Oxford Metrics

30 May 2018

Oxford Metrics plc

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

Interim Results for the six months ended 31 March 2018

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 2018.

Financial Key Points

- Headline Group Revenue of £14.3m, up 10.9% (H1 FY17: £12.9m) – record first half performance, on track with strategic plan.
- Adjusted PBT* of £1.5m (H1 FY17: £1.6m), in line with our expectations.
- Group cash stands at £9.2m (H1 FY17: £11.1m) following purchase of IMeasureU and dividend payments balanced by continued strong cash generation.
- Growth initiatives at Yotta yielding results:
  - Annualised Recurring Revenue (‘ARR’) up 22.5% year-on-year.
  - 100% retention of growing SaaS customer base during first half.
  - As at 29th May 2018, ARR stood at £5.6m (H1 FY17: £4.3m).
- Headline Vicon revenue up 14% year-on-year (21% at constant currency) – extended product range gaining traction and driving growth.

Strategic Progress

- Five-year strategic growth plan launched in 2016 with two key financial objectives: by 2021, aim to double Group profit and triple recurring revenues.
- Good progress towards objective for Year Two to leverage FY17 investments to amplify growth of recurring revenues and profitability.

Operational Key Points

- Strategy for Yotta: develop cloud-based software products, expand internationally and grow recurring revenues. That growth is driven through three different routes:
  - Direct: new customer wins for both Horizons *(Abertis Chile and Itineris)* and Alloy *(Stockton and Cambridgeshire Districts).*
  - Resellers: international indirect channel expanded to 8 resellers (H1 FY17: 3).
  - OEM: partnerships with Tvilight and Pavement Management Services with Alloy and Horizons powering their respective software platforms and helping the Group establish foothold in new geographies.
  - Post period end completed process to dispose of Yotta Surveying activities.
- Strategy for Vicon: strengthen and protect profitable market leader.
  - Launched Shōgun 1.2 to maintain leadership in Entertainment market – software update aimed at meeting the growing demands of game, film and Virtual Reality (VR) production.
  - Integration of IMeasureU sensor technology into Vicon Nexus software, broadening motion capture applications and enabling optical and inertial data to be collected together.
  - Launched SaaS solution for elite sports – IMU Step – to analyse and optimise an athlete’s training programme.
  - Traction in Virtual Reality market with Vicon partnering with Epic Games, Cubic Motion & 3Lateral to create Siren demonstration at GDC 2018, making the virtual ever more real.
  - Vicon technology used in recent films Ready Player One, Star Wars: The Last Jedi and 2018 Visual Effects Academy Award winner, Blade Runner 2049.

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

"This has been an encouraging start to the year. We have delivered double-digit revenue growth as the targeted investments in our development teams and sales channels begin to pay off. Vicon has secured its position as a profitable market leader and continues to deliver excellent performances half-on-half. At Yotta, strong strategic foundations have been built as we continue to expand internationally through new partners and gain sales momentum.

Our aim for this second year of our five-year plan was to amplify profits and recurring revenues. We are delivering against those goals and continue to track in-line with our long term objectives. As we enter the second half, the sales pipelines remain strong - all of which underpins our confidence in delivering in line with current market expectations for the full year as well as on our long term growth prospects."

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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, California, Colorado, 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

Overall the Group has traded well in the first half setting a new record revenue performance on a continuing operations basis of £14.3m (H1 FY17: £12.9m), up 10.9% on last year at a headline level and 15.6% on a constant currency basis. Adjusted PBT* of £1.5m (H1 FY17: £1.6m) is reported reflecting the full year effect of investment activities relating to the five-year plan made in FY17 and the transition from perpetual license to SaaS which will provide us with improved visibility over the longer term but impacted profits by £0.4m in the first half. This strong performance converted well to cash flow with Group cash standing at £9.2m on 31 March 2018.

KPI	Revenue		PBT		Adjusted PBT*	
	H1 FY18	H1 FY17	H1 FY18	H1 FY17	H1 FY18	H1 FY17
Group	£14.3m	£12.9m	£1.2m	£1.5m	£1.5m	£1.6m

The Group continued to make progress towards achieving our strategic five-year plan, launched in 2016, of doubling profits and tripling recurring revenues by 2021. In particular, the annual value of Yotta recurring revenues increased to £5.3m (H1 FY17: £4.3m) representing a year-on-year increase of 22.5%.

The Group overall is on target to achieve market expectations for the current financial year.

