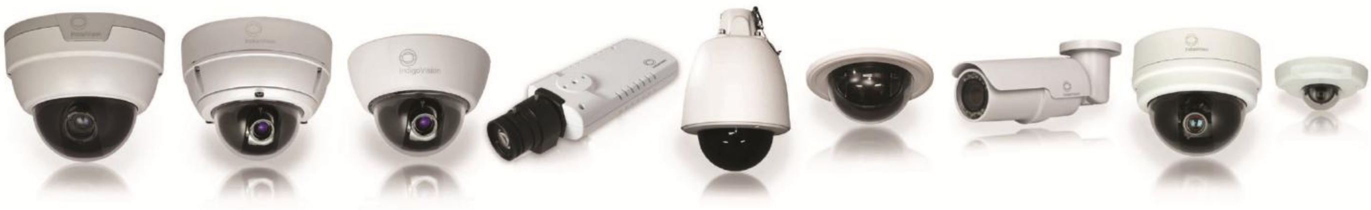
IndigoVision

Directors' report and consolidated financial statements 2015



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Key Points

For the year ended 31 December 2015

Financial

Due to the change in year end in 2014, resulting in a 17 month comparative period, unaudited pro forma 12 month comparative financial results are shown in the Chairman's statement on page 4. In line with accounting standards, the key financial points below state 12 months for 2015 and 17 months for the 2014 comparative.

- Revenue $47.1m [2014 17 months: $82.5m]
- Operating loss $0.74m [2014 17 months operating profit: $4.27m]
- 2015 first half operating loss $1.26m
- 2015 second half operating profit $0.52m
- Diluted loss per share 6.5 cents [2014 17 months earnings per share: 60.5 cents]
- Final dividend 2.5 pence [2014 17 months: 17.0 pence]

Comparison with unaudited pro forma 12 month financial results:

- *Revenue $47.1m, down 23%*
- *Operating loss $0.74m [2014 12 months pro forma operating profit $4.13m]*

Operational

- Management action returned the business to profitability in the second half of 2015:
    - New sales leadership in the Americas, EMEA and Asia Pacific
    - Overheads reduced in line with lower levels of activity
- Large project wins:
    - Safe city projects in Colombia, Peru, UK, Saudi Arabia and South Africa
    - Government projects in Saudi Arabia and Australia
    - Bank projects in Egypt and Canada
    - Utilities projects in UK and Canada
    - Casinos projects in USA
- Product range adjusted to compete in a lower cost market

Marcus Kneen, Chief Executive, commented

"2015 was a difficult year overall but action was taken during the first half when it became clear that markets were soft and pricing more competitive. As a result, IndigoVision returned to profit in the second half. Management in the regions has been strengthened; product strategy has been adjusted to reflect changed market conditions and we have had a better start to 2016. We therefore currently expect that 2016 will see improvements over last year."

Chairman’s statement

2015 was a difficult year overall for IndigoVision. Results improved as the year progressed - second half sales were 8% higher than the first half - and second half operating profits were $0.52m, compared with an operating loss of $1.26m in the first half. However, the year as a whole was loss making.

During the first half, a series of actions were implemented designed to restore growth and profitability and these have shown some early signs of success in the second half results, although further improvement is still required. Progress to date has encouraged the board to recommend to shareholders a return to paying dividends after the interim was passed, and a final dividend of 2.5 pence per share is proposed.

Financial results

Revenue for the year ended 31 December 2015 was $47.1m [2014 17 months: $82.5m].

Regionally, EMEA is the Group’s largest region with sales of $19.5m [2014 17 months: $28.6m]. The UK market performed well, particularly in the police and utilities sectors. Sales declined both in the Middle East following project delays, and in mainland Europe. The regional sales team has been strengthened and restructured. The strengthening US dollar also resulted in a reduction in the value of Euro and Sterling local currency sales.

North America reported sales of $13.9m [2014 17 months: $23.8m]. Sales declined in Canada due to reduced activity in the oil shale market and adverse currency movements on Canadian dollar sales. Sales also declined in the USA, however, the West Coast casino sector continued to perform well. USA management has been changed and strengthened, warehousing outsourced, and the office relocated.

Sales in Latin America were $8.8m [2014 17 months $15.7m]. The region showed early signs of recovery as the year progressed, with a number of new city surveillance project wins in Colombia.

Asia Pacific had a particularly challenging year with sales of $5.0m [2014 17 months: $14.9m], following a record performance in the prior period from large projects not replicated in the current year, and a decline in Australia resulting from lower activity in the mining sector and increased competition from low cost Chinese manufacturers. Local management has also been changed and strengthened.

Gross margins were 51.4% [2014 17 months: 57.9%]. The lower margin reflected the downward trend in market pricing and the decline in sales of the encoder and mid-market camera ranges, as well as differences in project mix between the periods.

Overheads were reduced to $25.0m [2014 17 months: $42.9m] to reflect the reduced activity. The operating loss for the year was $0.74m [2014 17 months profit: $4.27m].

The Group continues to benefit from research and development tax credits, which together with the loss before tax, resulted in a net income tax credit of $0.27m [2014 17 months credit: $0.28m]. Loss after tax was $0.48m [2014 17 months profit after tax: $4.54m].

Year end cash balances were a healthy $2.76m [2014: $2.56m], the increase due to better working capital management. The Group has no borrowings, and has available bank facilities of $4.0m, none of which were in use at 31 December 2015.

Pro forma results

Due to the change in year end in 2014 resulting in unequal reporting periods, we present below unaudited pro forma 2014 results prepared from internal management accounts for the calendar year, to assist in understanding the Group's financial performance:

	12 months ended 31 December 2015 $000	12 months ended 31 December 2014 (pro forma unaudited) $000	% change
Revenue	47,093	61,255	(23%)
Operating costs	(25,019)	(31,292)	(20%)
Operating (loss)/ profit	(743)	4,126	

Markets

The fall in the price of oil and other commodities throughout 2015 affected both customer confidence and economic strength in countries with commodity based economies, impacting adversely sales in Brazil, Canada, Australia, Malaysia, and the Middle East – all previously robust markets for IndigoVision. Market prices also came under pressure as large Chinese manufacturers competed effectively on price, exporting to enterprise markets outside China. These factors together resulted in erosion of sales and pressure on gross margins.

Changes were made to management personnel during 2015 in key markets, and to the product development programme, in response to the changes in market conditions. Engineering spend on hardware development has been reduced and the savings redeployed to software development, and to sales and marketing in certain target regions.

Products

IndigoVision's product strategy continues to be the design and sale of a complete end-to-end video security solution, inclusive of video management software, cameras, encoders, storage devices and integration to security and operational systems. There are fewer competitors that provide a full end-to-end solution, and buyers value the system reliability produced by designing the complete solution, as well as the ease of one-stop sourcing.

During 2015, the Group reduced prices across the product range in line with changed market conditions, and broadened its camera offering with the launch of a new low cost camera range.

Control Center, IndigoVision's video management software was upgraded to become the first video security system to integrate body worn video. By connecting FrontLine, IndigoVision's body worn cameras, also launched in 2015, Control Center can provide visibility and analysis of video from traditional mounted cameras, and body worn cameras. Control Center was also developed to include live geographic maps, improving operational response time and making system administration quicker and easier.

Sales of storage continued to increase as a percentage of the total system sale as users opt to keep video for longer periods for security and operational needs. The range of storage products was expanded with the introduction of large capacity Linux devices, to supplement existing windows-based models, and compact Linux network video recorders.

Dividends

The board considers that the discipline of paying dividends to shareholders is positive for the business and its planning. However, it is board policy to relate dividends to earnings and for that reason, no interim dividend was paid in respect of the six months to 30 June 2015, which was loss making.

In view of the return to operating profitability in the second half, and the improved cash balances, the board is recommending a final dividend of 2.5 pence per share. The cost of this dividend is comfortably covered by second half earnings. The final dividend, if approved, will be paid on 26 May 2016 to shareholders on the register on 22 April 2016.

Current trading and outlook

The return to profit in the second half of last year was encouraging, and steps have been successfully implemented to adapt to current conditions.

The start of 2016 has been better than last year, although as the corresponding period last year was particularly subdued, this should be seen in context. Sales are marginally ahead, operating performance efficiencies continue to be realised, and the order book is up. The board therefore currently expects that 2016 will see improvements over last year.

Hamish Grossart

Chairman

2 March 2016

Strategic report

Business Model

IndigoVision designs and manufactures high performance, 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.

The Group develops its end-to-end system through in-house design, use of OEM manufacturers and working with technology partners. Product is manufactured in Asia and Europe and brought into inventory based on forecast sales.

The Group utilises both in-house and third party warehouses in Europe, North America, South America and Asia to store product, enable timely order despatch to its global customer base and offer local product repair services.

The Group sells its end-to-end networked video systems and services through a network of global authorised partners. The Group's partners vary in size from large international security companies to local systems integrators; value added resellers; and distributors in limited geographies. Partner companies are required to attend and maintain current system training to be authorised to purchase from the Group. Partner companies install the Group's end-to-end networked video systems at end user sites. Partner companies offer first line technical support to the end users and can maintain the system post sale. The Group provides second line technical support to authorised partners.

The Group is structured into 4 regional sales and support teams, with people in 23 countries and sales made to over 70 countries.

Strategy

A review of the current activities and strategy of the Group is given in the Chairman's statement on pages 3 to 5.

