m as at 31 March 2019 (H1 FY18: £9.2m) after the payments of a final and special dividend worth £3.1m
- Growth initiatives at Yotta yielding results:
  - Annualised Recurring Revenue ('ARR') up 10.7% year-on-year
  - 93.2% (FY18: 95.3%) retention of growing SaaS customer base
  - As at 10th June 2019, ARR stood at £6.0m
- Headline Vicon revenue up 14.4% year-on-year (11.5% at constant currency) against a strong comparator

Operational Highlights

- Five-year "amplify the core" strategic growth plan launched in 2016, with aim to drive growth by building on core strengths and capabilities of subsidiaries
- Good progress in Third Year of plan leveraging investments made in previous years to broaden product range and expand addressable markets
- Vicon capitalising on its leadership position in its established markets, with a particularly strong performance in Engineering which grew 89% year-on-year
- Vicon seeing increasing traction for Location-based Virtual Reality ('LBVR') solution which now accounts for 8% of first-half revenue

- Established new partnership with Sandbox VR, who immediately purchased systems from Vicon, with significant opportunity to scale the partnership over time
- IMU Step, SaaS solution for elite sports, continues to build momentum with universities and trials being undertaken by a number of major sporting franchises
- Yotta launched a new Waste and Environmental Management module for Alloy expanding its addressable market and the pipeline continues to build following sales team changes

Commenting on the results Nick Bolton, Chief Executive Officer said:

"We have made a positive start to the year, delivering record revenue and double-digit revenue and earnings growth. Driving that performance was Vicon, which delivered revenue growth of 14%, securing deals with NASA's Jet Propulsion Lab and Square Enix to consolidate our leadership position in the Engineering and Entertainment markets.

This year we have also seen the Location-based Virtual Reality market really beginning to take off. The scale of this market is significant, our partners are now launching new locations across multiple geographies and we signed an exciting new partnership with Sandbox VR.

The focused investments we are making this year will help us to capture these new opportunities and launch new products to drive future growth. As we move into the second half, our pipeline of sales for both Yotta and Vicon is strong, underpinning our confidence in delivering in-line with market expectations for the full year."

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About Oxford Metrics
Oxford Metrics develops and markets analytics software for motion measurement and infrastructure asset management to customers in over 70 countries worldwide. Our list of clients across the globe is as diverse as the markets we operate in; we help highways authorities manage and maintain their road networks, hospitals and clinicians decide therapeutic strategies and Hollywood studios create stunning visual effects. And the diversity of applications is growing all the time.

The Group trades through two subsidiaries: Vicon and Yotta. Vicon is the world's leader in high precision motion measurement analysis to thousands of customers worldwide, including Guy's Hospital, EA Sports, MIT and NASA and our software is used in an ever expanding range of applications. Yotta provides cloud-based infrastructure asset management software to central and local government agencies and other infrastructure owners. Yotta has a large number of high profile clients including Highways England and Amey in the UK and VicRoads in Australia amongst others.

Founded in 1984 our Group is headquartered in Oxford with offices in Leamington Spa, Gloucester, Los Angeles, Denver, Singapore and Auckland. Since 2001, Oxford Metrics (LSE: OMG), has been a quoted company listed on AIM, a market operated by the London Stock Exchange.

For more information about Oxford Metrics, visit www.oxfordmetrics.com

Chairman and Chief Executive's Statement

KPI	Revenue		PBT		Adjusted PBT*	
	H1 FY19	H1 FY18	H1 FY19	H1 FY18	H1 FY19	H1 FY18
Group	£16.1m	£14.3m	£1.2m	£1.2m	£1.7m	£1.5m

Overall the Group has traded well in the first half setting a new record for revenue performance on a continuing operations basis of £16.1m (H1 FY18: £14.3m), up 12.6% on last year at a headline level and 10.4% on a constant currency basis and reporting Adjusted PBT* up 16.1% to £1.7m (H1 FY18: £1.5m). The cash position, having paid a Final and Special Dividend of £3.1m in the first half, finished at £10.9m as at 31 March 2019 (H1 FY18: £9.2m). Cash generated from operations during the first half was £3.3m (H1 FY18: £3.5m); the slight decline accounted for by the intentionally higher inventory position in preparation for Brexit. The Group remains debt-free.

This pleasing trading performance is being driven by our five-year strategic plan, launched in 2016, which aims to "amplify the core". Through this plan we aim to broaden and enhance future profit streams, improve the quality of future earnings and ultimately accelerate future growth. As we reach the half way point of our plan, overall progress has been strong and we remain on track.