A dividend of 1.20p per share in respect of the year ended 30 September 2017 was paid to shareholders in March 2018, following formal approval at the AGM. This represented an increase of 20% over the dividend paid in the previous year, in line with the Company's progressive dividend policy. When we announced the new plan in December 2016, we stated our aim to deliver an average dividend cover of 2.0x over the five-year period.

Strategic Progress

The first half saw the Group deliver both a strong trading performance and visible progress against our strategic plan announced in December 2016 to "amplify the core". As a reminder, this plan aims to drive growth by amplifying our core strengths and capabilities across our core products, markets and customers. In this way, we aim, by 2021, to double Group profit and to triple recurring revenues.

We remain confident in our strategy as both our Yotta and Vicon businesses continue to be strong within their respective marketplaces. They both have differentiated products with clear product roadmaps, global customer bases and capable teams driving their plans. We will amplify our core strengths through carefully targeted investments.

Yotta

Our strategic plan at Yotta is to broaden the capabilities, and therefore market appeal, of our products and to grow a domestic and international customer base for those broadened products. In the last financial year, we accelerated investment in both of these areas and saw the first fruits of these initiatives coming to pass towards the end of the financial year, including the shipment of Alloy, Yotta's new asset management platform, in September 2017, and growth of our reseller network. Since then and through the first half of this new fiscal year we are pleased to report both trends have continued.

New capabilities have been added to Alloy over the first half, including the software now being available in five different languages and most notably the arrival of Alloy Mobile. This new app, available globally, enables users working out in the field to gain easy, secure access to all the benefits of Alloy but now through a smartphone or tablet.

The second important step in the strategic plan for Yotta was to strengthen our channel in both the UK and internationally. As a reminder Yotta has three important growth drivers: growth through direct sales in the UK and Australia, growth through indirect sales via a network of independent international resellers and growth through OEMs, where third-party companies re-label our software products as their own which they then market through their existing channels and sales teams.

- **Direct** – sales grew through wins across the UK, including Stockton, South Tyneside and Cambridgeshire, and we also delivered a significant Horizons upgrade at Highways England.

- **Resellers** – our international network of indirect resellers grew to 8 (H1 FY17: 3). We signed our first customers in Chile and Colombia and further customers in Netherlands, taking Yotta to 32 international customers (H1 FY17: 20).

- **OEM** – in the first half we signed two OEM partners, Pavement Management Services in Australia and Tvilight in the Netherlands. Tvilight is a Smart City solution provider focused on the European market. With an installed base of more than 250 projects, the company specialises in sensors, wireless lighting controllers and connected light management solutions for outdoor applications. Through the relationship, Tvilight's CityManager platform, which is designed to optimise management of public assets like streetlights and streamline asset-related operational activities, is now powered by Alloy.

Post period end, the Group announced the sale of Yotta Surveying Limited to Ginger Group, a major construction and civil engineering company. The sale completes the disposal process first announced by the Company in June 2017 and is in line with the Group's strategy.

Vicon

Turning to Vicon, our strategy here is to fortify the business by extending our product range to both increase its appeal in our existing markets and extend its capabilities to meet demand in new markets. This means targeting our R&D spend to both enhance our capabilities and maintain leadership within our markets. This is a proven approach to growing our market share inside a marketplace which itself is growing. Indeed, over the past three years, first half revenues at Vicon have grown by 44% equivalent to CAGR of 9.2% over the period. We made a number of key moves in the first half to continue to drive this trend.

Firstly integration of the IMeasureU (IMU) business, acquired in June 2017, is progressing well. The acquisition offers four key benefits: cross-sell IMU's high quality inertial measurement sensors to the Vicon customer base, accelerate the Vicon product roadmap, expand the Total Addressable Market for the combined company, and increase the quality and recurring nature of Vicon's revenues through the IMU Step Software as a Service (SaaS) product. One year on, we are pleased to report progress on all fronts. Cross-selling efforts have led to Vicon customers taking up IMU sensors, which are now also available to buy through our web shop. As well as adding IMU sensors to existing Vicon systems, we now have new customers buying combined Vicon optical and IMU sensor systems. The first half also saw the delivery of key milestones in IMU's engagements with the defence industry, providing systems and consultancy relating to "black box" recording for soldiers.

Perhaps the biggest news for IMU in the first half was the launch of our SaaS solution for elite sports - IMU Step. This solution utilises two IMU sensors attached to each ankle of an athlete producing highly accurate movement data. This data is then uploaded to our cloud software, which analyses the movement data and then provides highly visual reports detailing the lower limb load the player experienced during that training session. In this way, coaches gain an objective view of the stress the player endured and thus can optimise the athlete's training. The system is already in use in the NBA, Pac-12 schools and Harvard University, and we are now driving its adoption in other athletic programmes across the world.