Key areas of strategic development for the business include:

Technology innovation

New products are brought to market regularly to compete as technology advances. The Group operates a dual development strategy of in house design and OEM product sourcing and qualification. The in-house engineering team ensures all products supplied within the end-to-end offering are tested robustly and fully optimized as a complete solution to deliver market leading performance and reliability. Hardware life-cycles in the security market are reducing, and by sourcing products from a number of suppliers, the Group can offer a broader product range, and increase speed to market for new technology. The Group's in-house development resource is strategically weighted towards software development, to meet increased market demand for intelligent video systems for both security and operational needs.

Sales and marketing

New and repeat business is being won continually; new markets have been developed in line with the Group's strategy; key customer relationships are monitored on a regular basis and the performance of the regional sales teams is continually reviewed to ensure appropriate development is provided and teams resourced accordingly. The sales and marketing team structure is evolving to manage the targeted growth.

Supply chain and logistics

The Group sources products from multiple suppliers in Asia and Europe, and consolidates these in three main logistics centres in Malaysia, the USA and the UK. During 2015, the US logistics centre was relocated to a large third party to increase capacity and delivery speed to partners in the Americas. The Group also operates service centres in Colombia and Brazil. The Group continually strives to improve efficiency in the supply chain and logistics functions, to provide market leading delivery speeds to our global customer base.

Group structure and local presence

The Group continues to reduce barriers to revenue growth in all geographies by establishing legal entities as required.

Risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

Product and technology risk

All new technologies and products involve business risk both in terms of possible abortive expenditure, risk to reputation and potential customer claims. Such risks may materially impact the Group. Appropriate measures are taken to control quality throughout the design and production processes and the Group has continued to improve its "New Product Introduction" procedures to minimize these risks.

Competitive risk

The Group operates in highly competitive markets. The Group competes against both global and local suppliers of end-to-end networked video solutions, video hardware only and video software only providers. Product innovations, technical advances, global reach and price pressure by competitors could adversely affect the Group. The geographical diversity of operations reduces the possible effect of action by any single competitor. The Group values customer service as a competitive differentiator and continually strives to optimise the customer experience across all departments. The Group invests directly in research and development in order to sustain a competitive advantage and also works continually to ensure that its product range is competitive.

Litigation risk

The Group takes precautions to seek to ensure that its products do not infringe third party intellectual property or other rights. However, given that the fields of video and audio technology are heavily patented, there remains a risk that the Group may be the subject of third party claims of intellectual property right infringement. The Group was an early entrant into the video security market and holds significant prior art should a claim be made.

Supply chain and distribution risk

The Group sources component parts from a number of global suppliers and avoids single points of supply wherever possible. The Group sub-contracts the manufacturer of its goods to large manufacturers in Asia, with factories in multiple locations, as well as established European manufacturers, and operates three main distribution hubs to reduce the risk of disruption to supply to its customers. The Group obtained Authorised Economic Operator (AEO) status from the European Commission in April 2010, and seeks to work with supply chain partners that are also AEO accredited, or whose procedures and practices meet the required standards, to minimise the safety and security risk of operating a global supply chain.

Partner risk

The Group sells its goods and services through a global authorised partner network. Potential new partners undertake a strict authorisation process, including thorough product training, to ensure the Group's products are installed and maintained to a high standard at end-user sites, and to minimise the risk to the Group's reputation in the market place. This is further supported by the Group's regional support teams who are available to assist in pre-sales and ongoing technical support. Potential new partners also undergo detailed credit checks and trade within authorised credit limits to minimise the Group's financial risk.

Foreign currencies exchange rate fluctuations

The Group monitors short and medium term exchange rates and purchases products and components in US dollars to match the major sales currency. The Group seeks to reduce exposure to foreign exchange risk through natural hedging of USD income and costs. The Group currently generates EUR and CAD income in excess of EUR and CAD costs, and has GBP costs in excess of GBP income. Foreign currency is purchased as necessary at spot rates. The Group's management does not consider that the foreign currency exposures are sufficient to warrant the use of forward exchange contract or other currency instruments at the present time, but continues to keep this under review. Sensitivity analysis associated with currency movements is detailed further in note 19 of the report and accounts.

Environmental risks

The Group seeks to ensure ongoing compliance with relevant legislation and strives to ensure that environmental best practice is incorporated into its key processes. The Group's ethical sourcing policy defines the environmental responsibilities throughout the supply chain. The Group fully complies with the European Union's 'Restriction of Hazardous Substances' directive.

The effect of legislation and other regulatory activities

The Group regularly monitors forthcoming and current legislation and taxation changes as they affect the Group.
Key performance indicators ("KPIs")

The Group uses the following financial KPIs to monitor growth, profitability, spend, and working capital:

	2015 **12 months**	2014 17 months	Measure
Revenue growth %	**(23.1%)****	10.4%*	Current period revenue/ prior period revenue
Operating margin	**(1.6%)**	5.2%	Operating profit before financing costs / revenue
R&D as % of sales	**9.3%**	9.8%	Research and development expenses/ revenue
Annualised return on capital employed	**(3.2%)**	12.1%	(Loss)/profit before tax /Year end total assets less current liabilities
Current ratio	**3.2**	2.4	Current assets: current liabilities
Debtor days	**79**	96	Age profile of trade receivables
Creditor days	**50**	50	Age profile of trade payables

*Using the adjusted 17 month comparative stated in the 2014 annual report

** Using the 12 month proforma results in the 2015 Chairman's statement

The Group also uses non-financial KPIs, including the monitoring of:

- Average time taken to despatch orders
- Product return rates
- Number of technical support issues opened and resolved
- Employees' health and safety

Cash

The net cash balance at period end was $2.76m (2014: $2.56m). Cash balances are mainly held in US Dollars, Sterling, Euros and Canadian dollars. Cash reserves in excess of current requirements are placed on a variety of term deposits. Term deposits are placed with banks from the list of the Group's approved institutions. Cash on term deposits is included within cash and cash equivalents on the balance sheet.

The Group's has an overdraft facility of $4.0m which falls due for renewal in February 2017 that is secured by a bond and floating charge.

As explained in note 1 to the financial statements, the directors have reviewed the latest forecast results and cash flow projections. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly the financial statements have been prepared on a going concern basis.

Employees

The continuing success of the Group greatly depends on its employees across the world that contribute daily to the achievement of the organisational goals. The Group respects its staff and recognises that they are its most valuable asset. The Group recruits and retains staff globally by offering challenging opportunities, competitive compensation packages and a good working environment.

The Group strives to provide a working environment which encourages continuous learning and development for all employees and is committed to effective investment in training and development to achieve the business goals. The Group conducts an annual staff engagement survey to gauge employees' professional and emotional commitment to the Group and to seek feedback to drive continuous improvement.

The Company is committed to employee involvement throughout the business and operates a number of share option, share incentive and long term incentive plans. The Company has established an employee benefit trust in connection with these plans.

By order of the board

Marcus Kneen

Director

Edinburgh

2 March 2016

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2015.

Principal activities and business review

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. A review of the activities of the Group for the period is given in the Chairman's statement on pages 3 to 5.

Proposed dividend

The directors recommend the payment of a final dividend of 2.5 pence per share (2014: 17 pence for the 17 months).

Branches

The Group operates a branch of its 100% owned subsidiary, IndigoVision Ltd, in Dubai.

Political and charitable contributions

The Group made charitable donations of $70 (2014: $360) and no political contributions during the year (2014: $ nil).

Share Capital

As at 31 December 2015, the company had 7,610,756 ordinary shares of 1 penny each issued.

Substantial interests

At the date of this report, the Company had been notified in accordance with sections 793 to 828 of the Companies Act 2006, of the following interests of 3% or more in the Company's ordinary share capital:

	Shares	%
HSBC Global Custody Nominees Ltd	2,217,500	29.1
Liontrust Investment Partnership LLP	550,000	7.2
Hamish Grossart	418,250	5.5
Hargreave Hale Ltd	265,000	3.5

Directors

The directors who held office during the period were as follows:

Hamish Grossart

Non-Executive Chairman

Hamish Grossart, Non-Executive Chairman joined the board of IndigoVision as chairman in 1996. He has over 25 years' experience on public company boards in a wide range of industries, both in an executive and non-executive capacity. He is also the non-executive chairman of Artemis Investment Management and non-executive deputy chairman of British Polythene Industries. He was Deputy Chairman of Cairn Energy from 1996 to 2010 and past chairmanships include EFT Group PLC, Royal Doulton PLC, Hicking Pentecost PLC, Scottish Highland Hotels Group PLC and Eclipse Blinds PLC.

Marcus Kneen

Chief Executive Officer

Marcus Kneen joined IndigoVision in 2003 as Chief Financial Officer and was appointed Chief Executive Officer in 2011. Previously he held various Finance Director and General Manager positions including Incorporated Technologies (Holdings) Ltd, Grampian Country Food Group and Howegarden Ltd. Prior to that Marcus held finance and audit positions at Christian Salvesen plc and Ernst & Young. He holds an MA from the University of Dundee and is a member of the Institute of Chartered Accountants of Scotland. In 2010/11 he was chairman of the Scottish Finance Directors Discussion Group.

Holly McComb

Chief Financial Officer

Holly McComb joined IndigoVision in 2006 as Group Financial Controller and was appointed Chief Financial Officer in 2011. She has held prior finance and audit roles with HBOS plc and Ernst & Young London and Sydney. She holds a BEng (Hons) from Edinburgh University and is a member of the Institute of Chartered Accountants of England and Wales.

Andrew Fulton

Non-Executive Director

Andrew Fulton joined the board of IndigoVision in 2011 as an independent non-executive director. Andrew spent over 30 years in the British Diplomatic Service, his last appointment being in Washington DC, following postings in Saigon, Rome, East Berlin, Oslo and at the United Nations in New York. Amongst other business roles Andrew is Chairman of GPW Ltd, specialists in corporate investigations and business intelligence, and is President (formerly founding Chairman) of the Scottish North American Business Council. He is a former Chairman of the Scottish Conservative and Unionist Party and is senior adviser to the all-Party MENA Council at Westminster.