Vicon – continuing momentum

KPI	Revenue		PBT		Adjusted PBT*	
	H1 FY19	H1 FY18	H1 FY19	H1 FY18	H1 FY19	H1 FY18
Vicon	£12.5m	£11.0m	£2.2m	£2.0m	£3.3m	£3.0m

Revenue momentum achieved by Vicon in the last financial year continued into the first half of FY19 with record headline revenues of £12.5m (H1 FY18: £11.0m), improving 14.4% year-on-year on a constant currency basis equating to 11.5% underlying growth. Vicon reported Adjusted PBT* of £3.3m (H1 FY18: £3.0m) and an unadjusted profit before tax of £2.2m (H1 FY18: £2.0m). Vicon also reported improved product gross margins at 75.4% (H1 FY18: 72.6%) in the first half.

The implementation of our "amplify the core" strategy at Vicon aims to strengthen and protect a profitable market leader, driving the business through two key growth vectors, Established Markets and Adjacent Verticals – both saw notable highlights during the first half.

Established Markets – making the strong even stronger

Now 35 years since its original founding, Vicon has long been the market leader in its space but it still continues to break new ground, inspired by a material increase in movement measurement applications from a broader variety of markets than ever before. We believe this is driven by the arrival of the Augmented Age, where our lives are becoming increasingly enhanced and augmented through digital interfaces. Responding to this increased market interest, we have broadened the appeal of our products through targeted investments since the start of the strategic plan. For example, introduced in April 2017, Vicon Shōgun, our software for Visual Effects customers, made our solutions more accessible and productive. This broadened appeal across our solutions is driving the growth reported in this set of Interim Results. As previously announced, this strategy has seen considerable success and we have accelerated investment this year to deliver new products to market for FY20 and drive future growth.

The Engineering market segment performed particularly well in the first half, delivering 89% year-on-year growth. Amongst the many new contracts won across a variety of geographies, notable were those with Northrop Grumman and NASA's Jet Propulsion Lab.

In the Entertainment market, we delivered a strong performance, landing large system wins at NC Soft in South Korea and Square Enix in Japan. This drove 67% growth for Vicon in the Asia Pacific region over the same period last year. In the UK, games company Ninja Theory, creators of Hellblade and many other titles, invested in a significant size Vicon system to help drive their future game development.

There were good contract wins in the Life Sciences market with long-term Vicon customer KTH Stockholm upgrading and further wins at Deakin University, Shriners' Hospitals, Athlone University and University of Western Scotland.

Adjacent Markets – capitalising on new growth opportunities

Our adjacent market business delivered an outstanding performance, reporting a tripling of revenues over the same period last year, albeit off a low base. Our adjacent markets represent vertical market opportunities, where our broad motion tracking capability is tailored to provide an end-to-end complete solution for the customer. Currently we are pursuing two specific vertical opportunities: Location-based Virtual Reality (LBVR) and Elite Sports.

Firstly, our LBVR business continued to gain momentum, with LBVR sales now accounting for 8% of Vicon's first-half revenues. LBVR is an emerging form of entertainment where participants share collective VR experiences in a specific location, such as a shopping mall, cinema, theme-park or museum. In these experiences, users are free to walk around and interact with each other – all within a virtual world. Vicon's software tracks the complex movement of these users and various props which delivers simplicity, accuracy and resilience.

Having broadened our product range with Vicon Origin, we saw real progress in this LBVR market, rolling out our products across multiple site locations in multiple geographies with both existing and new partners. One of those new partners is Sandbox VR, a market leader in LBVR with a total of seven active locations currently. Their latest and most ambitious experience, Amber Sky 2088, will be powered by Vicon. As part of the partnership, Sandbox has initially purchased a series of seed systems from Vicon. Some of these will be used at Sandbox's existing locations in Hong Kong, upgrading their current solution. Sandbox plan to open 40 experience rooms across 12 new locations around the world, so there is significant opportunity to scale the partnership over time.

Turning to our Elite Sports vertical, this business line saw growing understanding of our lower-limb load monitoring software, IMU Step. This unique software, provided on a Software-as-a-Service (SaaS) basis, enables coaches to gain an objective measure of the load an athlete endures in their lower limbs during training. The first half saw product trials being undertaken by major sporting franchises and some satisfying wins, including the University of Memphis and the University of Tennessee Knoxville. Recognising the unique capability of the solution, our patent applications for the technology are making good progress.

Lastly as part of our push into vertical markets, we are pursuing further OEM relationships, where Vicon's tracking capability is embedded in other companies' end market solutions. We have a number of such engagements already, including Motek and Innovative Sports Training. Ultimately our aim is to see Vicon software running on a wide variety of platforms, empowering the Augmented Age with motion tracking excellence.

Yotta – driving innovation, winning market share

KPI	Revenue		PBT		Adjusted PBT*	
	H1 FY19	H1 FY18	H1 FY19	H1 FY18	H1 FY19	H1 FY18
Yotta	£3.5m	£3.3m	(£1.0m)	(£0.8m)	(£0.2m)	(£0.1m)

Yotta reported software revenues up 6.8% to £3.5m (H1 FY18: £3.3m). Annualised Recurring Revenues ('ARR') as at 31 March 2019 grew 10.7% year-on-year to £5.9m (H1 FY18: £5.3m). Overall growth in the first half was muted by a lower retention rate of 93.2% (FY18: 95.3%) largely due to the anticipated termination of one unused software element by one specific customer who continues to use Yotta software. As at 10 June 2019, ARR stood at £6.0m.

