IndigoVision Group plc ("IndigoVision" or "The Group")

Final results for the 17 month period ended 31 December 2014

IndigoVision (AIM: IND.L), a leader in intelligent networked video security systems for government, critical infrastructure, transport, city monitoring and casinos, announces its results for the 17 month period to 31 December 2014.

Financial Highlights

- Report and accounts presented in USD ('$') for the first time
- Revenue for the 17 months $82.5m (2013 12 months: $50.1m)
- Gross margin 57.9% up from 56.6% last year
- Operating profits before foreign exchange movements $4.86m (2013 12 months: $2.71m)
- Adverse foreign exchange movements $0.59m (2013 12 months: positive movements $0.49m)
- Operating profit for the 17 months $4.27m (2013 12 months: $3.21m)
- Profit after tax for the 17 months $4.54m (2013 12 months: $2.73m)
- Diluted earnings per share 60.5 cents (2013 12 months: 36.3 cents)
- 17 month dividend 17 pence, up 9% on an annualised basis

Comparison on adjusted 17 month basis (see footnote*):

- Revenue $82.5m, up 10%
- Operating profits before foreign exchange movements $4.86m, up 2%
- Operating profit $4.27m, down 14%

Operating Highlights

- Regional revenue compared with the adjusted 17 month comparative *:
  - North America up 30%
  - Europe, Middle East and Africa up 20%
  - Asia Pacific up 11%
  - Latin America down 20%, after several years of strong growth

- A strong period of enterprise project wins:
  - "Smart City" projects in APAC and Latin America
  - FIFA World Cup 2014
  - Casino wins in Macau and USA
  - Airport and airline projects in Brazil, China, Middle East, Europe and North America
  - Energy and mining projects in Canada and Australia

- Fast paced innovation continued:
  - Release of the Ultra 2K, best in class high definition camera range
  - Complete range of new storage solutions from compact NVRs to large enterprise devices
  - Ongoing releases of Control Centre, IndigoVision's video management software

- Further new products in the pipeline:
  - FrontLine – first IP video manufacturer with body worn video
  - Interceptor – high definition PTZ camera with infrared and white light

Marcus Kneen, Chief Executive, commented

"This extended 17 month period has seen good progress overall, and some excellent project wins. We expect to make gains going forward in the mid-market, which represents a growth opportunity for IndigoVision and should ameliorate the lumpy effect of larger projects on results. Product innovation has continued apace, and the markets in which we operate continue to be favourable."

*Due to the change in financial year end from July to December, the consolidated financial statements report the results for the 17 months ended 31 December 2014 compared with those for the 12 months ended 31 July 2013. To provide a more detailed explanation of like-for-like business performance, the Highlights and Chairman's Statement also comment on variances with an 'adjusted 17 month comparative', which is the sum of two reporting periods, being the 12 months to 31 July 2013 and 5/6ths of the 6 months to 31 January 2014 (see table and further explanation in the Chairman's statement).

Notes to editors

About IndigoVision

IndigoVision is a leader in the design and manufacture of high performance, intelligent video security systems for large scale and complex security installations. From video capture and transmission to analysis and storage, IndigoVision networked video security systems provide the best quality and most secure video evidence, and use market leading compression technology to minimise network bandwidth usage and reduce storage costs.

IndigoVision's technology is ideally suited for use in mission critical facilities such as government, oil and gas, transport, cities, industry, education, police, prisons and casinos to improve public safety, protect assets, develop organisations' operational efficiency and support law enforcement.

IndigoVision has sales and support teams in 22 countries and operates through 18 regional centres, in Edinburgh, London, Paris, Amsterdam, Dusseldorf, Johannesburg, Dubai, Mumbai, Singapore, Macau, Shanghai, Sydney, Mexico City, Toronto, Bogotá, New Jersey, Buenos Aires and Sao Paulo. IndigoVision partners with a network of some 600 trained and authorised IndigoVision resellers to provide local system design, installation and servicing to IndigoVision's system users.

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Shareholder information

Our website can be accessed at www.indigovision.com and contains substantial information about our business. The website also carries copies of prior year accounts and stock exchange announcements.

