CELEBRATING 25 YEARS OF INNOVATION

ANNUAL REPORT 2018

IndigoVision

Key Points

For the year ended 31 December 2018

Financial

- Revenue up 9% to \$46.0m (2017: \$42.1m as restated for IFRS 15)
- Gross margin increased by 3.4% to 57.4%, driven by increased software sales
- Operating loss \$0.6m (2017 loss: \$2.8m)
- Underlying operating loss \$0.6m (2017: Underlying operating loss[1] \$2.4m)
- Net cash balance of \$2.0m at 31 December 2018 (2017: \$2.6m)
- Basic and diluted loss per share 4.1 cents (2017: loss per share 34.9 cents)
- Adjusted loss per share 4.1 cents (2017 adjusted loss per share[2]: 29.6 cents)
- No final dividend proposed (2017: nil)

Operational

- Key US market sales growth 20%
- Authorised resellers increased by 10% and new value added reseller channel established
- Launch of Integra®, all-in-one appliance aimed at the SME market
- Replacement Ultra camera range launched and new camera supply sources currently under development
- Max Thowless-Reeves replaces George Elliott as Chairman, with George remaining as a Non-executive Director
- Martin Pengelley to retire from the Board at the forthcoming AGM

"I am pleased with the progress we have made to date, in strengthening our sales team, growing our customer base and opening up a new value added distribution channel. The launch of a number of new products has helped reposition the business and facilitate growth. In 2018, our software revenues grew by approximately one quarter year-on-year and we continue to seek out new technology partnerships to bring value to our customers through IndigoVision's Control Center video management software".

Pedro Simoes, Chief Executive

Contents

[1] Underlying operating loss represents operating loss of \$2.8m prior to the exceptional compensation and settlement costs of \$0.40m
[2] Adjusted loss per share is based on the 2017 loss after tax of \$2.6m prior to the exceptional compensation and settlement costs of \$0.40m

Chairman's statement

George Elliott
Chairman

Overview

This time last year, I indicated the Group's financial performance in 2017 and indeed, prior years, had not been acceptable and that IndigoVision was not achieving its full potential. The change of leadership undertaken in 2017 was designed to reverse this and it is taking effect. There is a high pace of internal change and momentum is building throughout the Group. This momentum has been reflected in the significantly improved operational performance in 2018 and is expected to continue into 2019 and beyond.

I am pleased to report that under the stewardship of the new leadership team, the Group has increased revenue by 9%, improved the gross margin by 3.4 percentage points and reduced the operating loss by $2.2m as compared with 2017. The Group made an operating loss of $0.6m in the year ended 31 December 2018 compared to an operating loss of $2.8m the previous year. Despite this substantial improvement, there remains much work still to be done to return the Group to an acceptable level of profitability and this remains the focus for the Board and the leadership team for the year ahead.

Strategy

As reported previously the Group's strategy to grow its market share and profitability is to:

- increase and improve the quality of its sales presence in key geographies;
- develop differentiated products in collaboration with other software developers to meet the growing demand for cyber security and intelligent video security systems;
- work closely with our OEM partners; and
- improve productivity and efficiency and control costs.

Sales

During the year the significant investment made in strengthening the Group's sales presence in North America in 2017, in particular in the United States, has begun to yield results.

In addition, the number of authorised system integrators that resell the Group's products has increased by 10% during the year. Furthermore, following the development of new products targeted at small and medium sized enterprises, the Group has opened up a new value added reseller channel, with 19 new distributors located in strategic markets.

Product roadmap

The Group's current product range has been reviewed and repositioned to be more competitive. New products in the pipeline have also been assessed to ensure that priority is given to the benefits and features that our customers need and to focus on cyber security and artificial intelligence. Relationships with third party software developers have also been strengthened during the year.