Our market-defining SaaS software, Alloy, saw growing levels of interest and market adoption during the first half. This is driven by strengthened capabilities across our maturing platform. Of particular note is the new Blueprints feature, which enables faster on-boarding of new customers and helps drive partner differentiation. Furthermore, a new version of Alloy has just been released, adding Waste and Environmental Management functionality, broadening the Total Addressable Market for the product.

We also started to see our enhanced subscription offer be taken up by a growing number of customers. This new programme enables a customer to subscribe to a combined offer of SaaS software and relevant services, where the customer receives a number of credits that can be used to acquire services from Yotta on a use-it-or-lose-it basis. This enables customers to get more out of our solutions in an easy-to-use manner.

We are winning an increased number of contracts with longer than average durations. Total Contract Value ('TCV'), being the sum of ARR over the life of the contract, of all deals in the first half was £1.5m (H1 FY18: £1.2m) and since the start of the second half we have added a further £0.5m TCV to that. We continue to drive this business to capture a greater market share and as a result Yotta reported an Adjusted* loss before tax of £0.2m (H1 FY18: £0.1m loss) and an unadjusted loss before tax of £1.0m (H1 FY18: £0.8m loss).

As previously announced, we implemented changes early in the financial year to our sales approach and made modest changes to the cost base. Given the length of sales cycles in the markets we serve, the benefits of these changes are expected to emerge in the second half. The early signs are encouraging with a healthy sales pipeline.

Yotta is driving growth through three important vectors: direct sales, indirect sales via a network of independent international resellers and through OEMs, where third-party companies re-label our software products as their own and then market them through their existing sales teams.

- **Direct –** sales grew through wins across the UK, including Bury Metropolitan Borough Council, Chorley Council and Northamptonshire County Council. Bury plans to use Alloy to help manage the reactive maintenance of its highway networks and street lighting assets, enabling them to inspect and fix potholes and street lights more efficiently. Northamptonshire Highways have replaced legacy software from a competitor with Alloy, which provides an end-to-end workflow management solution from the reporting of a pothole through to its repair.

- **Resellers (Indirect) –** Following changes to our sales approach implemented early in the financial year, we are now focussing on key international partners in Europe and South

America. This has led to some notable wins at Aeropuerto de Bogotá and Concesiones CCFC.

- **OEM –** We currently have two OEM partners within Highways (in Australia and the Netherlands) and we are now actively engaged in pursuing partnerships in other asset-rich vertical markets, such as other forms of Transportation and Utilities.

Yotta's long-term opportunity remains strong. In the geographical markets Yotta serves, there is a clear need for infrastructure assets to be better managed. Yotta's software suite does exactly that - effectively and efficiently.

Outlook

As we look to the second half, the Board is encouraged by the strong pipeline of sales opportunities in both Vicon and Yotta. Vicon's qualified sales pipeline is currently 11% higher than this time last year and Vicon orders-in-hand for the remainder of the financial year are encouraging. Following changes made to the sales team at Yotta, pipelines continue to grow in this subsidiary and the benefits of those changes are expected to emerge in the second half. The H2 outlook for the Group is promising.

We continue to pursue our organic "amplify the core" growth strategy and remain on track to achieve the objectives set out in our five-year plan. Complementing this, the Group will also continue to explore value-enhancing acquisition opportunities.

Notwithstanding macro-economic factors, the Board remains confident that, with the expected performance across the business, the Group is on track to deliver in line with current market expectations for the year as a whole.

** Profit/(loss) Before Tax from continuing operations before Group recharges adjusted for share-based payments, amortisation of intangibles arising on acquisition, change in fair value of deferred consideration payable and unwinding of associated discount factor, Pimloc and exceptional costs.*

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**Six months ended 31 March 2019 (unaudited) £'000**	Six months ended 31 March 2018* (unaudited) £'000	Year ended 30 September 2018* (audited) £'000
Revenue		**16,055**	14,253	31,656
Cost of sales		**(4,394)**	(4,105)	(8,743)
Gross profit		**11,661**	10,148	22,913
Sales, support and marketing costs		**(4,262)**	(3,476)	(7,526)
Research and development		**(2,112)**	(1,797)	(3,336)
Administrative expenses		**(4,161)**	(3,744)	(7,467)
Other operating income		**104**	107	173
Operating profit		**1,230**	1,238	4,757
Finance income		**12**	11	73
Finance expense		**(43)**	(15)	(172)
Share of post-tax loss of equity accounted associate		**(33)**	(50)	(75)
Profit before taxation		**1,166**	1,184	4,583
Taxation		**(49)**	(438)	(556)
Profit from continuing operations		**1,117**	746	4,027
Loss from discontinued operations, net of tax		**(4)**	(269)	(484)
Profit for the period attributable to owners of the parent during the period		**1,113**	477	3,543
Earnings per share for profit on continuing operations attributable to owners of the parent during the year				
Basic earnings per share (pence)	**5**	**0.89p**	0.60p	3.23p
Diluted earnings per share (pence)	**5**	**0.86p**	0.58p	3.12p
Earnings per share for profit on total operations attributable to owners of the parent during the year				
Basic earnings per share (pence)	**5**	**0.89p**	0.38p	2.84p
Diluted earnings per share (pence)	**5**	**0.86p**	0.37p	2.75p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018* (unaudited) £'000	Year ended 30 September 2018* (audited) £'000
Net profit for the period	**1,113**	477	3,543
Other comprehensive income			
Items that will or may be reclassified to profit or loss			
Exchange differences on retranslation of overseas subsidiaries	**-**	(115)	173
Total other comprehensive (expense)/income	**-**	(115)	173
Total comprehensive income for the period attributable to the owners of the parent	**1,113**	362	3,716