Shareholder calendar

30 April 2015	Annual General Meeting
14 May 2015	Dividend paid
17 September 2015	Interim results for the 6 months ending 30 June 2015
3 March 2016	Annual report and accounts for the year ending 31 December 2015

Chairman's Statement

In the 17 months to 31 December 2014, IndigoVision continued to be successful in the large scale "enterprise" market, winning a number of sizeable video security projects. Revenue growth was very strong in the first 12 months and sales more subdued in the latter 5 months. Although sales performance was mixed, the fast pace of innovation has continued and the product portfolio is more competitive in both range and price. Product quality is market leading with very low return rates and strong customer confidence, and this allowed IndigoVision to maintain healthy margins.

The mixed regional performance has continued into the current year, with some regions up and some down, resulting in a quiet start overall. We anticipate growth going forward from the mid-market, for which we have been preparing and positioning product and pricing. The mid-market represents a significantly larger available market than the enterprise market, and this should serve to ameliorate the lumpiness that inevitably arises from the sizeable projects which continue to form a significant part of our current sales base.

Financial results

Revenue for the 17 months ended 31 December 2014 was $82.5m (2013 12 months: $50.1m).

Regionally, performance was encouraging in North America and in Europe, Middle East and Africa. North American sales were $23.8m for the 17 months (2013 12 months: $12.5m), with focus on the casino, energy and banking sectors. Sales in Europe, Middle East and Africa were $28.6m for the 17 months (2013 12 months: $15.9m), with success in a number of government and commercial developments projects, and a major sporting event in the UK.

Sales in Asia Pacific were $14.9m for the 17 months (2013 12 months: $9.1m). The region benefited from smart city, resource and casino projects in the first 12 months, with project sales quieter in the final five months.

Sales in Latin America grew modestly during the first 12 months and fell back significantly in the final five months, after several years of strong growth. Overall, sales in the region were $15.7m for the 17 months (2013 12 months: $12.7m). The regional team has been restructured, costs reduced, and the focus of the region diversified away from its historic reliance on the government sector.

Gross margins were strong at 57.9% in the 17 months (2013 12 months: 56.6%).

Operating profit before foreign exchange movements totalled $4.86m (2013 12 months: $2.71m). The movement in foreign currency rates during the period had a significant impact on the operating result, with a charge of $0.59m in the 17 month period (2013 12 months: positive movement of $0.49m). Operating profit for the 17 months was $4.27m (2013 12 months: $3.21m).

Income taxes benefited from a higher research and development tax credit, so that profit after tax for the 17 months was $4.54m (2013 12 months: $2.73m).

Proforma results

Due to the change in year end and unequal reporting periods, we have prepared a reconciliation of a proforma “adjusted 17 month comparative” period in the table below. It also follows the basis used in the Group’s previous announcements of interim performance.

	17 months ended 31 December 2014 $000	Adjusted 17 month comparative (*) $000	% change
Revenue	82,460	74,695	10%
Gross Profit	47,741	42,233	13%
Costs	(42,884)	(37,448)	15%
Operating profit pre foreign exchange	4,857	4,785	2%
Foreign exchange	(586)	153	-
Operating profit	4,271	4,938	(14%)

Revenue by region:	17 months ended 31 December 2014 $000	Adjusted 17 month comparative (*) $000	% change
EMEA	28,563	23,876	20%
North America	23,761	18,214	30%
Latin America	15,747	19,561	(20%)
Asia Pacific	14,857	13,360	11%

* Adjusted 17 month comparative is the sum of two reporting periods, being the 12 months to 31 July 2013 and 5/6ths of the 6 months to 31 January 2014.

Currency

Reflecting the development of the Group’s global business, which now prices mostly in US dollars and has largely US dollar linked costs, the functional currency of the main operating subsidiary was changed to US dollars from Sterling with effect from 1 February 2014. Consistent with this change, the Group and Company’s presentation currency has been changed to US Dollars for the 17 month period ended 31 December 2014, and all comparatives have been restated in US Dollars. The Group and Company’s presentation currency has been accounted for in accordance with IAS21, “The Effects of Changes in Foreign Exchange Rates”. These changes were announced previously.