Vicon's optical measurement range also received enhancement during the period, with the release of Nexus 2.7 and Shōgun 1.2. Shōgun continues to drive sales and upgrades in our entertainment segment. Of particular note in the first half were system acquisitions by a number of large and growing video games companies including EA, Creative Assembly and Seasun Games. Furthermore, long-standing customer, Epic Games, creators of Unreal Engine technology and the smash-hit video game, Fortnite, upgraded to a Vicon Vantage system.

Lastly, Virtual Reality (VR) and Augmented Reality (AR) opportunities have grown throughout the first half. Vicon is already being used by the major blue-chip companies active in the VR/AR market, many of whom are household names. Of particular note is the growth of interest in location-based VR, where customers share collective VR experiences in a specific location, such as a cinema, theme-park or museum. In these experiences, users are free to explore a specific virtual world and story (e.g. a scene from a movie or walking across the surface of Mars) and interact with each other and virtual characters. It represents the next step in location-based entertainment and requires robust, accurate positional motion tracking, which Vicon has 34 years' experience in delivering. Underlining the growing interest in VR, Vicon recently partnered with Epic Games, Cubic Motion and 3Lateral to demonstrate Siren, an incredibly realistic real-time generated virtual character, which became the highlight of the Game Developers Conference (GDC) in San Francisco in March 2018. Vicon is leading the way in making the virtual ever more real.

In summary, we continue to make good progress at both Yotta and Vicon on our five-year growth plan. In this way, as we amplify our core capabilities, we aim to drive value for all our stakeholders: customers, staff and shareholders.

Financial Performance

During the first half, Group revenue increased year-on-year by 10.9% to £14.3m (H1 FY17: £12.9m). Adjusting for a foreign exchange headwind, underlying revenue growth was 15.6% on a constant currency basis. The Group reported Adjusted PBT* of £1.5m (H1 FY17: £1.6m), which represents a small decrease of £0.1m but on a constant currency basis there was an improvement of £0.1m. The Group cash position as at 31 March 2018 stood at £9.2m (H1 FY17: £11.1m), the movement reflecting the acquisition of IMeasureU for £2.0m in June 2017 and the payment of a final dividend of £1.5m in March 2018. Cash generated from operations during the first half was £3.5m (H1 FY17: £2.3m excluding the Boeing Receipt). The Group remains debt-free.

Yotta

KPI	Revenue		PBT		Adjusted PBT*	
	H1 FY18	H1 FY17	H1 FY18	H1 FY17	H1 FY18	H1 FY17
Yotta	£3.3m	£3.3m	(£0.8m)	(£0.2m)	(£0.1m)	£0.6m

Post-period end, we completed the disposal of Yotta Surveying Limited to Ginger Group for a cash consideration of £1.0m. The Net Assets of Yotta Surveying at the date of disposal total £0.4m which includes £0.3m in cash and an inter-company liability with Oxford Metrics of £0.6m that will be settled by Ginger Group as part of the transaction. The disposal therefore will yield a net cash inflow to the Group of £1.3m. A loss on disposal of £0.2m (before costs) will be recognised.

Yotta reported software revenues of £3.3m (H1 FY17: £3.3m). The reported revenue growth is slightly lower than expected for two reasons. Firstly, the growth in Annualised Recurring Revenues ('ARR') to £5.3m (H1 FY17: £4.3m) came late in the first half and secondly the transition to a SaaS revenue model has had some effect. As at 29th May 2018, ARR stood at £5.6m. In the first half of FY17 the business reported perpetual license revenues of £0.5m which has now reduced to £0.1m but in the longer term the SaaS model will provide the Group with enhanced visibility as Yotta increasingly becomes a recurring revenue based business. Customer retention of the growing SaaS customer base was 100% compared to the start of the financial year; 98% was reported for FY17.

Yotta reported an Adjusted loss before tax* of £0.1m (H1 FY17: £0.6m profit) and an unadjusted loss before tax of £0.8m (H1 FY17: £0.2m profit), reflecting the full year effect of strategic investments previously announced.

Our growth initiatives within Yotta are progressing well and contributing to the increasing dependability and repeatability of revenue in this business. Whilst the late signing of some new business wins has slowed the pace of recognised revenue growth in the period, the 22.5% increase in ARR is clear evidence that we remain firmly on track with our ambitions for Yotta under our five-year plan.