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 8.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 March 2019 (unaudited) £'000**	31 March 2018* (unaudited) £'000	30 September 2018* (audited) £'000
Non-current assets				
Goodwill and intangible assets		**12,389**	11,927	12,361
Property, plant and equipment		**2,428**	2,404	2,496
Financial asset – investments		**125**	182	157
Deferred tax asset		**426**	127	230
		15,368	14,640	15,244
Current assets				
Inventories		**3,080**	3,406	2,403
Trade and other receivables		**9,488**	7,641	10,576
Current tax debtor		**72**	-	101
Cash and cash equivalents		**10,949**	9,225	12,229
		23,589	20,272	25,309
Assets classified as held for sale		**-**	2,247	-
Current liabilities				
Trade and other payables		**(9,420)**	(7,515)	(8,167)
		(9,420)	(7,515)	(8,167)
Liabilities directly associated with assets classified as held for sale		**-**	(437)	-
Net current assets		**14,169**	14,567	17,142
Total assets less current liabilities		**29,537**	29,207	32,386
Non-current liabilities				
Other liabilities		**(317)**	(1,039)	(631)
Provisions		**(12)**	(189)	(8)
Deferred tax liability		**(1,802)**	(1,519)	(1,777)
		(2,131)	(2,747)	(2,416)
Net assets		**27,406**	26,460	29,970
Capital and reserves attributable to the owners of the parent				
Share capital	**6**	**313**	312	312
Shares to be issued		**65**	65	65
Share premium account		**17,391**	17,327	17,327
Retained earnings		**9,393**	8,800	12,022
Foreign currency translation reserve		**244**	(44)	244
Total equity shareholders' funds		**27,406**	26,460	29,970

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 8.

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018* (unaudited) £'000	Year ended 30 September 2018* (audited) £'000
Cash flows from operating activities			
Operating profit from continuing operations	**1,230**	1,238	4,757
Operating loss from discontinued operations	**(3)**	(275)	(483)
Group operating profit	**1,227**	963	4,274
Depreciation and amortisation	**1,353**	1,245	2,479
Loss on sale of property, plant and equipment	**-**	1	3
Loss on disposal of subsidiary undertaking	**-**	-	445
Share based payments	**122**	163	323
Exchange adjustments	**5**	(72)	89
(Increase)/decrease in inventories	**(677)**	(110)	941
Decrease/(increase) in receivables	**1,089**	2,832	(184)
Increase/(decrease) in payables	**132**	(1,542)	(1,635)
Cash generated from operating activities	**3,251**	3,480	6,735
Tax paid	**(59)**	(571)	(727)
Net cash from operating activities	**3,192**	2,909	6,008
Cash flows from investing activities			
Purchase of property, plant and equipment	**(293)**	(713)	(1,243)
Purchase of intangible assets	**(1,068)**	(809)	(2,125)
Proceeds on disposal of property, plant and equipment	**54**	7	154
Proceeds on disposal of subsidiary undertakings net of cash disposed of	**-**	-	1,295
Acquisition of subsidiary undertaking net of cash acquired	**(74)**	-	(76)
Interest arising on contingent consideration	**(43)**	(15)	(172)
Interest received	**12**	11	73
Net cash used in investing activities	**(1,412)**	(1,519)	(2,094)
Cash flows from financing activities			
Issue of ordinary shares	**65**	29	29
Equity dividends paid	**(3,125)**	(1,499)	(1,499)
Net cash used in financing activities	**(3,060)**	(1,470)	(1,470)
Net (decrease)/increase in cash and cash equivalents	**(1,280)**	(80)	2,444
Cash and cash equivalents at beginning of the period	**12,229**	9,785	9,785
Cash and cash equivalents at end of the period	**10,949**	9,705	12,229
Amount included in cash and cash equivalents	**10,949**	9,225	12,229
Amount included in assets classified as held for sale	**-**	480	-
	10,949	9,705	12,229

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 8.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