Dividends will continue to be declared and paid to all shareholders in Sterling (“GBP”), translated at the exchange rate prevailing when the dividend is declared. IndigoVision Group plc, which is registered and has its headquarters in Scotland, will maintain its AIM listing on the London Stock Exchange, with shares quoted in GBP.

Details of the basis of preparation, including the methodology used for the retranslation of the financial statements, are provided in note 2.

Markets

The Group remains focused on key vertical market segments, and the resultant closer understanding of these markets and customer needs informs the design of industry specific software features and allows well targeted research and development. This focus has resulted in successful large project wins, where IndigoVision's high performance end-to-end IP video solution is well suited, where end users value high quality system performance, reliability, ability to integrate with other systems, such as access control, perimeter detection and electronic point of sale systems, and the ease of purchasing an end-to-end system from one supplier.

IndigoVision's global installed base gives users a positive experience of our products and systems that form the bedrock of IndigoVision's brand strength, and of end user and customer trust in our business, both key to future growth. The last 17 months have seen the release of many strong new products directed at the needs of end users, which have been both well received and have contributed to sales growth.

IndigoVision has also been successful in developing mid-market opportunities in some geographies, and these areas of the business deliver more consistent revenue streams. The size of the mid-market is significantly larger than the enterprise market and is of increasing importance to the long term growth of IndigoVision.

Revenue streams from the enterprise market can be inconsistent due to high values from individual projects with longer life-cycles, often with delays associated with construction projects or international public spending changes. IndigoVision will continue to operate in the enterprise market in all geographies. However, the structure of the regional sales teams will be developed to allow certain team members to focus predominantly on enterprise projects, whilst others will be dedicated to mid-market account management. The account managers will be supported by specially trained, office based, inbound and outbound sales people.

Over the last two years, IndigoVision has been developing the product range, price points and logistical support required to compete in the mid-market. Work continues in all these areas to support sales in local markets, additions to the product range at competitive price points, and local warehousing to support efficient product despatch and higher service levels.

Products

In the 17 months to 31 December 2014 IndigoVision continued the fast pace of new product introductions.

Product launches included the Ultra 2K range of high definition cameras with exceptional image detail, zoom capability, and variable light functionality. The range was launched in November 2014 and the first months of sales have been encouraging.

The camera range has been further supplemented by individual new models including the Ultra 5K 20 megapixel fixed camera for monitoring large areas from a single location, a camera range suitable for the oil and gas market and a discrete 3 megapixel microdome that can be installed in less than a minute.

A comprehensive storage range was introduced, from compact 1 terabyte capacity devices through to large 600 terabyte capacity arrays, enabling IndigoVision to offer competitive storage solutions for all sizes of installation.

New releases of IndigoVision's video management software, Control Center, are made three times each year. During the 17 month period many features were released to satisfy customers needs such as map interfaces, the ability to integrate millions of data records, and allowing the tracking of moving objects across multiple cameras. These releases support development of recurring revenue through increased sales of the multi-year software upgrade plans.

In Q1 2015 IndigoVision will be the first complete IP video security manufacturer to launch Body Worn Video. FrontLine is a badge sized camera and recorder that can be clipped to clothing of all frontline staff, from police and prison officers, to airline, bank, healthcare and customer services personnel.

Dividends

The board is recommending a final dividend of 5.0 pence which, when added to the 12.0 pence in total already paid for the two interim dividends, would result in dividends for the 17 month period of 17.0 pence (2013: 11.0 pence for the 12 months). This represents an increase of 9% on an annualised basis.

The final dividend, if approved, will be payable on 14 May 2015 to shareholders on the register on 17 April 2015.

Current trading and outlook

In the 17 months to 31 December 2014, adjusted sales growth was satisfactory at 10 per cent and the gross margin performance strong. Costs grew faster than gross profit and performance was significantly affected by material adverse currency movements. Costs have since been reduced both in the regions and centrally with the object of restoring net operating margin.

The start to the current year has seen a continuation of the mixed regional performance evident at the end of last year, and overall revenues and order intake have been somewhat subdued. Looking forward, the Group is aiming to continue to grow sales into the enterprise project market, which has provided a significant proportion of total business to date. We also expect to make gains going forward in the mid-market, initially focused on more established regions, with a view to improving the pattern and predictability of sales, and the quality of earnings.