Relationship with equipment suppliers

We are working closely with our hardware equipment suppliers to provide our customers with the best integrated end-to-end solutions for their security needs, allowing them to take maximum advantage of IndigoVision's software. In September 2018, the US Government introduced a 10% tariff on cameras manufactured in China and, depending on the ongoing bi-lateral trade negotiations between the two countries, there is the possibility that this tariff will increase to 25% in the very near term. In response to this change, the Group's primary camera supplier is opening a production facility in Central America and the Group is broadening its supply chain to offer cameras manufactured in other parts of Asia, both of which initiatives should mitigate the impact of any incremental duties.

Brexit

Whilst the majority of the Group's products are manufactured outside the European Union, certain network video recorders are manufactured within the EU. The Group has recently increased inventory within its UK warehouse and has developed contingency plans to minimise supply interruption in the event of a no-deal Brexit. With supply locations in the UK, USA and Malaysia, the Group has inherent flexibility within its supply chain to enable it to meet customer demand throughout any transitionary arrangements after 29 March 2019.

Results

Revenue in the year ended 31 December 2018 was $46.0m, in line with expectations. Overall revenues were $3.9m (9%) higher than 2017 ($42.1m, as restated for the adoption of IFRS 15).

Regional sales performance continues to be mixed, with revenue growth of 45% in APAC, 8% growth in North America (including 20% growth in the USA), 5% growth in EMEA, but a 9% decline in Latin America.

Encouragingly, gross margin improved substantially in the year to 57.4% from 54.0% in 2017, continuing the upward trend seen since the latter half of 2016. This was achieved, primarily, by increased software sales, improved warranty cost management and a shift towards more profitable geographic markets.

The overall result for the year was an operating loss of $0.6m (2017: $2.8m). The operating loss before exceptional items was $0.6m (2017: $2.4m). Included within these results were professional fees of $0.2m in relation to acquisitions which were not completed (2017: $nil) and an FX loss of $0.2m (2017: FX gain of $0.3m). The first time adoption of IFRS 15 has increased the 2018 operating loss by $0.3m (2017: nil), through the net deferral of extended warranty income to subsequent periods.

Board Changes

The last eighteen months have seen substantial changes in the Board, which have in turn driven rapid and far-reaching changes in both the strategic direction and operation of the business. The Board recognises the need to provide additional support to the executive management team. I am therefore pleased to confirm that one of my fellow non-executive directors, Max Thowless-Reeves, has agreed to dedicate additional time to the affairs of the Group and will become Chairman with immediate effect. Unfortunately, my other business commitments do not allow me to devote the necessary time to undertake this role, but I will remain as a non-executive director of the Company.

Martin Pengelley has indicated his intention to retire from the Board at the forthcoming AGM and I should like to thank him for his contribution over the last five years. The Board expects to announce Martin's replacement shortly.

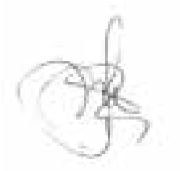
Cash and Dividends

The net cash balance at 31 December 2018 was $2.0m (2017: $2.6m). The Group is in the latter stages of negotiating a new invoice finance facility, to provide additional working capital to facilitate organic and acquisitive growth and replaces the $4.0m overdraft facility previously provided by Royal Bank of Scotland plc.

The Company will not pay a dividend this year (2017: nil).

Outlook

The Board and senior management expect to make further significant progress in delivering the Group's strategy and returning the business to profitability in 2019.



George Elliott
Chairman
6 March 2019

Operating and Financial Review and Principal Risks and Uncertainties - Strategic Report

Pedro Simoes
Chief Executive

Operational Review

2018 started to show positive results of the new strategic direction set during the previous year. The significant investment made in strengthening the Group's sales presence in North America in 2017, in particular in the United States, has started to pay off. In addition, the number of authorised system integrators that resell the Group's products has increased by 10% during the year and, following the development of new products targeted at small and medium sized enterprises, the Group has opened up a new value added reseller channel, with 19 new distributors located in strategic markets.