	Share Capital	Shares to be issued	Share premium account	Retained earnings	Foreign currency translation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 30 September 2018 as previously stated	312	65	17,327	12,022	244	29,970
Impact of change in accounting policy - IFRS 15 Revenue from Contracts with Customers (see note 8)	**-**	**-**	**-**	**(872)**	**-**	**(872)**
Balance as at 1 October 2018 as restated	**312**	**65**	**17,327**	**11,150**	**244**	**29,098**
Net profit for the period	**-**	**-**	**-**	**1,113**	**-**	**1,113**
Exchange difference on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**
Tax recognised directly in equity	**-**	**-**	**-**	**133**	**-**	**133**
Transactions with owners:						
Dividends	**-**	**-**	**-**	**(3,125)**	**-**	**(3,125)**
Issue of share capital	**1**	**-**	**64**	**-**	**-**	**65**
Movement in relation to share based payments	**-**	**-**	**-**	**122**	**-**	**122**
Balance as at 31 March 2019	**313**	**65**	**17,391**	**9,393**	**244**	**27,406**
Balance as at 1 October 2017*	308	65	17,302	9,549	71	27,295
Net profit for the period	-	-	-	477	-	477
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	(115)	(115)
Tax recognised directly in equity	-	-	-	110	-	110
Transactions with owners:						
Dividends	-	-	-	(1,499)	-	(1,499)
Issue of share capital	4	-	25	-	-	29
Movement in relation to share options	-	-	-	163	-	163
Balance as at 31 March 2018*	312	65	17,327	8,800	(44)	26,460
Balance as at 1 October 2017*	308	65	17,302	9,549	71	27,295
Net profit for the year	-	-	-	3,543	-	3,543
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	173	173
Tax recognised directly in equity	-	-	-	106	-	106
Transactions with owners:						
Dividends	-	-	-	(1,499)	-	(1,499)
Issue of share capital	4	-	25	-	-	29
Movement in relation to share options	-	-	-	323	-	323
Balance as at 30 September 2018*	312	65	17,327	12,022	244	29,970

*The Group has applied IFRS 15 using the cumulative effect method. Under this method the comparative information is not restated. See note 8.

The accompanying notes are an integral part of this interim financial information

NOTES TO THE CONDENSED CONSOLIDATED INTERIM STATEMENTS

1. Basis of preparation

Oxford Metrics Plc, (the "Company") is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 31 March 2019 comprise the Company and its subsidiaries (together referred to as the "Group").

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 16 'Leases'
- Amendments to IFRS 9 'Financial Instruments'
- Amendments to IFRS 3 'Business Combinations'
- Amendments to references to the Conceptual Framework in IFRS Standards
- Amendments to IAS 1 'Presentation of Financial Statements'
- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- Amendments to IAS 28 'Investments in Associates and Joint Ventures'
- Amendments to IAS 19 'Employee Benefits'
- Amendment to IFRIC 23 'Uncertainty over Income Tax Treatments
- Annual improvements to IFRS's (2015-2017) cycle

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).

During the period the Group adopted IFRS 15 'Revenue from contracts with customers' and IFRS 9 'Financial Instruments'. The impact of adopting IFRS 15 is shown in note 8, the impact of adopting IFRS 9 is not material. Otherwise, the condensed consolidated interim financial statements have been prepared using accounting policies consistent with those of the annual financial statements for the year ended 30 September 2018. They are in accordance with IAS 34.

The interim financial statements have not been audited or reviewed and the financial information contained in this report does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The comparative figures for the year ended 30 September 2018 are not the statutory accounts but have been extracted from the Group's 2018 financial statements which have been delivered to the Registrar of Companies. The auditors' report on those financial statements was unqualified did not contain references to any matters to which the auditors drew attention without qualifying the report and did not contain a statement under Section 498(2) or (3) of the Companies Act 2006.

2. Segmental reporting

Segment information is presented in the condensed consolidated interim 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 Oxford Metrics 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 entertainment, engineering and life science markets; and

Yotta Group: This is the provision of software and services for the management of infrastructure assets and highways surveying services (which were disposed of during the year ended 30 September 2018) for the Government Agencies, Local Government and major infrastructure contractors.

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

Business segments are analysed below:

Revenue from contracts with customers

	Revenue		
	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
Vicon UK	**7,063**	6,315	13,964
Vicon USA	**5,466**	4,635	10,418
Vicon Group	**12,529**	10,950	24,382
Yotta	**3,526**	3,303	7,274
Continuing operations	**16,055**	14,253	31,656
Yotta surveying	**-**	1,208	1,693
Discontinued operations	**-**	1,208	1,693
Oxford Metrics Group	**16,055**	15,461	33,349

Vicon revenue by market			
Engineering	**3,287**	1,740	4,367
Entertainment	**3,298**	2,951	7,153
Life sciences	**5,944**	6,259	12,862
Vicon Group*	**12,529**	10,950	24,382