Martin Pengelley

Non-Executive Director

Martin Pengelley joined the board of IndigoVision in 2014 as an independent non-executive director. Martin qualified as a Chartered Accountant with Ernst & Whinney before joining Wood Mackenzie, a predecessor firm of Deutsche Bank, in 1984. Martin worked in UK Corporate Stockbroking with Deutsche Bank AG for almost 30 years before retiring at the end of 2013. Martin is also a director of DB Trustee Services Ltd, the trustee company of the Deutsche Bank UK pension schemes, and Paddock Wood Community Advice Centre.

The directors benefited from qualifying third party indemnity provisions in place during the financial period and at the date of this report.

Directors' remuneration

The Directors who served during the period and their remuneration for the period (or period of employment during the period where shorter) are shown below:

2015 12 months Director	Salary/ Fees $'000	Bonus $'000	Benefits $'000	Total before pension $'000	Pension contributions $'000	2015 Total $000
Executive						
Marcus Kneen	321	-	23	344	43	**387**
Holly McComb	164	-	3	167	26	**193**
Non-Executive						
Andrew Fulton	46	-	-	46	-	**46**
Martin Pengelley	46	-	-	46	-	**46**
Hamish Grossart	92	-	-	92	-	**92**
	669	-	26	695	69	**764**

2014 17 months Director	Salary/ Fees $'000	Bonus $'000	Benefits $'000	Total before pension $'000	Pension contributions $'000	2014 Total $000
Executive						
Marcus Kneen	468	-	27	495	42	**537**
Holly McComb	239	-	4	243	21	**264**
Non-Executive						
Andrew Fulton	69	-	-	69	-	**69**
Martin Pengelley	50	-	-	50	-	**50**
Hamish Grossart	139	-	-	139	-	**139**
	965	-	31	996	63	**1,059**

Directors' interests

The directors who served the Company during the period, together with their beneficial interests in the shares of the Company, were as follows:

	Ordinary shares	
	Interest at end of period	Interest at start of period
Hamish Grossart	**418,250**	**418,250**
Marcus Kneen	**214,897**	**213,594**
Holly McComb	**8,566**	**7,066**
Martin Pengelley	**2,000**	**2,000**

The following rights to subscribe for shares in the Company were granted to the directors, or exercised by them, during the financial period:

	Options at start of period	Awarded during period	Exercised during period	Lapsed during period	**Options at end of period**	Weighted average option price per share, £	Date range in which options can be exercised
Marcus Kneen	135,000	58,000	-	(50,000)	**143,000**	£0.40	Oct '09 – Dec '25
Holly McComb	55,000	30,000	-	(27,000)	**58,000**	£0.83	Oct '09 – Dec '25

Committees

Audit Committee

Martin Pengelley is the Chairman of the audit committee and Andrew Fulton is a second member. The Board has delegated the following responsibilities to the audit committee:

- To assist the board in meeting its financial reporting responsibilities
- To ensure that the Group's published financial statements comply with all applicable statutory requirements and accounting standards
- To review the interim and annual financial reports of the Group
- To review the effectiveness of internal financial controls and make recommendations where necessary
- To communicate with the external auditors and review their audit findings
- To review the performance of the auditors
- To advise the Board on the appointment and remuneration of the external auditors

Remuneration Committee

Andrew Fulton is the Chairman of the remuneration committee and both Hamish Grossart and Martin Pengelley are members. The Board has delegated the following responsibilities to the remuneration committee:

- Reviewing the performance of the executive directors
- Setting the pay, bonuses and other remuneration of the executive directors
- Allocating share options together with any attached performance targets to executive directors and employees

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Auditor

In accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the Company is to be proposed at the forthcoming annual general meeting.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial period. As required by the AIM Rules of the London Stock Exchange they are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the parent company financial statements on the same basis.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

Marcus Kneen

Director

Edinburgh

2 March 2016

Independent auditor's report

To the members of IndigoVision Group plc

We have audited the financial statements of IndigoVision Group plc for the period ended 31 December 2015 set out on pages 16 to 50. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Alex Sanderson (Senior Statutory Auditor)
For an on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Edinburgh
2 March 2016

Consolidated statement of comprehensive income

For the year ended 31 December 2015

$'000	Note	**12 months ended 31 December 2015**	17 months ended 31 December 2014
Revenue	2	**47,093**	82,460
Cost of sales		**(22,881)**	(34,719)
Gross profit		**24,212**	47,741
Research and development expenses		**(4,399)**	(8,056)
Selling and distribution expenses		**(15,834)**	(27,853)
Administrative expenses		**(4,786)**	(6,975)
Foreign exchange gain/(loss)		**64**	(586)
Operating (loss)/profit	3	**(743)**	4,271
Financial expense	5	**(10)**	(5)
(Loss)/profit before tax		**(753)**	4,266
Income tax credit	6	**269**	277
(Loss)/profit for the period attributable to equity holders of the parent		**(484)**	4,543
Other comprehensive income			
Foreign exchange translation differences on foreign operations		**(509)**	1,253
Total comprehensive (loss)/income for the year attributable to equity holders of the parent		**(993)**	5,796
Basic (loss)/earnings per share (cents)	7	**(6.5)**	60.7
Diluted (loss)/earnings per share (cents)	7	**(6.5)**	60.5

Consolidated balance sheet

As at 31 December 2015

$'000	Note	**31 December 2015**	31 December 2014
Non-current assets			
Property, plant and equipment	8	**1,443**	1,702
Intangible assets	9	**72**	103
Deferred tax	11	**4,852**	5,337
Total non-current assets		**6,367**	7,142
Current assets			
Inventories	12	**9,494**	10,396
Trade and other receivables	13	**12,575**	17,680
Cash and cash equivalents	14	**2,763**	2,559
Total current assets		**24,832**	30,635
Total assets		**31,199**	37,777
Current liabilities			
Trade and other payables	18	**7,671**	12,681
Provisions	17	**137**	137
Total current liabilities		**7,808**	12,818
Non-current liabilities			
Provisions	17	**45**	45
Total non-current liabilities		**45**	45
Total liabilities		**7,853**	12,863
Net assets		**23,346**	24,914
Equity			
Called up share capital	15	**120**	119
Share premium account	15	**2,684**	2,666
Other reserve	15	**8,080**	8,080
Translation reserve	15	**169**	678
Profit and loss account		**12,293**	13,371
Total equity attributable to equity holders of the parent		**23,346**	24,914

These financial statements were approved by the Board of Directors on 2 March 2016 and were signed on its behalf by:

Marcus Kneen
Director

Holly McComb
Director

Company balance sheet

As at 31 December 2015

$'000	Note	**31 December 2015**	31 December 2014
Non-current assets			
Investments	10	**2,517**	2,629
Total non-current assets		**2,517**	2,629
Current assets			
Trade and other receivables	13	**3,095**	4,019
Cash	14	**997**	5
Total current assets		**4,092**	4,024
Total assets		**6,609**	6,653
Net assets		**6,609**	6,653
Equity			
Called up share capital	15	**120**	119
Share premium account	15	**2,684**	2,666
Translation Reserve	15	**(233)**	76
Profit and loss account		**4,038**	3,792
Total equity attributable to equity holders of the parent		**6,609**	6,653

These financial statements were approved by the Board of Directors on 2 March 2016 and were signed on its behalf by:

Marcus Kneen

Director

Holly McComb

Director

Group statement of changes in equity

For the year ended 31 December 2015

	Share capital $000	Share premium $000	Other reserve $000	Translation reserve $000	Retained earnings $000	Total equity $000
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 own shares	-	-	-	-	(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
Loss for the year	-	-	-	-	(484)	(484)
Difference on translation	-	-	-	(509)	-	(509)
Share options exercised by employees	1	18	-	-	-	19
Equity-settled transactions, including deferred tax effect	-	-	-	-	(21)	(21)
Dividends paid to equity holders	-	-	-	-	(573)	(573)
Balance at 31 December 2015	**120**	**2,684**	**8,080**	**169**	**12,293**	**23,346**

Company statement of changes in equity

For the year ended 31 December 2015

Company	Share capital $000	Share premium $000	Translation reserve $000	Retained earnings $000	Total equity $000
Balance at 1 August 2013	119	2,587	(26)	4,059	6,739
Profit for the period	-	-	-	1,685	1,685
Share options exercised by employees	-	79	-	-	79
Equity-settled transactions, including deferred tax effect	-	-	-	184	184
Difference on translation	-	-	102	-	102
Dividends paid to equity holders	-	-	-	(2,136)	(2,136)
Balance at 31 December 2014	119	2,666	76	3,792	6,653
Profit for the year	-	-	-	810	810
Share options exercised by employees	1	18	-	-	19
Equity-settled transactions, including deferred tax effect	-	-	-	9	9
Difference on translation	-	-	(309)	-	(309)
Dividends paid to equity holders	-	-	-	(573)	(573)
Balance at 31 December 2015	**120**	**2,684**	**(233)**	**4,038**	**6,609**