Vicon

KPI	Revenue		PBT		Adjusted PBT*	
	H1 FY18	H1 FY17	H1 FY18	H1 FY17	H1 FY18	H1 FY17
Vicon	£11.0m	£9.6m	£2.0m	£1.4m	£3.0m	2.1m

Revenue momentum achieved by Vicon in the last financial year continued into the first half of FY18 with headline revenues of £11.0m (H1 FY17: £9.6m), improving 14.3% year-on-year; on a constant currency basis, underlying revenue growth was even better at 21.0%. Vicon reported an Adjusted PBT* of £3.0m (H1 FY17: £2.1m) and an unadjusted profit before tax of £2.0m (H1 FY17: £1.4m).

Vicon reported broadly unchanged product gross margins at 72.6% (H1 FY17: 72.5%) in the first half. Vicon also reported a decrease in working capital largely due to a reduction in inventory to £3.4m (H1 FY17: £4.1m). In the previous year, potential supply chain disruption and the relocation of the business to new premises necessitated carrying higher inventory; this is no longer the case.

Vicon’s qualified sales pipeline for the second half is currently 10% higher than this time last year so the H2 outlook is promising. Furthermore, Vicon's trading is usually second half-weighted giving us further confidence for the full year.

Outlook

Looking forward to the second half, the Board is encouraged by the strong pipeline of sales opportunities in both Vicon and Yotta. We will continue to pursue our organic "amplify the core" growth strategy and we remain on track to achieve the objectives set out in our five-year plan. Complementing this, the Group will continue to explore value-enhancing acquisition opportunities.

Notwithstanding macro-economic uncertainty, the Board remains enthused with the broad array of opportunities for the Group and is confident that, with the expected performance across the business, the Group is on track to meet 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 redundancy costs. The statutory equivalents of the adjusted numbers shown in this statement are disclosed in notes 3 and 5.*

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	**Six months ended 31 March 2018 (unaudited)**	Six months ended 31 March 2017 (unaudited)	Year ended 30 September 2017 (audited)
	Note	**£'000**	£'000	£'000
Revenue	**2**	**14,253**	12,852	29,155
Cost of sales		**(4,105)**	(3,692)	(8,599)
Gross profit		**10,148**	9,160	20,556
Sales, support and marketing costs		**(3,476)**	(3,160)	(6,753)
Research and development		**(1,797)**	(1,477)	(3,144)
Administrative expenses		**(3,744)**	(3,266)	(7,231)
Other operating income		**107**	244	297
Operating profit		**1,238**	1,501	3,725
Finance income		**11**	11	29
Finance expense		**(15)**	-	-
Share of post-tax loss of equity accounted associate		**(50)**	(39)	(87)
Profit before taxation	**2,3**	**1,184**	1,473	3,667
Taxation	**4**	**(438)**	67	(533)
Profit from continuing operations		**746**	1,540	3,134
Loss from discontinued operations, net of tax		**(269)**	(726)	(2,127)
Profit for the period attributable to owners of the parent during the period		**477**	814	1,007
Earnings per share for profit on continuing operations attributable to owners of the parent during the year				
Basic earnings per share (pence)	**5**	**0.60p**	1.26p	2.55p
Diluted earnings per share (pence)	**5**	**0.58p**	1.24p	2.49p
Earnings per share for profit on total operations attributable to owners of the parent during the year				
Basic earnings per share (pence)	**5**	**0.38p**	0.67p	0.82p
Diluted earnings per share (pence)	**5**	**0.37p**	0.65p	0.80p

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 March 2018 (unaudited)	Six months ended 31 March 2017 (unaudited)	Year ended 30 September 2017 (audited)
	£'000	£'000	£'000
Net profit for the period	**477**	814	1,007
Other comprehensive income			
Items that will or may be reclassified to profit or loss			
Exchange differences on retranslation of overseas subsidiaries	**(115)**	30	(208)
Recycling of hedging instrument	**-**	-	158
Total other comprehensive (expense)/income	**(115)**	30	(50)
Total comprehensive income for the period attributable to the owners of the parent	**362**	844	957