During the first half of 2018 the Group launched a range of new products and services including the Integra all-in-one device, which combines video storage and Control Center video management software in a single piece of hardware. The product targets the SME market, and has attracted a strong pipeline of orders since its launch in April. The Group also enhanced its patent-pending CyberVigilant® technology, using software to identify and report on anomalies within a customer's CCTV network. This second generation of IndigoVision's cyber technology is now embedded within the camera, allowing for real time protection at the edge of the network and differentiating the Company's products from the competition.

On 13 August 2018, the US Government enacted legislation, the National Defense Authorization Act (NDAA), placing restrictions on the use of certain named manufacturers' hardware products, either for standalone supply or as a substantial or essential component or as critical technology within any system for US government and US government-funded contracts; the legislation takes effect in fiscal year 2019.

In addition, the impact and extent of tariffs, especially in relation to the distribution of Chinese manufactured product into the US, remains dynamic. The high pace of change in this regard brings a corresponding amount of uncertainty, however the Group does not currently foresee these factors impacting materially on its ability to fulfil contractual commitments in the US. Also our developing supply chain partnerships and flexibility diminish our reliance on specific companies and Chinese manufacturers.

Markets and Products

IndigoVision products are deployed in many market sectors for a variety of customers from small and medium sized enterprises to large and multinational corporations. The Group is particularly well known in the enterprise markets of airports, safe cities, banks, casinos and law enforcement. End users value the quality, reliability and scalability of the IndigoVision system, together with the end-to-end customised solutions achieved through an extensive suite of integration modules with operational and other security software. 2018 saw major project wins in safe city projects, airports, shopping malls and a number of casinos.

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

Business Model

IndigoVision designs and manufactures high performance, video security systems for a wide range of users from large scale and complex security installations to small, eight camera systems. From video capture and transmission to analysis and storage, IndigoVision networked video security systems provide the best quality and most secure video evidence, using market leading compression technology to minimise network bandwidth usage and reduce storage costs.

The Group develops its end-to-end networked video systems 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 and Asia to store product, enabling timely order despatch to its global customer base and offering local product repair services.

The Group sells its products and services through a global network of authorised partners who install the Group's systems at end user sites. The Group's partners vary in size from large international security companies to local system integrators; value added resellers; and distributors in limited geographies. These companies offer first line technical support to end users and can maintain the system post sale. The Group provides second line technical support to authorised partners.

The Group is structured into four regional sales and support teams, with people in 23 countries, generating sales across many more countries.

North America

- Revenue growth 8%
- USA revenue growth 20%, following the sales team expansion in 2017
- Continued the strengthening of the sales team

EMEA

- Revenue growth 5%
- Middle East & India increased 47%, reversing the 2017 decline
- Rebuilt Middle East sales team
- Broadened geographic sales representation
- VAD channel opened

Asia Pacific

- Revenue growth 45%
- Australia revenue growth 35%
- Broadened geographic sales representation
- VAD channel opened
- Strong software growth in China

Latin America

- 9% fall in revenue
- Increased software-only sales
- Southern Cone sales grew 55%

Strategy

Key areas of strategic development for the business include:

Technology innovation

New products are brought to market regularly to maintain the Group's competitive position as technology advances. The Group operates a dual development strategy of in-house software development 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 optimised 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.

The Group continues to look at exciting partnership opportunities to combine IndigoVision's scale and technology base with emerging technology providers to create further innovative new products, possibly including bolt-on acquisitions of complementary technologies.

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, operated by third parties. 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 service to our global customer base.