Consolidated statement of cash flows

For the year ended 31 December 2015

	12 months ended 31 December 2015 $000	17 months ended 31 December 2014 $000
Cash flows from operating activities		
(Loss)/profit for the year	**(484)**	4,543
Adjusted for:		
Depreciation and amortisation	**1,124**	1,322
Financial expense	**10**	5
Share based payment expense	**9**	184
Foreign exchange	**267**	1,137
Gain on disposal of property, plant and equipment	**(25)**	-
Income tax credit	**(269)**	(277)
Decrease/(increase) in inventories	**902**	(2,916)
Decrease/(increase) in trade and other receivables	**5,105**	(1,720)
(Decrease)/increase in trade and other payables	**(5,010)**	3,394
Increase/(decrease) in provisions	**-**	(93)
Cash generated from operations	**1,629**	5,579
Income taxes paid	**(15)**	(33)
Net cash inflow from operating activities	**1,614**	5,546
Cash flows from investing activities		
Interest paid	**(10)**	(5)
Acquisition of property, plant and equipment	**(819)**	(1,554)
Acquisition of intangibles	**(15)**	(117)
Net cash outflow from investing activities	**(844)**	(1,676)
Cash flows from financing activities		
Proceeds from the issue of share capital	**19**	79
Repurchase of own shares	**-**	(508)
Dividends paid	**(573)**	(2,136)
Net cash outflow from financing activities	**(554)**	(2,565)
Net increase in cash and cash equivalents	**216**	1,305
Cash and cash equivalents at 31 December 2014 and 31 July 2013	**2,559**	1,284
Effect of exchange rate fluctuations on cash held	**(12)**	(30)
Cash and cash equivalents at 31 December	**2,763**	2,559

Company statement of cash flows

For the year ended 31 December 2015

	12 months ended 31 December 2015 $000	17 months ended 31 December 2014 $000
Cash flows from operating activities		
Profit for the year	**810**	1,685
Adjusted for:		
Financial income	**(45)**	(124)
Foreign exchange	**(188)**	56
Decrease in trade and other receivables	**924**	319
Dividend received from subsidiary	**(995)**	(1,702)
Cash generated by operations	**506**	234
Net cash inflow from operating activities	**506**	234
Cash flows from investing activities		
Interest received	**45**	124
Dividends received	**995**	1,702
Net cash inflow from investing activities	**1,040**	1,826
Cash flows from financing activities		
Proceeds from the issue of share capital	**19**	79
Dividends paid	**(573)**	(2,136)
Net cash outflow from financing activities	**(554)**	(2,057)
Net increase in cash and cash equivalents	**992**	3
Effect of exchange rate fluctuations on cash held	**-**	1
Cash and cash equivalents at beginning of period	**5**	1
Cash and cash equivalents at 31 December	**997**	5

Notes to the consolidated financial statements

1. Significant accounting policies

IndigoVision Group plc (the "Company") is a company domiciled and registered in Scotland. The consolidated financial statements of the Company for the year ended 31 December 2015 comprise those of the Company and its subsidiaries (together referred to as the "Group").

The financial statements were authorised for issue by the directors on 2 March 2016.

(a) Statement of compliance

Both the parent company financial statements and the group financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"). On publishing the parent company financial statements here together with the group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

(b) Basis of preparation

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

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report on pages 6 to 14. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chairman's statement on pages 3 to 5. In addition, note 19 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has adequate financial resources together with long-term relationships with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully. The Group continues to operate with sufficient cash resources and bank facilities and is forecast to continue to do so during the relevant forecast period. After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of adopted IFRSs that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 24.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All subsidiaries are 100% controlled.

(ii) Transactions eliminated on consolidation

Intragroup balances, and income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Exchange gains and losses on intra-group balances remain on consolidation.

(iii) Investments in subsidiaries

Investments by the Company in subsidiaries are carried at cost less provision for any impairment.

(d) Foreign currency

(i) Functional currency

The Group's earnings stream is primarily US dollars and the principal functional currency is the US dollar, being the most representative currency of the Group. The Group's financial statements are therefore prepared in US dollars.

The exchange rates used in the preparation of these financial statements are stated in note 19.

(ii) Foreign currencies

Income statements of entities whose functional currency is not the US dollars are translated into US dollars at average rates of exchange for the period and assets and liabilities are translated into US dollars

at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of net assets in such entities held at the beginning of the year, together with those differences resulting from the restatement of profits and losses from average to year end rates, are taken to the currency translation reserve.

In each individual entity, transactions in overseas currencies are translated into the relevant functional currency at the exchange rates ruling at the date of the transaction. Where more than one exchange rate is available, the appropriate rate at which assets can be readily realised and liabilities can be extinguished is used. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date. Any exchange differences are taken to the income statement.

(e) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below). Cost includes expenditure that is directly attributable to the acquisition of the asset.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

- Fixtures and fittings 5 – 10 years
- Plant and equipment 3 – 5 years
- Computer hardware 3 years
- Demonstration Equipment 2 years

The residual value, if not insignificant, and useful lives, are reassessed annually.

(f) Intangible assets

(i) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

An internally generated intangible asset arising from the Group's product development is recognised only if all of the following conditions are met:

- an asset is created that can be identified;
- the project from which the asset arises meets the Group's criteria for assessing technical feasibility;
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally generated intangible assets are amortised on a straight line basis over their useful lives. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

(ii) Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring into use the specific software. These costs are amortised using the straight line method over the softwares' estimated useful lives (1 to 3 years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(g) Trade and other receivables

Trade and other receivables are stated at their fair value as reduced by appropriate allowances for estimated irrecoverable amounts.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out principle and is the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(j) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy h), trade and other receivables (see accounting policy g) and deferred tax assets (see accounting policy r), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accounting policy j(i)).

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(i) Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing fair value, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(j) Impairment continued

(ii) Reversal of impairment

An impairment loss is reversed if there has been a positive change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(k) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are shown in equity as a deduction from equity. Dividends are recognised as a liability in the period in which they are approved by the shareholders.

(l) Employee benefits

(i) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Share-based payment transactions

The Group's share option programme allows eligible employees to acquire shares of the Company. The fair value of options granted is measured at grant date and recognized as an expense with a corresponding increase in equity spread over the period during which the employees become unconditionally entitled to the options. The fair value is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the number of share options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share options that meet the related service and non-market performance conditions at the vesting date, except where forfeiture is only due to share prices not achieving the threshold for vesting.

The proceeds received net of any directly attributable expenses are credited to share capital and share premium when the options are exercised.

Where the Company grants share options to the employees of its subsidiaries, it recognises an increase in the cost of its investment in its subsidiaries equivalent to the equity settled share based payment charge in the consolidated financial statements. The corresponding credit is recognised in equity.

(iii) Long term incentive plan

The Company has established the IndigoVision Group plc 2008 Long Term Incentive Plan (the LTIP). All employees and executive directors of the Group are eligible to be granted awards. The grant date fair value of conditional shares and share option awards is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the shares. The fair values of the awards are measured using a valuation model, taking into account the terms and conditions upon which the LTIPs were granted.

(iv) Share Incentive Plans

The Group has established four share incentive plans to enable all employees and sales agents to purchase or notionally purchase shares in the Company: The HMRC approved IndigoVision Group plc Share Incentive Plan 2010 ("The UK employee scheme"), the IndigoVision Inc 2010 Restricted Stock Unit Plan, the International Agents Incentive Plan and the International Employee's Incentive Plan.

The Company matches each share purchased through the UK employee scheme on a 1:1 basis. The fair value of the free matching share is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the shares were granted. The fair value is spread over the 3 year vesting period.

The IndigoVision Inc 2010 Restricted Stock Unit Plan, the International Agents Incentive Plan and the International Employee's Incentive Plan are cash settled plans. The Company matches each share notionally purchased through these schemes on a 1:1 basis. The Group accounts for the liability for the free notional share by marking to market at each financial period end.

(m) Employee share trusts

The Company has established a share trust, “The IndigoVision Group plc Employee Benefit Trust” which is separately administered and funded by loans from the Company. The Company recognises the assets and liabilities of the Trust in its own accounts.

(n) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(i) Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of a range of possible outcomes against their associated probabilities.

(o) Trade and other payables

Trade and other payables are not interest bearing and are stated at their fair value.

(p) Revenue

Revenue comprises income from the sale of goods, income from technical support activities, income from the sales of software upgrade contracts for 1-5 years in length, royalty income earned during the period, and excludes sales taxes.

(i) Product revenues

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer which is normally when the goods have been despatched from the warehouse.

(ii) Technical support activities

Revenue from technical support activities is recognised on completion of the service.

(iii) Software upgrade contracts

Revenue from the sale of software upgrade contracts for 1-5 years in length is deferred on the balance sheet and recognised in the income statement on a straight-line basis over the length of the contract.

(q) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(ii) Net financing income

Net financing income comprises interest payable on the bank overdraft facility and interest receivable on cash deposits.

(r) Income tax

The tax expense represents the sum of the current taxes payable and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The current tax payable is based on taxable income for the period using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the asset recognised to be recovered. Deferred tax is calculated using tax rates that are enacted or substantially enacted at the balance sheet date.

(s) Earnings per share

Basic earnings per share is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period, excluding shares held by the Employee Benefit Trust and shares held in treasury, which are treated as cancelled. Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of potentially dilutive ordinary shares, which comprise share options granted.

(t) New standards and interpretations not yet adopted

The 2015 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The following IFRSs have been issued but have not been applied by the Group in these financial statements:

IFRS 9	Financial Instruments
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases

2. Segment reporting

The Board has determined that the segment reporting format is geographical based on the Group's management and internal reporting structure.

The Board reviews the Group's internal reporting in order to assess performance and to allocate resources. The Board assesses the performance of the following geographical regions: Europe, the Middle East and Africa; North America, Latin America and Asia Pacific and has therefore determined these as the operating segments.

The Board considers the performance of the operating segments based on gross margin after attributable overheads. The operating segments derive their revenue from the sale of software and hardware products and services. The information provided to the Board is measured in a manner which is consistent with the financial statements.