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**31 March 2018 (unaudited) £'000**	31 March 2017 (unaudited) £'000	30 September 2017 (audited) £'000
Non-current assets				
Goodwill and intangible assets		**11,927**	11,106	12,069
Property, plant and equipment		**2,404**	662	1,948
Financial asset – investments		**182**	280	232
Deferred consideration receivable		**-**	117	-
Deferred tax asset		**127**	191	377
		14,640	12,356	14,626
Current assets				
Inventories		**3,406**	4,062	3,330
Trade and other receivables		**7,641**	8,248	9,992
Cash and cash equivalents		**9,225**	11,130	9,185
		20,272	23,440	22,507
Assets classified as held for sale		**2,247**	1,081	3,047
Current liabilities				
Trade and other payables		**(7,515)**	(6,898)	(9,086)
Current tax liabilities		**-**	(588)	(408)
		(7,515)	(7,486)	(9,494)
Liabilities directly associated with assets classified as held for sale		**(437)**	(454)	(584)
Net current assets		**14,567**	16,581	15,476
Total assets less current liabilities		**29,207**	28,937	30,102
Non-current liabilities				
Other liabilities		**(1,039)**	(441)	(1,003)
Provisions		**(189)**	(185)	(185)
Deferred tax liability		**(1,519)**	(1,295)	(1,619)
		(2,747)	(1,921)	(2,807)
Net assets		**26,460**	27,016	27,295
Capital and reserves attributable to the owners of the parent				
Share capital	**6**	**312**	308	308
Shares to be issued		**65**	65	65
Share premium account		**17,327**	17,302	17,302
Retained earnings		**8,800**	9,032	9,549
Foreign currency translation reserve		**(44)**	309	71
Total equity shareholders' funds		**26,460**	27,016	27,295

CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS

	Six months ended 31 March 2018 (unaudited)	Six months ended 31 March 2017 (unaudited)	Year ended 30 September 2017 (audited)
	£'000	£'000	£'000
Cash flows from operating activities			
Operating profit from continuing operations	**1,238**	1,501	3,725
Operating loss from discontinued operations	**(275)**	(308)	(2,139)
Group operating profit	**963**	1,193	1,586
Depreciation and amortisation	**1,245**	1,001	2,166
Impairment of intangibles	**-**	-	1,630
Loss/(profit) on sale of property, plant and equipment	**1**	(36)	(39)
Profit on sale of intellectual property to associate undertaking	**-**	-	(208)
Share based payments	**163**	35	142
Exchange adjustments	**(72)**	(63)	(360)
Increase in inventories	**(110)**	(1,357)	(640)
Decrease in receivables	**2,832**	5,025	664
(Decrease)/increase in payables	**(1,542)**	(1,610)	655
Cash generated from operating activities	**3,480**	4,188	5,596
Tax (paid)/received	**(571)**	529	18
Net cash from operating activities	**2,909**	4,717	5,614
Cash flows from investing activities			
Purchase of property, plant and equipment	**(713)**	(187)	(1,680)
Purchase of intangible assets	**(809)**	(973)	(1,822)
Proceeds on disposal of property, plant and equipment	**7**	40	55
Proceeds on disposal of subsidiary undertakings	**-**	-	2,109
Acquisition of subsidiary undertaking net of cash acquired	**-**	-	(2,042)
Interest paid	**(15)**	-	-
Interest received	**11**	11	29
Net cash used in investing activities	**(1,519)**	(1,109)	(3,351)
Cash flows from financing activities			
Issue of ordinary shares	**29**	473	473
Equity dividends paid	**(1,499)**	(1,224)	(1,224)
Net cash used in financing activities	**(1,470)**	(751)	(751)
Net (decrease)/increase in cash and cash equivalents	**(80)**	2,857	1,512
Cash and cash equivalents at beginning of the period	**9,785**	8,273	8,273
Cash and cash equivalents at end of the period	**9,705**	11,130	9,785
Amount included in cash and cash equivalents	**9,225**		9,185
Amount included in assets classified as held for sale	**480**		600
	9,705	11,130	9,785