Group revenue by type			
Sale of hardware	**10,449**	9,419	21,687
Sale of software	**3,506**	1,831	4,289
Rendering of services	**2,100**	3,003	5,680
Continuing operations	**16,055**	14,253	31,656
Sale of software	**-**	-	12
Rendering of services	**-**	1,208	1,681
Discontinued operations	**-**	1,208	1,693
Oxford Metrics Group	**16,055**	15,461	33,349

Yotta revenue by type			
Software and related services	**3,526**	3,303	7,274
Continuing operations	**3,526**	3,303	7,274
Surveying services	**-**	1,208	1,693
Discontinued operations	**-**	1,208	1,693
Yotta Group	**3,526**	4,511	8,967

*This additional information is provided to the Chief Operating Decision Maker. Further analysis by market is not available.

	Revenue		
	Six months ended 31 March 2019 (unaudited) £’000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
By destination			
UK	**3,994**	5,106	9,978
Germany	**376**	313	1,078
Poland	**-**	52	145
Netherlands	**540**	254	662
France	**160**	110	348
Switzerland	**121**	130	409
Rest of Europe	**616**	753	1,811
Canada	**424**	224	420
USA	**4,911**	4,002	9,357
Rest of North America	**123**	-	123
Australia	**288**	340	685
Hong Kong	**1,526**	683	1,766
Japan	**1,739**	1,443	3,257
Korea	**937**	209	270
Rest of Asia Pacific	**212**	133	669
Other	**88**	501	678
Continuing operations	**16,055**	14,253	31,656
UK	**-**	1,208	1,693
Discontinued operations	**-**	1,208	1,693
Oxford Metrics Group	**16,055**	15,461	33,349

By origin			
UK	**10,406**	9,410	20,849
North America	**5,466**	4,635	10,419
Asia Pacific	**183**	208	388
Continuing operations	**16,055**	14,253	31,656
UK	**-**	1,208	1,693
Discontinued operations	**-**	1,208	1,693
Oxford Metrics Group	**16,055**	15,461	33,349

	Segment depreciation and amortisation		
	Six months ended 31 March 2019 (unaudited) £’000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
Vicon UK	**923**	751	1,525
Vicon USA	**32**	27	57
Vicon Group	**955**	778	1,582
Yotta	**393**	377	775
Unallocated	**5**	11	21
Continuing operations	**1,353**	1,166	2,378
Yotta surveying	**-**	79	101
Discontinued operations	**-**	79	101
Oxford Metrics Group	**1,353**	1,245	2,479

	Six months ended 31 March 2019 (unaudited)				Six months ended 31 March 2018 (unaudited)				Year ended 30 September 2018 (audited)			
	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	Adjusted profit/(loss) before tax £'000	Adjusting items £'000	Group recharges £'000	Profit/(loss) before tax £'000
Vicon UK	**1,208**	**(174)**	**699**	**1,733**	947	(107)	335	1,175	2,916	105	1,309	4,330
Vicon USA	**2,098**	**-**	**(1,666)**	**432**	2,034	-	(1,212)	822	4,372	-	(3195)	1,177
Vicon Group	**3,306**	**(174)**	**(967)**	**2,165**	2,981	(107)	(877)	1,997	7,288	105	(1,886)	5,507
Yotta	**(191)**	**(284)**	**(495)**	**(970)**	(125)	(246)	(391)	(762)	437	(472)	(993)	(1,028)
Unallocated	**(1,386)**	**(105)**	**1,462**	**(29)**	(1,367)	(122)	1,438	(51)	(2,556)	(219)	2,879	104
Continuing operations	**1,729**	**(563)**	**-**	**1,166**	1,489	(475)	170	1,184	5,169	(586)	-	4,583
OMG Life Group	**(3)**	**-**	**-**	**(3)**	18	-	-	18	51	-	-	51
Yotta surveying	**-**	**-**	**-**	**-**	(123)	-	(170)	(293)	(89)	(445)	-	(534)
Discontinued operations	**(3)**	**-**	**-**	**(3)**	(105)	-	(170)	(275)	(38)	(445)	-	(483)
Oxford Metrics Group	**1,726**	**(563)**	**-**	**1,163**	1,384	(475)	-	909	5,131	(1,031)	-	4,100