The assets allocated to the operating segments are trade receivables for sales made to customers in these regions and assets owned by subsidiaries in these regions. The liabilities allocated to operating segments are liabilities of subsidiaries in these regions. Unallocated assets and liabilities are utilised and managed centrally for all geographical sales segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

Operating segments

The following table states one year for 2015 and 17 months for the 2014 comparative.

		Europe, Middle East & Africa		North America		Latin America		Asia Pacific		Unallocated		Group	
	Notes	**2015 $000**	2014 $000	**2015 $000**	2014 $000	**2015 $000**	2014 $000	**2015 $000**	2014 $000	**2015 $000**	2014 $000	**2015 $000**	2014 $000
Segment revenue		19,540	28,563	13,894	23,761	8,777	15,747	5,026	14,857	(144)	(468)	47,093	82,460
Segment result		4,388	7,812	3,926	6,664	2,281	4,565	874	4,185	(1,860)	(422)	9,609	22,758
Unallocated expenses										(10,353)	(18,487)	(10,352)	(18,487)
Operating (loss)/ profit												(743)	4,271
Net financing expense	6									(10)	(5)	(10)	(5)
(Loss)/profit before tax												(753)	4,266
Income Tax Credit	7									269	277	269	277
(Loss)/ profit for the year												(484)	4,543
Assets		5,222	6,444	3,447	6,738	1,373	2,081	2,053	1,688	19,104	20,826	31,199	37,777
Liabilities			(11)	(54)	(10)	(1)	(10)	(408)		(7,390)	(12,832)	(7,853)	(12,863)
Expenditure incurred on segment non-current assets				120	222	14		3	2	697	1,447	834	1,671
Depreciation and amortisation			6	186	179			7	10	931	1,127	1,124	1,322

Revenues derived from external customers based in the UK in the year amounted to $7,556,000 (2014: $9,701,000 for 17 months).

All sales are to third parties. All segment results are from continuing activities.

2. Segment reporting continued

Analysis of revenue

	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Revenues from:		
Products sold	**44,432**	78,971
Support services	**207**	496
Software Upgrade Contracts	**2,454**	2,993
	47,093	82,460

3. Operating (loss)/profit

	12 months ended 31 December 2015 $000	17 months ended 31 December 2014 $000
Operating (loss)/profit is stated after charging:		
Depreciation and amortisation	**1,124**	1,322
Net write down of inventories to realisable value	**598**	453
Allowance for doubtful trade receivables	**437**	405
Research & development expenditure	**4,399**	8,056
Share based payment expense	**9**	184
Fees payable to the Group's auditor:		
Audit of these financial statements (Group and Company)	**18**	21
Audit of group companies pursuant to legislation	**34**	42
All other services	**-**	21

4. Personnel expenses

	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Wages and salaries	**9,040**	15,433
Compulsory social security contributions	**789**	1,590
Contributions to defined contribution pension plans	**547**	526
Equity-settled share based payment transactions	**9**	184
	10,385	17,733

The figures above include the directors' remuneration which is disclosed separately below.

	12 months ended 31 December 2015 Number	17 months ended 31 December 2014 Number
Average number of employees, including executive directors and excluding retained agents, by activity		
Selling and distribution	**56**	48
Research & Development	**44**	52
Administration	**19**	22
	119	122

	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Remuneration of directors		
Directors emoluments	**695**	996
Company contributions to money purchase pension schemes	**69**	63
	764	1,059

	Number of directors	
	2015 Number	2014 Number
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	2
The number of directors who exercised share options	**-**	1

5. Net financing expense

	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Bank interest payable	**(19)**	(7)
Interest charged on accounts receivable	**9**	2
Net financial expense	**(10)**	(5)

6. Income taxes

Recognised in the income statement

	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Current tax (credit)/expense		
UK tax	**(526)**	-
UK tax - prior year adjustment	**(246)**	-
Overseas tax	**13**	108
Overseas tax – prior year adjustment	**5**	8
	(754)	116
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**45**	(357)
Reduction in tax rate	**157**	112
Adjustments relating to prior year trading losses	**283**	(148)
	485	(393)
Total income tax credit in income statement	**(269)**	(277)

6. Income taxes continued

Reconciliation of effective tax rate

	12 months ended 31 December 2015		17 months ended 31 December 2014	
	%	**$'000**	%	$'000
(Loss)/profit before tax		**(753)**		4,266
Income tax using the UK corporation tax rate	**(20.25%)**	**(153)**	21.94%	936
Other Permanent Differences	**(27.48%)**	**(207)**	(2.25%)	(96)
Non-deductible expenses	**27.48%**	**207**	1.95%	83
Net tax relief on share options	**(2.12%)**	**(16)**	(0.33%)	(14)
Research & Development tax credit	**(88.68%)**	**(668)**	(27.03%)	(1,153)
Adjustments relating to prior year trading losses	**37.57%**	**283**	(3.47%)	(148)
Surrender of tax losses for research & development tax credit refund	**28.54%**	**215**	0.00%	-
Unrelieved tax losses & other deductions arising in the period	**16.73%**	**126**	0.00%	-
Capital allowances in excess of depreciation	**1.06%**	**8**	0.00%	-
Prior year adjustment – current tax	**(31.99%)**	**(241)**	0.19%	8
Overseas taxes payable	**0.80%**	**6**	(0.46%)	(19)
Timing differences	**1.86%**	**14**	0.35%	14
Effect of tax rate change on deferred tax asset	**20.84%**	**157**	2.63%	112
	(35.65%)	**(269)**	(6.49%)	(277)

At 31 December 2015 tax losses generated outside the UK available for offset against future profits, amounted to approximately $1.7 million (2014: $2.2 million); using an income tax rate of 20.25% (2014: 20%) this is equivalent to an asset of $0.3 million (2014: £0.4 million). However, due to continuing uncertainty over the timing of suitable profits and the fact that such losses will eventually time expire, no asset is currently being recognised in the consolidated financial statements in respect of such losses.

7. Earnings per share

	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Earnings per share		
(Loss)/profit for the year attributable to equity shareholders (basic and diluted)	**(484)**	4,543

	Cents	Cents
Basic earnings per share	**(6.5)**	60.7
Diluted earnings per share	**(6.5)**	60.5

7. Earnings per share continued

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:

	2015 number of shares	2014 number of shares
Issued ordinary shares at start of year	**7,604,756**	7,574,548
Effect of weighted average of shares issued during the year from exercise of employee share options	**4,451**	18,190
Effect of purchase of own shares	**(134,238)**	(107,735)
Weighted average number of ordinary shares for the year – for basic earnings per share	**7,474,969**	7,485,003
Effect of share options in issue	**-**	18,129
Weighted average number of ordinary shares for the year – for diluted earnings per share	**7,474,969**	7,503,132

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2015 was based on the loss attributable to equity shareholders of $484,000 (2014 17 months profit: $4,543,000) and a weighted average number of ordinary shares during the year ending 31 December 2015 of 7,474,969 (2014 17 months: 7,485,003), calculated as shown above.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2015 was based on the loss attributable to equity shareholders of $484,000 (2014 17 months profit: $4,543,000) and a weighted average number of ordinary shares during the year ending 31 December 2015 of 7,474,969 (2014 17 months: 7,503,132), calculated as shown above.

8. Property, plant and equipment

Group	Plant and equipment	Fixtures and fittings	Computer hardware	Demo Equipment	Total
	$'000	$'000	$'000	$'000	**$'000**
Cost					
Balance at 1 August 2013	1,156	779	1,180	332	**3,447**
Additions	399	34	353	768	**1,554**
Disposals	(73)	(12)	(24)	(15)	**(124)**
Effect of movements in foreign exchange	84	45	82	(1)	**210**
Balance at 31 December 2014	1,566	846	1,591	1,084	**5,087**
Additions	143	131	29	516	**819**
Disposals	-	-	-	(28)	**(28)**
Balance at 31 December 2015	1,709	977	1,620	1,572	**5,878**
Depreciation					
Balance at 1 August 2013	858	251	973	95	**2,177**
Depreciation charge for the period	298	122	249	508	**1,177**
Disposals	(73)	(12)	(24)	(1)	**(110)**
Effect of movements in foreign exchange	68	10	67	(4)	**141**
Balance at 31 December 2014	1,151	371	1,265	598	**3,385**
Depreciation charge for the year	249	109	199	521	**1,078**
Disposals	-	-	-	(28)	**(28)**
Balance at 31 December 2015	1,400	480	1,464	1,091	**4,435**
Net Book Value					
At 1 August 2013	298	528	207	237	**1,270**
At 31 December 2014	415	475	326	486	**1,702**
At 31 December 2015	309	497	156	481	**1,443**

9. Intangible assets

Group	Computer software $'000
Cost	
Balance at 1 August 2013	**445**
Additions	**117**
Effect of movements in foreign exchange	**34**
Balance at 31 December 2014	**596**
Additions	**15**
Balance at 31 December 2015	**611**
Amortisation and impairment losses	
Balance at 1 August 2013	**323**
Amortisation for the period	**145**
Effect of movements in foreign exchange	**25**
Balance at 31 December 2014	**493**
Amortisation for the year	**46**
Balance at 31 December 2015	**539**

Net book value	
At 1 August 2013	**123**
At 31 December 2014	**103**
At 31 December 2015	**72**

10. Investments in subsidiaries

Company	12 months ended 31 December 2015 $'000	17 months ended 31 December 2014 $'000
Cost		
At start of period	**2,629**	2,400
Increase in respect of share based payments	**9**	184
Difference on translation	**(121)**	45
At end of period	**2,517**	2,629

The Company owns 2,429,042 ordinary shares of 10 pence each (100%) of IndigoVision Limited, a company registered in Scotland. The principal activity of the company is the design, development, manufacture and sale of software and hardware products.