CONDENSED CONSOLIDATED STATEMENT OF CHANGES TO EQUITY

	Share Capital	Shares to be issued	Share premium account	Cash flow hedging reserve	Retained earnings	Foreign currency translation reserve	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 October 2017	308	65	17,302	-	9,549	71	27,295
Net profit for the period	**-**	**-**	**-**	**-**	**477**	**-**	**477**
Exchange difference on retranslation of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**(115)**	**(115)**
Transfer between reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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 based payments	**-**	**-**	**-**	**-**	**163**	**-**	**163**
Balance as at 31 March 2018	**312**	**65**	**17,327**	**-**	**8,800**	**(44)**	**26,460**
Balance as at 1 October 2016	303	65	16,834	(158)	9,506	279	26,829
Net profit for the period	-	-	-	-	814	-	814
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	-	30	30
Recycling of hedging instrument	-	-	-	158	(158)	-	-
Tax recognised directly in equity	-	-	-	-	59	-	59
Transactions with owners:							
Dividends	-	-	-	-	(1,224)	-	(1,224)
Issue of share capital	5	-	468	-	-	-	473
Movement in relation to share options	-	-	-	-	35	-	35
Balance as at 31 March 2017	308	65	17,302	-	9,032	309	27,016
Balance as at 1 October 2016	303	65	16,834	(158)	9,506	279	26,829
Net profit for the year	-	-	-	-	1,007	-	1,007
Exchange differences on retranslation of overseas subsidiaries	-	-	-	-	-	(208)	(208)
Recycling of hedging instrument	-	-	-	158	-	-	158
Tax recognised directly in equity	-	-	-	-	118	-	118
Transactions with owners:							
Dividends	-	-	-	-	(1,224)	-	(1,224)
Issue of share capital	5	-	468	-	-	-	473
Movement in relation to share options	-	-	-	-	142	-	142
Balance as at 30 September 2017	308	65	17,302	-	9,549	71	27,295

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 2018 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 9 'Financial instruments'
- IFRS 15 'Revenue from contracts with customers'
- IFRS 16 'Leases'
- Amendments to IAS 12 'Recognition of deferred tax assets for unrealised losses'
- Amendments to IAS 7 'Statement of cash flows'
- Amendments to IAS 40 'Transfers of investment property'
- Amendments to IFRS 15 'Revenue from contracts with customers'
- Amendments to IFRS 2 'Share based payments'
- Amendments to IFRS 4 'Insurance contracts'
- Amendments to IFRIC 22 'Foreign currency transactions and advance consideration'
- Amendments to IFRIC 23 'Uncertainty over income tax treatments'
- Annual improvements to IFRS's (2014-2016) 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). The directors consider that IFRS 9 'Financial instruments', IFRS 15 'Revenue from contracts with customers' and IFRS 16 'Leases' are relevant to the Group.

Under IFRS 15 'Revenue from contracts with customers' 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. The directors are assessing whether the application of IFRS 15, once effective, will have a material impact on the results of the Group and in particular on the way in which revenue from software and support contracts is recognised.

Under IFRS 16 'Leases' all leases are accounted for under a single accounting model for the lessee. All leases with a term of more than 12 months will result in the recognition of an asset and liability, unless the underlying asset is of low value, and depreciation of lease assets will be recognised separately from interest on lease liabilities in the income statement. Leases currently designated as operating leases will be impacted and the directors are assessing whether the application of IFRS 16, once effective, will have a material impact on the results of the Group.

The directors are also assessing whether the application of IFRS 9, once effective, will have a material impact on the results of the Group.

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.

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 2017. 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 2017 are not the statutory accounts but have been extracted from the Group's 2017 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 are pending disposal) for the Government Agencies, Local Government and major infrastructure contractors. Yotta Surveying was discontinued during the prior year and is shown within discontinued operations.

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

Business segments are analysed below:

	Revenue		
	Six months ended 31 March 2018 (unaudited) £'000	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000
Vicon UK	**6,315**	4,366	11,342
Vicon USA	**4,635**	5,210	11,170
Vicon Group	**10,950**	9,576	22,512
Yotta	**3,303**	3,276	6,643
Continuing operations	**14,253**	12,852	29,155
Yotta surveying	**1,208**	973	2,842
Discontinued operations	**1,208**	973	2,842
Oxford Metrics Group	**15,461**	13,825	31,997

Vicon revenue by market			
Engineering	**1,740**	1,995	4,767
Entertainment	**2,951**	1,999	6,661
Life sciences	**6,259**	5,582	11,084
Vicon Group*	**10,950**	9,576	22,512

Group revenue by type			
Sale of hardware	**9,419**	8,429	20,240
Sale of software	**1,831**	1,884	3,603
Rendering of services	**3,003**	2,539	5,312
Continuing operations	**14,253**	12,852	29,155
Rendering of services	**1,208**	973	2,842
Discontinued operations	**1,208**	973	2,842
Oxford Metrics Group	**15,461**	13,825	31,997

Yotta revenue by type			
Software and related services	**3,303**	3,276	6,643
Continuing operations	**3,303**	3,276	6,643
Surveying services	**1,208**	973	2,842
Discontinued operations	**1,208**	973	2,842
Yotta Group	**4,511**	4,249	9,485