The markets in which IndigoVision operates continue to grow, providing a favourable backdrop.

Hamish Grossart

Chairman

25 February 2015

Consolidated statement of comprehensive income

	17 months ended 31 December 2014 $000	12 months ended 31 July 2013 $000
Revenue	**82,460**	50,102
Cost of sales	**(34,719)**	(21,737)
Gross profit	**47,741**	28,365
Research and development expenses	**(8,056)**	(5,661)
Selling and distribution expenses	**(27,853)**	(15,467)
Administrative expenses	**(6,975)**	(4,524)
Foreign exchange (loss)/gain	**(586)**	494
Operating profit	**4,271**	3,207
Financial (expense)/income	**(5)**	58
Profit before tax	**4,266**	3,265
Income taxes	**277**	(532)
Profit for the period attributable to equity holders of the parent	**4,543**	2,733
Other comprehensive income		
Foreign exchange translation differences on foreign operations	**1,253**	(529)
Total comprehensive income for the period attributable to equity holders of the parent	**5,796**	2,204
Basic earnings per share (cents)	**60.7**	36.5
Diluted earnings per share (cents)	**60.5**	36.3

Consolidated balance sheet

	31 December 2014 $000	31 July 2013 $000
Non-current assets		
Property, plant and equipment	**1,702**	1,270
Intangible assets	**103**	123
Deferred tax	**5,337**	4,944
Total non-current assets	**7,142**	6,337
Current assets		
Inventories	**10,396**	7,480
Trade and other receivables	**17,680**	15,960
Cash and cash equivalents	**2,559**	1,284
Total current assets	**30,635**	24,724
Total assets	**37,777**	31,061
Current liabilities		
Trade and other payables	**12,681**	9,287
Provisions	**137**	207
Total current liabilities	**12,818**	9,494
Non-current liabilities		
Provisions	**45**	68
Total non-current liabilities	**45**	68
Total liabilities	**12,863**	9,562
Net assets	**24,914**	21,499
Equity		
Called up share capital	**119**	119
Share premium account	**2,666**	2,587
Other reserve	**8,080**	8,080
Translation reserve	**678**	(575)
Profit and loss account	**13,371**	11,288
Total equity attributable to equity holders of the parent	**24,914**	21,499

Consolidated statement of changes in equity

Group	Share capital $000	Share premium $000	Other reserve $000	Translation reserve $000	Retained earnings $000	Total equity $000
Balance at 1 August 2012	119	2,530	8,080	(46)	18,064	28,747
Profit for the period	-	-	-	-	2,733	2,733
Difference on translation	-	-	-	(529)	-	(529)
Share options exercised by employees	-	57	-	-	-	57
Equity-settled transactions, including deferred tax effect	-	-	-	-	172	172
Dividends paid to equity holders	-	-	-	-	(9,681)	(9,681)
Balance at 31 July 2013	119	2,587	8,080	(575)	11,288	21,499
Balance at 1 August 2013	119	2,587	8,080	(575)	11,288	21,499
Profit for the period	-	-	-	-	4,543	4,543
Difference on translation	-	-	-	1,253	-	1,253
Share options exercised by employees	-	79	-	-	-	79
Equity-settled transactions, including deferred tax effect	-	-	-	-	184	184
Purchase of shares by Benefit Trust	-	-	-	-	(508)	(508)
Dividends paid to equity holders	-	-	-	-	(2,136)	(2,136)
Balance at 31 December 2014	**119**	**2,666**	**8,080**	**678**	**13,371**	**24,914**