IndigoVision Limited owns 100,000 common stock shares of $0.01 (100%) of IndigoVision Inc, a company incorporated in the USA; 1 ordinary share of $1 (100%) of IndigoVision Pte Ltd, a company incorporated in Singapore; share capital of 24,000 Macau Patacas (100%) of IndigoVision Video Security Solutions, a company incorporated in Macau; and 1 ordinary share of $1 (100%) of IndigoVision Australia Pty Ltd, a company incorporated in Australia. The principal activity of all these companies is the marketing of the Group's products. IndigoVision Limited also owns 9,999 ordinary shares of 1 Brazillian Real (99.99%) of IndigoVision Soluções de Segurança Eletrônica Ltda. The principal activity of this company is product repair and warehousing.

IndigoVision Pte Ltd owns 1 ordinary share of RMB 1,000,000 (100%) of IndigoVision Security Systems (Shanghai) Co.,Ltd, a company incorporated in China. The principal activity of this company is the marketing of the Group's products.

11. Deferred tax assets and liabilities

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	31 December 2015 $'000	31 December 2014 $'000
Employee benefits – share based payments	**24**	74
Value of tax losses carried forward	**4,791**	5,231
Depreciation in excess of capital allowances	**32**	27
Other timing differences	**5**	5
Tax assets	**4,852**	5,337

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the current period in respect of the following items:

	31 December 2015 $'000	31 December 2014 $'000
Tax losses - UK	**88**	55
Tax losses – Non UK	**314**	448
	402	503

Movement in temporary differences during the period

	1 August 2013 $'000	Recognised in income $'000	31 December 2014 $'000
Employee benefits – share-based payments	68	6	**74**
Tax value of losses carried forward	4,789	442	**5,231**
Depreciation in excess of capital allowances	81	(54)	**27**
Other timing differences	6	(1)	**5**
	4,944	393	**5,337**

	1 January 2015 $'000	Recognised in income $'000	31 December 2015 $'000
Employee benefits – share-based payments	74	(50)	**24**
Tax value of losses carried forward	5,231	(440)	**4,791**
Depreciation in excess of capital allowances	27	5	**32**
Other timing differences	5	-	**5**
	5,337	(485)	**4,852**

12. Inventories

	31 December 2015 $'000	31 December 2014 $'000
Raw materials and consumables	632	828
Finished goods	8,862	9,568
	9,494	10,396

The write-down of inventories to net realisable value amounted to $598,000 (2014: $453,000). In the 12 month period, raw material, consumables and changes to finished goods recognised as cost of sales amounted to $21m (2014: $34m for the 17 months).

13. Trade and other receivables

	Group		Company	
	31 December 2015 $'000	31 December 2014 $'000	31 December 2015 $'000	31 December 2014 $'000
Trade receivables	10,922	16,701	-	-
Amounts due from subsidiary undertakings	-	-	2,319	3,204
Amounts due from other related parties	-	-	776	815
Other receivables	917	298	-	-
Prepayments and accrued income	736	681	-	-
	12,575	17,680	3,095	4,019

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 19.

14. Cash and cash equivalents

	Group		Company	
	31 December 2015 $'000	31 December 2014 $'000	31 December 2015 $'000	31 December 2014 $'000
Bank balances	2,763	2,559	997	5
Cash and cash equivalents in the statement of cash flows	2,763	2,559	997	5

The Group's exposure to interest rate risk is disclosed in note 19.

15. Capital and reserves

	Ordinary shares	
	As at 31 December 2015	As at 31 December 2014
	Number of shares	Number of shares
In issue at start of period	**7,604,756**	7,574,548
Issued for cash on exercise of employee share options	**6,000**	30,208
In issue at end of period – fully paid	**7,610,756**	7,604,756

At 31 December 2015, the issued share capital comprised 7,610,756 ordinary shares (2014: 7,604,756) which have a nominal value of 1 pence per share. All issued shares are fully paid.

The holders of ordinary shares are entitled to one vote per share at meetings of the Company and are entitled to receive dividends as recommended by the directors. The holders of ordinary shares also have an unlimited right to share in the surplus remaining on winding up after all creditors are satisfied.

During the period 6,000 ordinary shares of 1 pence each were issued pursuant to the exercise of options.

Share premium

The share premium arose primarily on 2 August 2000 when the Company was listed on the London Alternative Investment Market.

Translation reserve

The translation reserve comprises all foreign exchange differences from the 1 August 2006, the IFRS transition date, arising from the translation of the financial statements of the company and subsidiaries where their functional currency is different from the group presentation currency.

Other reserve

The other reserve arose on the acquisition of IndigoVision Limited in 2000 prior to listing on the London Stock Exchange when merger accounting, which was permitted under applicable accounting standards at that time, was adopted. As this was before the date of transition to IFRS, advantage has been taken of the provisions of IFRS1 such that the accounting for this business combination has not been restated.

Employee benefit trust

Offset within the profit and loss account is an amount of $848,579 (2014: $848,579) representing the cost of own shares held within the Employee Benefit Trust. The nominal value of own shares held is £1,320.

16. Share based payments

Share option schemes

The Group has established a number of share option schemes that entitle directors, senior management and other employees to purchase shares in the Company. Grants have been made of share options in the period from 2000 to date.

The Approved Share Option Schemes

The Group has two approved share options schemes: The 2000 Approved Share Option Scheme and the 2008 Approved Share Option Scheme, which was introduced to replace the 2000 Approved Share Option Scheme.

Under these plans the remuneration committee may grant eligible employees in the United Kingdom share options under the terms and conditions of HM Revenue & Customs approved share option plans. The scheme is open to all employees in the United Kingdom.

16. Share based payments continued

The Unapproved Share Option Schemes

The Group has two unapproved share option schemes: The 2000 Unapproved Share Option Scheme and the 2008 Unapproved Share Option Scheme, which was introduced to replace the 2000 Unapproved Share Option Scheme.

Under these plans the remuneration committee may grant eligible employees options that exceed the value limit of the HM Revenue and Customs approved share option plan. Options granted under this scheme may be exercised between 3 and 10 years from the grant date. The scheme is open to all employees.

The Stock Option / Stock Issuance Plans

The Group has two stock options plans: The 2000 Stock Option/ Stock Issuance plan and the 2008 Stock Option Plan, which was introduced to replace the 2000 Stock Option/ Stock Issuance plan.

These plans are intended to promote the interests of the Group by giving incentives to eligible employees and other consultants or advisors to the Group based in the United States of America. The Remuneration Committee has sole discretion to grant options and determine in each case the terms and conditions that apply to each agreement.

Stand-Alone Option Agreements

The Remuneration Committee has sole discretion to grant share options through stand-alone option agreements to sales agents or other consultants or advisors to the Group. The Remuneration Committee can determine the terms and conditions that apply to each agreement.

The Long Term Incentive Plan (LTIP)

On 3 June 2008, the Company established the IndigoVision Group plc 2008 Long Term Incentive Plan. This plan is intended to award share options and/or conditional share awards to selected employees of the Group.

The Share Incentive Plan 2010 (SIP)

On 10 August 2010, the Company established the IndigoVision Group plc Share Incentive Plan 2010, which is approved by HM Revenue and Customs and open to all employees in the United Kingdom. Under the HM Revenue & Customs approved limits, employees may purchase from a minimum of £10 to a maximum of £150 worth of shares per month by means of a deduction made from gross pay. The Company matches each share purchased by employees on a 1:1 basis. Employees may redeem their shares at anytime; however, if this is before the third anniversary of the purchase, the Company's matching shares will be forfeited. The SIP scheme is administered by the Yorkshire Building Society.

The International Agent's Incentive Plan

In October 2010, the Company established the IndigoVision Group plc Agent's Share Incentive Plan. This is a cash-settled incentive plan which allows international agents notionally to purchase £1,800 of shares in the Company each year. The Company notionally matches each share purchased on 1:1 basis. The agent may redeem their notional share purchase at any time, but if this is before the third anniversary of the purchase, the Company's notional matching shares will be forfeited.

The 2010 Restricted Stock Unit Plan (RSU)

In October 2010, the US subsidiary of the Company, IndigoVision Inc, established the 2010 RSU plan. This is a cash-settled incentive plan which allows all employees in the USA to notionally purchase $3,000 of shares in the Company each year. The Company notionally matches each share purchased on 1:1 basis. The employee may redeem their notional share purchase at any time, but if this is before the third anniversary of the purchase, the Company's notional matching shares will be forfeited.

The Employee Benefit Trust

On 3 June 2008, in connection with establishing the Long Term Incentive Plan, the Company established the IndigoVision Group plc Employee Benefit Trust for the purpose of encouraging and facilitating the acquisition and holding of shares in the Company for the benefit of employees of the Group. As at 31 December 2015, 132,000 shares in the Company had been acquired by the Employee Benefit Trust.