	Non-current assets			Additions to non-current assets			Carrying amount of segment assets			Carrying amount of segment liabilities		
	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000	**Six months ended 31 March 2019 (unaudited) £'000**	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000	**Six months ended 31 March 2019 (unaudited) £'000**	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000	**Six months ended 31 March 2019 (unaudited) £'000**	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
Vicon UK	**8,838**	8,629	8,899	**759**	885	2,006	**20,924**	18,022	22,522	**(5,312)**	(4,910)	(4,485)
Vicon USA	**858**	788	797	**31**	137	164	**6,196**	4,764	5,995	**(2,125)**	(1,303)	(1,698)
Vicon Group	**9,696**	9,417	9,696	**790**	1,022	2,170	**27,120**	22,786	28,517	**(7,437)**	(6,213)	(6,183)
Yotta	**5,301**	4,912	5,212	**462**	497	1,177	**15,978**	15,558	16,093	**(3,644)**	(3,705)	(3,910)
Yotta Group	**5,301**	4,912	5,212	**462**	497	1,177	**15,978**	15,558	16,093	**(3,644)**	(3,705)	(3,910)
Unallocated	**364**	300	328	**-**	2	14	**1,905**	2,610	1,987	**(470)**	(344)	(490)
OMG Life Group*	**7**	11	8	**-**	-	-	**(6,046)**	(6,042)	(6,044)	**-**	-	-
Held for sale	**-**	-	-	**-**	-	-	**-**	2,247	-	**-**	(437)	-
Oxford Metrics Group	**15,368**	14,640	15,244	**1,252**	1,521	3,361	**38,957**	37,159	40,553	**(11,551)**	(10,699)	(10,583)

*The negative balance within segment assets represents a cash overdraft which is part of the Group's cash offset facility.

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

	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
Profit before tax – continuing operations	**1,166**	1,184	4,583
Share based payments – equity settled	**122**	163	323
Amortisation of intangibles arising on acquisition	**270**	333	645
Redundancy costs	**117**	-	-
Adjustment to fair value of deferred consideration payable and unwinding of associated discount factor	**21**	(71)	(457)
Share of post-tax loss of equity accounted associate	**33**	50	75
Reapportion Group overheads	**-**	(170)	-
Adjusted profit before tax – continuing operations	**1,729**	1,489	5,169
Loss before tax – discontinued operations	**(3)**	(275)	(483)
Loss on disposal of subsidiary undertaking	**-**	-	445
Reapportion Group overheads	**-**	170	-
Adjusted loss before tax – discontinued operations	**(3)**	(105)	(38)
Total adjusted profit before tax – all operations	**1,726**	1,384	5,131

The adjusted profit before tax for the Vicon and Yotta business segments which are included within the Group's continuing operations is shown in detail below;

		Vicon Group	
	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
Profit before tax	**2,165**	1,997	5,507
Share based payments – equity settled	**32**	56	110
Amortisation of intangibles arising on acquisition	**121**	121	242
Adjustment to fair value of deferred consideration payable and unwinding of discount factor	**21**	(70)	(457)
Reapportion Group overheads	**967**	877	1,886
Adjusted profit before tax	**3,306**	2,981	7,288

		Yotta Group	
	Six months ended 31 March 2019 (unaudited) £'000	Six months ended 31 March 2018 (unaudited) £'000	Year ended 30 September 2018 (audited) £'000
Loss before tax	**(970)**	(762)	(1,028)
Share based payments – equity settled	**18**	34	69
Amortisation of intangibles arising on acquisition	**149**	212	403
Redundancy costs	**117**	-	-
Reapportion Group overheads	**495**	391	993
Adjusted (loss)/profit before tax	**(191)**	(125)	437

4. Taxation

The Group’s consolidated effective tax rate for the six months ended 31 March 2019 was 4.5% (for the six months ended 31 March 2018: 35.2%; for the year ended 30 September 2018: 13.6%).

In accordance with IAS 34 the tax charge for the half year is calculated on the basis of the estimated full year tax rate.

5. Earnings per share

The calculation of the basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period. The calculation of diluted earnings per share is based on the basic earnings per share, adjusted to allow for the issue of shares on the assumed conversion of all dilutive options.

	31 March 2019 (unaudited)			31 March 2018 (unaudited)			30 September 2018 (audited)		
	Earnings/(loss) £'000	**Weighted average number of shares '000**	**Per share amount (pence)**	Earnings/(loss) £'000	Weighted average number of shares '000	Per share amount (pence)	Earnings/(loss) £'000	Weighted average number of shares '000	Per share amount (pence)
Continuing operations									
Basic earnings/(loss) per share									
Earnings attributable to ordinary shareholders	**1,117**	**124,970**	**0.89**	746	124,230	0.60	4,027	124,569	3.23
Dilutive effect of employee share options	**-**	**4,092**	**(0.03)**	-	3,619	(0.02)	-	4,327	(0.11)
Diluted earnings/(loss) per share	**1,117**	**129,062**	**0.86**	746	127,849	0.58	4,027	128,896	3.12
Discontinued operations									
Basic earnings/(loss) per share									
Earnings attributable to ordinary shareholders	**(4)**	**124,970**	**-**	(269)	124,230	(0.22)	(484)	124,569	(0.39)
Dilutive effect of employee share options	**-**	**4,092**	**-**	-	3,619	-	-	4,327	-
Diluted earnings/(loss) per share	**(4)**	**129,062**	**-**	(269)	127,849	(0.22)	(484)	128,896	(0.39)
Total operations									
Basic earnings/(loss) per share									
Loss attributable to ordinary shareholders	**1,113**	**124,970**	**0.89**	477	124,230	0.38	3,543	124,569	2.84
Dilutive effect of employee share options	**-**	**4,092**	**(0.03)**	-	3,619	(0.01)	-	4,327	(0.09)
Diluted earnings/(loss) per share	**1,113**	**129,062**	**0.86**	477	127,849	0.37	3,543	128,896	2.75