Consolidated statement of cash flows

	17 months ended 31 December 2014 $000	12 months ended 31 July 2013 $000
Cash flows from operating activities		
Profit for the period	**4,543**	2,733
Adjusted for:		
Depreciation and amortisation	**1,322**	568
Financial expense/(income)	**5**	(58)
Share based payment expense	**184**	172
Foreign exchange	**1,137**	(71)
Loss on disposal of property, plant and equipment	**-**	5
Income taxes	**(277)**	532
(Increase)/Decrease in inventories	**(2,916)**	121
Increase in trade and other receivables	**(1,720)**	(3,909)
Increase in trade and other payables	**3,394**	2,049
(Decrease)/Increase in provisions	**(93)**	125
Cash generated from operations	**5,579**	2,267
Income taxes paid	**(33)**	(31)
Net cash inflow from operating activities	**5,546**	2,236
Cash flows from investing activities		
Interest (paid)/ received	**(5)**	58
Acquisition of property, plant and equipment	**(1,554)**	(936)
Acquisition of intangibles	**(117)**	(24)
Net cash outflow from investing activities	**(1,676)**	(902)
Cash flows from financing activities		
Proceeds from the issue of share capital	**79**	57
Company shares acquired by employee trust	**(508)**	-
Dividends paid	**(2,136)**	(9,681)
Net cash outflow from financing activities	**(2,565)**	(9,624)
Net increase/(decrease) in cash and cash equivalents	**1,305**	(8,290)
Cash and cash equivalents at start of period	**1,284**	9,415
Effect of exchange rate fluctuations on cash held	**(30)**	159
Cash and cash equivalents at end of period	**2,559**	1,284

Notes to the accounts:

1. Principal activities

The principal activity of the Group continues to be the design, development, manufacture and sale of networked video security systems. Cameras, encoders, network video recorders and software are designed both internally and with technology partners and manufactured in Asia and Europe. The Group's end to end IP video security systems allow full motion video to be transmitted worldwide, in real time, with digital quality and security, over local or wide area networks, wireless links or the internet, using market leading compression technology to minimize usage of network bandwidth

2. Basis of preparation and accounting policies

The financial statements have been prepared by translating the group's individual functional currency amounts into USD in accordance with the guidance in IAS21 using the procedures outlined below:

- Assets and liabilities were translated into USD at closing rates of exchange (FY2012: £1=$1.57, FY2013: £1=$1.52. Trading results were translated into USD at the rates of exchange prevailing at the dates of transaction, or average rates where they are a suitable proxy (FY2013: £1=$1.57, FY2014: £1=$1.63
- Share capital, share premium and other capital reserves were translated at the historic rates prevailing at the dates of transactions.
- Differences resulting from the retranslation have been taken to equity.

The financial statements are presented in US Dollars, rounded to the nearest thousand. They are prepared on the historical cost basis.

The accounting policies used in preparing the financial statements are set out in note 1 of the IndigoVision Group plc Annual Report 2014.

3. Annual accounts

The financial information set out in this announcement does not constitute the Group's statutory accounts for the 17 month ended 31 December 2014 or the 12 months ended 31 July 2013 but is derived from those accounts. The statutory accounts of IndigoVision Group plc for 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered to the Registrar of Companies following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

4. Taxation

	17 months ended 31 December 2014 $000	12 months ending 31 July 2013 $000
Current tax expense		
UK tax	**-**	-
UK tax – prior period adjustment	**-**	(2)
Overseas tax	**108**	34
Overseas tax – prior period adjustment	**8**	(2)
	116	30
Deferred tax		
Origination and reversal of temporary differences	**(357)**	(203)
Reduction in tax rate	**112**	733
Adjustments relating to prior period trading losses	**(148)**	(28)
	(393)	502
Total income taxes in income statement	**(277)**	532

5. Earnings per share

	17 months ended 31 December 2014 $000	12 months ending 31 July 2013 $000
Earnings per share		
Profit for the period attributable to equity shareholders (basic and diluted)	**4,543**	2,733

	Cents	Cents
Basic earnings per share	**60.7**	36.5
Diluted earnings per share	**60.5**	36.3

The weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share for each period were calculated as follows:

	2014 number of shares	2013 number of shares
Issued ordinary shares at start of period	**7,574,548**	7,552,276
Effect of weighted average of shares issued during the period from exercise of employee share options	**18,190**	13,688
Effect of purchase of own shares	**(107,735)**	(72,238)
Weighted average number of ordinary shares for the period – for basic earnings per share	**7,485,003**	7,493,726
Effect of share options in issue	**18,129**	44,000
Weighted average number of ordinary shares for the period – for diluted earnings per share	**7,503,132**	7,537,726