16. Share based payments continued

Share option plans

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares:

Grant date	Number of instruments originally granted	Vesting conditions	Contractual life of options
The 2000 Approved Share Option Plan			
16 March 2006	30,140	3 years from date of grant	10 years
25 October 2006	35,000	3 years from date of grant	10 years
16 April 2007	20,973	3 years from date of grant	10 years
03 October 2007	25,548	3 years from date of grant	10 years
The 2008 Approved Share Option Plan			
17 October 2008	11,500	3 years from date of grant	10 years
29 April 2010	7,611	3 years from date of grant	10 years
20 April 2012	18,000	3 years from date of grant	10 years
09 January 2013	13,437	3 years from date of grant	10 years
19 December 2013	12,234	3 years from date of grant	10 years
26 March 2015	13,778	3 years from date of grant	10 years
The 2000 Unapproved Share Option Plan			
16 March 2006	7,860	3 years from date of grant	10 years
25 October 2006	30,500	3 years from date of grant	10 years
16 April 2007	34,027	3 years from date of grant	10 years
03 October 2007	37,952	3 years from date of grant	10 years
The 2008 Share Option Plan			
17 October 2008	11,800	3 years from date of grant	10 years
29 April 2010	6,389	3 years from date of grant	10 years
09 January 2013	4,563	3 years from date of grant	10 years
19 December 2013	15,266	3 years from date of grant	10 years
26 March 2015	12,222	3 years from date of grant	10 years
The 2000 Stock Option/Issuance Plan			
16 June 2006	5,000	Individually determined (typically 3 years)	10 years
25 October 2006	1,500	Individually determined (typically 3 years)	10 years
16 April 2007	3,000	Individually determined (typically 3 years)	10 years

16. Share based payments continued

Grant date	Number of instruments originally granted	Vesting conditions	Contractual life of options
The 2008 Stock Option/Issuance Plan			
03 October 2007	1,000	Individually determined (typically 3 years)	10 years
17 October 2008	2,700	Individually determined (typically 3 years)	10 years
29 April 2010	1,000	Individually determined (typically 3 years)	10 years
19 December 2013	4,000	Individually determined (typically 3 years)	10 years
The Stand-Alone Option Agreements			
16 June 2006	25,000	Individually determined (typically 3 years)	10 years
25 October 2006	1,000	Individually determined (typically 3 years)	10 years
16 April 2007	13,000	Individually determined (typically 3 years)	10 years
03 October 2007	6,500	Individually determined (typically 3 years)	10 years
14 April 2008	10,000	Individually determined (typically 3 years)	10 years
17 October 2008	13,500	Individually determined (typically 3 years)	10 years
29 April 2010	44,000	Individually determined (typically 3 years)	10 years
18 November 2010	33,000	Individually determined (typically 3 years)	10 years
27 January 2011	11,000	Individually determined (typically 3 years)	10 years
20 April 2012	56,000	Individually determined (typically 3 years)	10 years
09 January 2013	70,000	Individually determined (typically 3 years)	10 years
19 December 2013	83,000	Individually determined (typically 3 years)	10 years
26 March 2015	130,000	Individually determined (typically 3 years)	10 years
The Long Term Incentive Plan			
30 January 2012	50,000	Individually determined (typically 3 years)	10 years
20 April 2012	44,000	Individually determined (typically 3 years)	10 years
09 January 2013	82,000	Individually determined (typically 3 years)	10 years
19 December 2013	92,500	Individually determined (typically 3 years)	10 years
26 March 2015	119,800	Individually determined (typically 3 years)	10 years

16. Share based payments continued

The number and weighted average exercise prices of unexercised share options are as follows:

	12 months ended 31 December 2015		17 months ended 31 December 2014	
	Weighted average exercise price £	Number of options	Weighted average exercise price £	Number of options
The 2000 Approved Share Option Plan				
Outstanding at the beginning of the period	**5.20**	**48,133**	5.23	53,560
Forfeited during the period	**4.13**	**(14,633)**	5.54	(5,427)
Exercised during the period	**1.95**	**(6,000)**	-	-
Outstanding at the end of the period	**6.51**	**27,500**	5.20	48,133
The 2000 Unapproved Share Option Plan				
Outstanding at the beginning of the period	**6.65**	**25,867**	4.39	51,440
Forfeited during the period	**7.13**	**(15,367)**	8.68	(573)
Exercised during the period	**-**	**-**	1.95	(25,000)
Outstanding at the end of the period	**5.68**	**10,500**	6.65	25,867
The 2000 Stock Option / Stock Issuance Plan				
Outstanding at the beginning of the period	**7.38**	**1,500**	7.38	1,500
Forfeited during the period	**6.96**	**(1,000)**	-	-
Outstanding at the end of the period	**8.23**	**500**	7.38	1,500
The 2008 Approved Share Option Plan				
Outstanding at the beginning of the period	**3.71**	**45,031**	3.77	33,548
Granted during the period	**3.45**	**13,778**	3.59	12,234
Forfeited during the period	**3.54**	**(14,000)**	4.87	(751)
Outstanding at the end of the period	**3.68**	**44,809**	3.71	45,031
The 2008 Unapproved Share Option Plan				
Outstanding at the beginning of the period	**3.83**	**26,269**	4.31	13,752
Granted during the period	**3.45**	**12,222**	3.59	15,266
Forfeited during the period	**-**	**-**	4.87	(2,749)
Outstanding at the end of the period	**3.71**	**38,491**	3.83	26,269
The 2008 Stock Option Plan				
Outstanding at the beginning of the period	**3.61**	**2,100**	8.26	1,100
Granted during the period	**-**	**-**	3.56	4,000
Forfeited during the period	**-**	**-**	5.29	(3,000)
Outstanding at the end of the period	**3.61**	**2,100**	3.61	2,100
The Stand Alone Option Agreements				
Outstanding at the beginning of the period	**1.12**	**138,600**	1.08	175,600
Granted during the period	**0.01**	**130,000**	1.00	83,000
Forfeited during the period	**2.05**	**(97,000)**	1.02	(114,792)
Exercised during the period	**-**	**-**	0.01	(5,208)
Outstanding at the end of the period	**1.80**	**171,600**	1.12	138,600

The weighted average share price at the date of exercise of share options exercised during the 12 month period was £1.95 (2014: £1.61 for the 17 months).

The options outstanding at the period-end have an exercise price in the range of £0.01 to £8.68 (2014: £0.00 to £8.68) and a weighted average remaining contractual life of 6.7 years (2014: 6.1 years).

16. Share based payments continued

The options outstanding at 31 December 2015 have an exercise price in the ranges summarised below:

Exercise Price Range	Number of options outstanding at 31 December 2015	Weighted average remaining contractual life (years)
£0.01- £3.44	**90,000**	9.2
£3.45 - £4.49	**159,000**	7.7
£4.50 - £5.68	**36,500**	1.5
£8.23 - £8.68	**10,000**	1.6
	295,500	6.7

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of fair value of the services received is measured based on the Black Scholes model. The model has used an expected life of options of between 3.5 and 4 years, a risk free discount rate of between 1.19% and 5.75% and historical share price volatility at the date of grant range of between 33% and 72.2%.

	2015 number	2014 number
Outstanding at the beginning of the year	**258,755**	206,000
Granted during the year	**119,800**	92,500
Forfeited during the year	**(170,490)**	(39,745)
Outstanding at the end of the year	**208,065**	258,755

The total charge recognised for the period arising from share based payments was $9,000 (2014 17 months: $184,000).

Recognised in income statement	2015 $'000	2014 $'000
Share options granted in 2010	**-**	(1)
Share options granted in 2011	**-**	7
Share options granted in 2012	**12**	40
Share options granted in 2013	**(9)**	30
Share options granted in 2014	**(38)**	108
Share options granted in 2015	**44**	-
Total expense recognised as employee costs (note 4)	**9**	184

17. Provisions

Product warranties	2015 $'000	2014 $'000
Balance at start of period	**182**	275
Provision made during the period	**544**	286
Provision used during the period	**(544)**	(400)
Effect of movements in foreign exchange	**-**	21
Balance at end of period	**182**	182
Non-current	**45**	45
Current	**137**	137
	182	182

The provision relates to possible claims on products sold during the warranty period granted at the point of sale. The provision has been based on analysis of product introductions and instances of actual goods returned.

18. Trade and other payables

Group	31 December 2015 $'000	31 December 2014 $'000
Trade payables	**3,104**	8,092
Taxation and social security	**225**	259
Other payables	**590**	261
Accruals and deferred income	**3,752**	4,069
	7,671	12,681

Within other payables $3,000 (2014: $6,000) relates to non-current liabilities in respect of the International Agents Incentive plan.

19. Financial instruments

The Group's principal financial instruments as at 31 December 2015 consist of cash and cash equivalents which are used to finance group operations together with trade receivables and trade payables which arise directly from the Group's operations.

During the periods ended 31 December 2015 and 31 December 2014, the Group did not use derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

The Group is exposed to credit risk, interest rate risk, foreign currency risk and liquidity risk during the normal course of business.

Credit risk

At the balance sheet date there were no significant concentrations of credit risk. The exposure to credit risk is mitigated by selling to a wide range of customers and, where necessary, obtaining payments in advance or letters of credit. Credit evaluations are performed on all customers requiring credit. The Group establishes a specific allowance for impairment if a loss is estimated in respect of trade and other receivables.

Counterparties for cash and short-term deposits are restricted to financial institutions which have a high credit rating.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As at the reporting date, the maximum exposure to credit risk was:

		Group		Company	
	Note	31 December 2015 $'000	31 December 2014 $'000	31 December 2015 $'000	31 December 2014 $'000
Trade and other receivables	**13**	**12,575**	17,680	**3,095**	4,019
Cash and cash equivalents	**14**	**2,763**	2,559	**997**	5
		15,338	20,239	**4,092**	4,024

The Company has no exposure to trade receivables as receivable balances are due from group companies and related parties.