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

	Revenue		
	Six months ended 31 March 2018 (unaudited) £'000	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000
By destination			
UK	**5,106**	3,996	8,512
Germany	**313**	258	554
Bulgaria	**6**	-	301
Netherlands	**254**	373	677
Rest of Europe	**1,039**	370	1,065
North America	**4,226**	5,161	11,240
Australia	**340**	539	1,106
Hong Kong	**683**	995	1,948
Japan	**1,443**	520	2,441
Rest of Asia Pacific	**342**	204	549
Other	**501**	436	762
Continuing operations	**14,253**	12,852	29,155
UK	**1,208**	932	2,842
Europe	**-**	41	-
Discontinued operations	**1,208**	973	2,842
Oxford Metrics Group	**15,461**	13,825	31,997

By origin			
UK	**9,410**	7,576	17,722
North America	**4,635**	5,210	11,170
Asia Pacific	**208**	66	263
Continuing operations	**14,253**	12,852	29,155
UK	**1,208**	973	2,842
Discontinued operations	**1,208**	973	2,842
Oxford Metrics Group	**15,461**	13,825	31,997

	Segment depreciation and amortisation		
	Six months ended 31 March 2018 (unaudited) £'000	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000
Vicon UK	**751**	526	1,188
Vicon USA	**27**	12	45
Vicon Group	**778**	538	1,233
Yotta	**377**	356	666
Unallocated	**11**	12	24
Continuing operations	**1,166**	906	1,923
Yotta surveying	**79**	95	1,873
Discontinued operations	**79**	95	1,873
Oxford Metrics Group	**1,245**	1,001	3,796

	Six months ended 31 March 2018 (unaudited)				Six months ended 31 March 2017 (unaudited)				Year ended 30 September 2017 (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	**947**	**(107)**	**335**	**1,175**	296	-	679	975	1,418	(221)	1,653	2,850
Vicon USA	**2,034**	**-**	**(1,212)**	**822**	1,835	-	(1,417)	418	4,226	-	(3,237)	989
Vicon Group	**2,981**	**(107)**	**(877)**	**1,997**	2,131	-	(738)	1,393	5,644	(221)	(1,584)	3,839
Yotta	**(125)**	**(246)**	**(391)**	**(762)**	576	(221)	(527)	(172)	670	(445)	(641)	(416)
Unallocated	**(1,367)**	**(122)**	**1,438**	**(51)**	(1,136)	123	1,265	252	(2,398)	3	2,639	244
Continuing operations	**1,489**	**(475)**	**170**	**1,184**	1,571	(98)	-	1,473	3,916	(663)	414	3,667
OMG Life Group	**18**	**-**	**-**	**18**	(102)	(44)	-	(146)	(183)	12	-	(171)
Yotta surveying	**(123)**	**-**	**(170)**	**(293)**	(162)	-	-	(162)	213	(1,609)	(414)	(1,810)
Unallocated	**-**	**-**	**-**	**-**	-	-	-	-	(158)	-	-	(158)
Discontinued operations	**(105)**	**-**	**(170)**	**(275)**	(264)	(44)	-	(308)	(128)	(1,597)	(414)	(2,139)
Oxford Metrics Group	**1,384**	**(475)**	**-**	**909**	1,307	(142)	-	1,165	3,788	(2,260)	-	1,528

	Non-current assets			Additions to non-current assets			Carrying amount of segment assets			Carrying amount of segment liabilities		
	Six months ended 31 March 2018 (unaudited) £'000	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000	**Six months ended 31 March 2018 (unaudited) £'000**	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000	**Six months ended 31 March 2018 (unaudited) £'000**	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000	**Six months ended 31 March 2018 (unaudited) £'000**	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000
Vicon UK	**8,629**	3,646	8,495	**885**	796	6,313	**18,022**	10,908	18,380	**(4,910)**	(3,260)	(5,717)
Vicon USA	**788**	823	825	**137**	16	40	**4,764**	6,690	5,782	**(1,303)**	(1,754)	(1,639)
Vicon Group	**9,417**	4,469	9,320	**1,022**	812	6,353	**22,786**	17,598	24,162	**(6,213)**	(5,014)	(7,356)
Yotta	**4,912**	7,404	4,793	**497**	345	603	**15,558**	20,115	15,399	**(3,705)**	(1,644)	(3,996)
Yotta Surveying	**-**	-	-	**-**	-	-	**-**	-	-	**-**	(1,977)	-
Yotta Group	**4,912**	7,404	4,793	**497**	345	603	**15,558**	20,115	15,399	**(3,705)**	(3,621)	(3,996)
Unallocated	**300**	470	501	**2**	3	272	**2,610**	4,123	3,613	**(344)**	(731)	(908)
OMG Life Group*	**11**	13	12	**-**	-	-	**(6,042)**	(6,040)	(6,041)	**-**	(41)	(41)
Held for sale	**-**	-	-	**-**	-	-	**2,247**	1,081	3,047	**(437)**	(454)	(584)
Oxford Metrics Group	**14,640**	12,356	14,626	**1,521**	1,160	7,228	**37,159**	36,877	40,180	**(10,699)**	(9,861)	(12,885)