6. Share capital

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	30 September 2018 (audited) £'000
Allotted, called up and fully paid			
125,063,130 shares of 0.25p (31 March 2018: 124,905,475 shares of 0.25p and 30 September 2018: 124,905,475 shares of 0.25p)	**313**	312	312

During the six month period ended 31 March 2019 there were 122,194 shares issued relating to share options that were exercised. In addition 35,461 shares were issued to the non-executive Chairman, Roger Parry, in satisfaction of salary.

There were 1,812,750 shares issued in respect of share options exercised during the six months ended 31 March 2018 (year ended 30 September 2018: 1,812,750).

7. Dividends

The following dividends were recognised as distributions to equity holders in the period:

	31 March 2019 (unaudited) £'000	31 March 2018 (unaudited) £'000	30 September 2018 (audited) £'000
Final dividend for 2018 paid in 2019 - 1.50 pence per share	**1,875**	-	-
Special dividend paid in 2019 – 1.00 pence per share	**1,250**	-	-
Final dividend for 2017 paid in 2018 – 1.20 pence per share	**-**	1,499	1,499
	3,125	1,499	1,499

The final dividend for 2018 was paid to shareholders on 7 March 2019 at 1.50 pence per share, a total of £1,875,000. In addition, a special dividend of 1.00 pence per share was paid on 25 January 2019, a total of £1,250,000.

8. Changes in accounting policies

The Group has applied IFRS 15 using the cumulative effect method, i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 October 2018, and presenting in the Statement of Changes in Equity for the period ended 31 March 2019. Therefore the comparative information has not been restated and continues to be reported under IAS 18. The details of the significant changes and quantitative impact of the changes are set out below.

Sales of Vicon systems which include customer support

Under IAS 18 revenue was 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. This undelivered element relates to ongoing hardware and software support, the fair value of which was calculated by reference to the anticipated cost, plus a margin, of providing the support service. Revenue that was not recognised in the income statement under this policy was classified as deferred income in the statement of financial position.

Under IFRS 15, revenue should be recognised to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled. IFRS 15 also includes specific guidance for multi element arrangements, contract costs and disclosures. An assessment has been made of the impact of IFRS 15 on the way in which revenue will be recognised across the Group. Whilst most revenue streams within Yotta and Vicon will not be materially affected by the move to IFRS 15, there will be an impact on the way in which revenue from system sales within Vicon is recognised. These system sales are multi element and include the sale of hardware, software and ongoing support. Under IFRS 15 the support element of the system sale has been identified as a separate performance obligation and revenue is recognised over time as this obligation is fulfilled. The revenue attributable to the support element of a system sale is calculated by reference to the equivalent standalone selling price of that support had it not been included within a system sale. In general, this has resulted in a greater revenue deferral per system sale than under IAS 18.

Impact on Financial Statements

The following extracts summarise the impact on the Group consolidated financial statements of adopting IFRS 15 for the period ended 31 March 2019. Had the Group continued to report in accordance with IAS 18 'Revenue', it would have reported the following amounts in the financial statements for the period ended 31 March 2019.

Condensed consolidated income statement

	As reported under IFRS 15 £'000	**Effect £'000**	**As would have been reported under IAS 18 £'000**
Revenue	**16,055**	**47**	**16,102**
Finance income	**12**	**-**	**12**
Finance expense	**(43)**	**-**	**(43)**
Taxation	**(49)**	**-**	**(49)**
Profit for the period attributable to owners of the parent during the period	**1,113**	**47**	**1,160**
Total comprehensive income for the period attributable to owners of the parent during the period	**1,113**	**47**	**1,160**
Earnings per share for profit on continuing operations attributable to owners of the parent during the year			
Basic earnings per share (pence)	**0.89p**	0.04p	0.93p
Diluted earnings per share (pence)	**0.86p**	0.04p	0.90p
Earnings per share for profit on total operations attributable to owners of the parent during the year			
Basic earnings per share (pence)	**0.89p**	0.04p	0.93p
Diluted earnings per share (pence)	**0.86p**	0.04p	0.90p

Condensed Consolidated Statement of Financial Position

	As reported under IFRS 15 £'000	Effect £'000	As would have been reported under IAS 18 £'000
Contract liabilities/deferred income (included in trade and other payables)	**(3,861)**	**919**	**(2,942)**
Total equity shareholders' funds	**27,406**	**919**	**28,325**

9. Copies of the interim statement

Copies of the interim statement will be available from the Company's registered office at 6 Oxford Industrial Park, Yarnton, Oxfordshire OX5 1QU, and from the Company's website: www.oxfordmetrics.com.