The maximum exposure to credit risk for trade receivables at the reporting date by geographical region was:

	31 December 2015 $'000	31 December 2014 $'000
Europe, Middle East and Africa	**5,222**	6,356
North America	**3,167**	6,527
Latin America	**1,047**	1,761
Asia Pacific	**1,486**	2,057
	10,922	16,701

19. Financial instruments continued

Impairment losses

The aged profile of trade receivables at the reporting date was:

	Gross 31 December 2015 $'000	**Impairment 31 December 2015 $'000**	Gross 31 December 2014 $'000	Impairment 31 December 2014 $'000
Not past due	**6,528**	**-**	9,801	-
0-30 days overdue	**1,350**	**-**	2,809	-
31-60 days overdue	**1,185**	**-**	1,051	-
More than 61 days overdue	**2,991**	**(1,132)**	3,735	(695)
	12,054	**(1,132)**	17,396	(695)

The allowance in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the outstanding amount is possible. At that point, the amount considered irrecoverable is written off against the trade receivables directly. Based on past experience, the Group believes no further impairment allowance is necessary in respect of trade receivables which are past due.

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	2015 $'000	2014 $'000
Balance at start of period	**(695)**	(390)
Impairment losses recognised	**(463)**	(275)
Effect of movements in foreign exchange	**26**	(30)
Balance at end of period	**(1,132)**	(695)

Interest rate risk

The Group earns interest from cash and cash equivalents with high credit rated financial institutions and pays interest on any bank overdraft balances. These are subject to interest rate movements.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases, staff costs and sales agent costs that are denominated in a currency other than US Dollars. The currencies giving rise to this risk are primarily Sterling, Euros and Canadian Dollars.

The Group’s revenue is denominated in US Dollars (currently approximately 67%), Sterling (currently approximately 16%). Euros (currently approximately 12%) and Canadian Dollars (5%). The majority of the Group’s cost of sales is denominated in US Dollars. The majority of the Group’s other operating expenses are in Sterling.

For monetary assets and liabilities held in currencies other than US Dollars, the Group ensures that the net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short-term balances.

The Group has investments in foreign operations whose net assets are exposed to currency translation risk. This currency exposure is not significant.

19. Financial instruments continued

Financial assets and financial liabilities by currency	Note	**31 December 2015 $'000**	31 December 2014 $'000
Sterling trade and other receivables	13	**2,561**	2,311
Euro trade and other receivables	13	**1,512**	2,204
Other currency trade and other receivables	13	**1,972**	629
Sterling cash and cash equivalents	14	**(19)**	195
Euro cash and cash equivalents	14	**54**	97
Other currency cash and cash equivalents	14	**430**	190
Sterling trade and other payables	18	**(1,440)**	(2,157)
Other currency trade and other payables	18	**(545)**	(77)

All of the Company's financial assets and liabilities are denominated in Sterling.

The following significant exchange rates applied during the period

	Average rate		Period end rate	
	12 months ended 31 December 2015	17 months ended 31 December 2014	**31 December 2015**	31December 2014
US Dollar to Sterling	**0.6531**	0.6132	**0.6742**	0.6427
US Dollar to Euro	**0.8978**	0.7466	**0.9163**	0.8221

Liquidity risk

The Group's exposure to liquidity risk is managed through the assessment of cash flow forecasts to ensure that sufficient funds are available to meet liabilities as they fall due. The Group has an overdraft facility of $4m which is subject to interest at the Bank of England base rate plus 2.5%. The facility is renewed annually. As at 31 December 2015 the Group was not utilising the overdraft facility and has cash and cash equivalents of $2,763,000 (31 December 2014: $2,559,000). The Group does not have any interest bearing liabilities due after more than 1 year.

The Group meets its day to day working capital requirements from operating cash flows and use, if necessary, of the overdraft facility which is renewed every year.

The following are the contractual undiscounted cash flow maturities of financial liabilities.

As at 31 December 2015 **Group**	**Carrying amount $'000**	**Contractual cash flow $'000**	**6 months or less $'000**	**6 – 12 months $'000**	**1 – 2 years $'000**	**2 – 5 years $'000**
Non-derivative financial liabilities						
Trade and other payables	7,671	(7,647)	(7,647)	-	(24)	-

The Company has no financial liabilities.

Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued share capital, reserves and retained earnings as disclosed in the Group Statement of Changes in Equity on page 19. The board monitors return on capital, which the Group defines as profit before tax divided by total assets less current liabilities.

19. Financial instruments continued

Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings. Currently there is not considered to be any material risk to the business on the basis of interest rate movements given the financial position of the Company.

It is estimated that a general increase of five percentage points in the value of Sterling against the USD would have decreased the Group's profit before tax by approximately $0.4m for the year ended 31 December 2015 (2014 17 months: decrease of $0.9m) and a general increase of five percentage points in the value of the US Dollar against the Euro would have decreased the Group's profit before tax by approximately $0.5m (2014 17 months: $0.2m).

Fair values

The nominal value of cash and cash equivalents, trade and other receivables, and trade and other payables of $7,469,000 (2014: $7,558,000) is deemed to reflect materially the fair value.

The carrying amount and fair value of cash and cash equivalents, trade and other receivables, and trade and other payables of the Company was $4,092,000 (2014: $4,024,000).

20. Operating leases

Non-cancellable operating lease rentals are payable as follows.

	31 December 2015 $'000	31 December 2014 $'000
Lease rentals due within:		
Less than one year	**533**	604
Between one and five years	**1,219**	1,533
More than five years	**-**	61
	1,752	2,198

During the year ended 31 December 2015, $613,000 was recognised as an expense in the income statement in respect of operating leases (2014: $935,000 for 17 months).

The Group leases premises in the UK, USA, Canada, Brazil, China and Dubai under operating leases. The UK head office lease expires in February 2021 and the leases for all other premises expire in November 2016 or earlier.

21. Capital commitments

As at 31 December 2015 the Group had no contracts to purchase property, plant and equipment (2014: $nil).

22. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries (see notes 10 and 23), employee benefit trust (see note 15) and with its directors.

Transactions with key management personnel

The board has defined key management personnel as the directors of the Company.

Directors of the Company and their immediate relatives control 8.5 per cent of the voting shares of the Company. Information regarding the directors' shareholdings and share options is contained in the Directors' Report.

In addition to their salaries, the Group also contributes to a post-employment defined contribution plan on behalf of the executive directors. The executive directors also participate in the Group's share option schemes and the IndigoVision Group plc Share Incentive plan 2010. Details of the directors' remuneration are contained in the Directors' report on page 10.

Transactions with subsidiaries

During the year the Company was charged a management fee of $261,385 (2014: $126,000) by its subsidiary IndigoVision Ltd.

During the year the Company charged interest on cash balances loaned to its subsidiary IndigoVision Ltd of $66,298(2014: $124,000).

Also, employees of IndigoVision Ltd exercised share options during the year and the cash generated is loaned to the subsidiary to further fund operating activity.

At the year end, IndigoVision Ltd owed the Company $2,310,000 (2014: $3,195,000).

During the year the Company received a dividend from its subsidiary IndigoVision Ltd of $995,000 (2014:$1,702,000).

23. Group entities

All subsidiaries

		Ownership interest	
		2015	2014
	Country of incorporation	**%**	%
IndigoVision Ltd	Scotland	**100**	100
IndigoVision Inc	United States of America	**100**	100
IndigoVision Pte Ltd	Singapore	**100**	100
IndigoVision Video Security Solutions Limited.	Macau	**100**	100
IndigoVision Solucoes De Seguranca Eletronica Ltda.	Brazil	**100**	100
IndigoVision UK Ltd	England	**100**	100
IndigoVision Australia Pty Ltd	Australia	**100**	-
Indigo Vision Security System (Shanghai) Co., Ltd	China	**100**	-

24. Accounting estimates and judgements

Management discussed with the audit committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Share based payments

The Group's share-based payment expense is based on the fair value of the share-based awards. The estimation of the fair values for the share-based payments is dependent on the selection by the board of assumptions applied in the valuation model. The assumptions applied are described in note 16 and include expected volatility, the expected life of the option and the risk free discount rate. While the Board considers that the assumptions are appropriate, changes in these assumptions may materially affect the amount of the expense recognised for share-based payments.

Warranty provision

The provision for warranties is estimated based on historical warranty data and management judgement on estimated returns given the operational activities during the two year warranty period preceding the reporting date. If actual project installations or product failure rates are less favourable than those estimated by management then warranty costs may exceed the provision made at the reporting date.

Deferred tax asset

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income. As future taxable income is likely to deviate to some degree from forecasts, the amount of the deferred tax asset carried needs to be reviewed in the light of such variations.

Inventories

Inventories are stated at the lower of cost and net realisable value. Some items included in inventories are written down to their net realisable value based on assumptions about future demand and market conditions. If actual market conditions are less favourable than those projected by management, then inventory may require to be written down by additional amounts. The assessment of whether an inventory write down is required is dependent on the circumstances prevailing at the time of the assessment.

Trade receivables

Trade receivables require management judgements in determining the amounts recoverable. Trade receivables are stated net of any provision for doubtful debts. The assessment of whether a receivable is doubtful is dependent on the circumstances prevailing at the time of the assessment.

Research and development costs

Expenditure on research activities undertaken with the prospect of gaining new technical knowledge and understanding is recognised as an expense in the income statement as incurred. The decision on whether development expenditure is capitalised rests with management. The decision is based on whether the development expenditure leads to a product which is technically feasible, production and sale are intended, a market exists and sufficient resources are available to complete the project. It is only when management can assess each of the requirements with certainty that a decision is made to capitalise the development expenditure in the financial statements. The assessment of whether a development should be capitalised is dependent on the circumstances prevailing at the time of the assessment.

Secretary and advisors

Secretary and Registered Office

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Shareholder calendar

19 May 2016	Annual General Meeting
26 May 2016	Dividend paid
15 September 2016	Interim results for the 6 months ending 30 June 2016