*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 2018 (unaudited) £'000	Six months ended 31 March 2017 (unaudited) £'000	Year ended 30 September 2017 (audited) £'000
Profit before tax – continuing operations	**1,184**	1,473	3,667
Share based payments – equity settled	**163**	46	153
Amortisation of intangibles arising on acquisition	**333**	212	485
Income from transfer of intellectual property to equity accounted associate	**-**	(208)	(208)
Change in fair value of deferred consideration payable and unwinding of associated discount factor	**(71)**	-	-
Share of post-tax loss of equity accounted associate	**50**	39	87
Costs associated with the acquisition of subsidiary undertaking	**-**	-	137
Redundancy costs	**-**	9	9
Reapportion Group overheads	**(170)**	-	(414)
Adjusted profit before tax – continuing operations	**1,489**	1,571	3,916
Loss before tax – discontinued operations	**(275)**	(308)	(2,139)
Share based payments – equity settled	**-**	(11)	(11)
Impairment of intangibles	**-**	-	1,608
Redundancy costs	**-**	55	-
Reapportion Group overheads	**170**	-	414
Adjusted loss before tax – discontinued operations	**(105)**	(264)	(128)
Total adjusted profit before tax – all operations	**1,384**	1,307	3,788

Redundancy costs in the period ended 31 March 2017 and year ended 30 September 2017 relate to OMG Life Group and the restructuring of the Yotta business segment.

4. Taxation

The Group's consolidated effective tax rate for the six months ended 31 March 2018 was 35.2% (for the six months ended 31 March 2017: 29.9%; for the year ended 30 September 2017: 34.1%).

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 2018 (unaudited)			31 March 2017 (unaudited)			30 September 2017 (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	**746**	**124,230**	**0.60**	1,540	122,354	1.26	3,134	122,705	2.55
Dilutive effect of employee share options	**-**	**3,619**	**(0.02)**	-	2,246	(0.02)	-	3,322	(0.06)
Diluted earnings/(loss) per share	**746**	**127,849**	**0.58**	1,540	124,600	1.24	3,134	126,027	2.49
Discontinued operations									
Basic earnings/(loss) per share									
Earnings attributable to ordinary shareholders	**(269)**	**124,230**	**(0.22)**	(726)	122,354	(0.59)	(2,127)	122,705	(1.73)
Dilutive effect of employee share options	**-**	**3,619**	**-**	-	2,246	-	-	3,322	-
Diluted earnings/(loss) per share	**(269)**	**127,849**	**(0.22)**	(726)	124,600	(0.59)	(2,127)	126,027	(1.73)
Total operations									
Basic earnings/(loss) per share									
Loss attributable to ordinary shareholders	**477**	**124,230**	**0.38**	814	122,354	0.67	1,007	122,705	0.82
Dilutive effect of employee share options	**-**	**3,619**	**(0.01)**	-	2,246	(0.02)	-	3,322	(0.02)
Diluted earnings/(loss) per share	**477**	**127,849**	**0.37**	814	124,600	0.65	1,007	126,027	0.80

6. Share capital

	31 March 2018 (unaudited) £'000	31 March 2017 (unaudited) £'000	30 September 2017 (audited) £'000
Allotted, called up and fully paid			
124,905,475 shares of 0.25p (31 March 2017: 123,052,402 shares of 0.25p and 30 September 2017: 123,052,402 shares of 0.25p)	**312**	308	308

During the six month period ended 31 March 2018 there were 1,812,750 shares issued relating to share options that were exercised.
There were 1,676,174 shares issued in respect of share options exercised during the six months ended 31 March 2017 (year ended 30 September 2017: 1,676,174).

7. Dividends

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

	31 March 2018 (unaudited) £'000	31 March 2017 (unaudited) £'000	30 September 2017 (audited) £'000
Final dividend for 2017 paid in 2018 - 1.20 pence per share	**1,499**	-	-
Final dividend for 2016 paid in 2017 – 1.00 pence per share	**-**	1,224	1,224
	1,499	1,224	1,224

The final dividend for 2017 was paid to shareholders on 8 March 2018 at 1.20 pence per share, a total of £1,499,000.

8. 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.