Employees

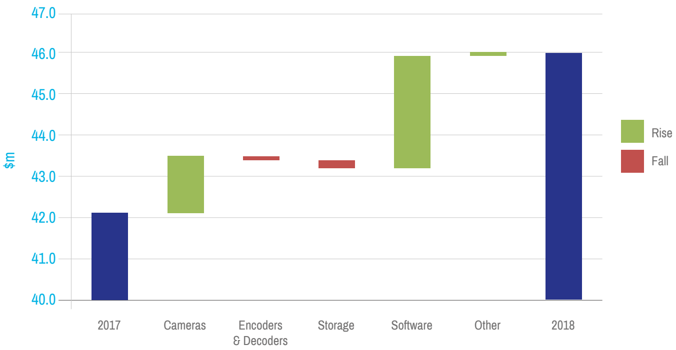
The continuing success of the Group primarily depends on its employees across the world, who contribute daily to the achievement of the organisational goals. The Group respects its staff and recognises that they are its most valuable asset. The Group recruits and retains staff globally by offering challenging 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 its 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 Group is committed to employee involvement throughout the business and operates a number of share option, share incentive and long term incentive plans which were adopted in 2018, along with a variety of cash bonus schemes. The Group has established an employee benefit trust in connection with these share option plans.

Financial Review

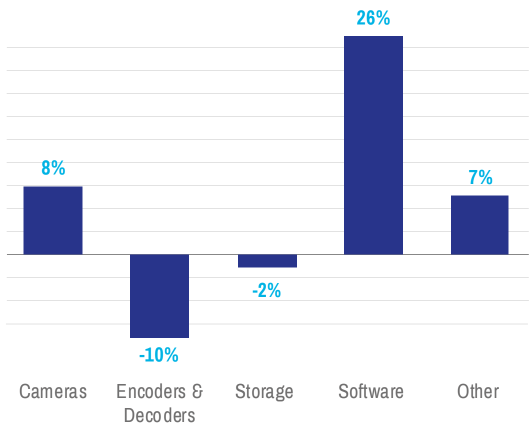
Results



Product Group Sales Growth

In the year to 31 December 2018 revenue was $46.0m (2017: $42.1m), an increase of 9%.

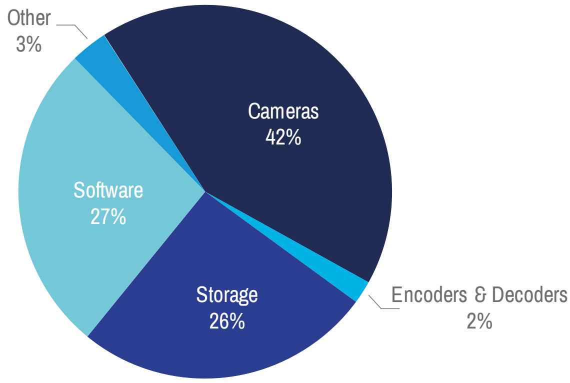
Three of the four sales regions achieved sales growth in 2018, with APAC recording year on year growth of 45%. North America and EMEA achieved growth of 8% and 5% respectively. Latin American sales were 9% lower than 2017.



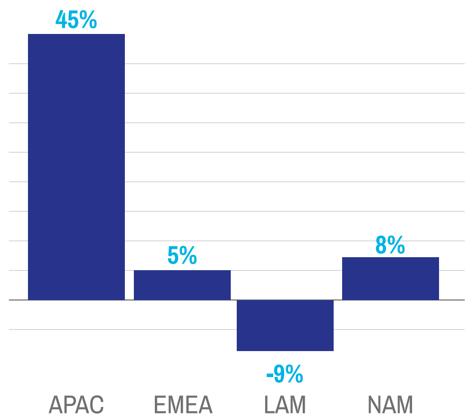
Product Sales Growth Year on Year

Software sales achieved an increase of 26%, with the sale of licences up by 32%. The value of software upgrade plans which entitle customers to receive new versions of IndigoVision Control Center software increased by 35%, the benefit of which will be seen in future years. The Company's premium "Ultra" software still accounts for the vast majority of licence sales, although recent changes to enhance the functionality of the Pro and Lite versions of the software are expected to yield volume increases. Camera volumes increased by 18% but average prices continued to fall. Overall, camera revenues increased by 8%.

Storage revenue declined 2% in the year, with further pressure on selling prices. Storage now represents 26% of revenue (2017: 29%)



Product Sales Mix



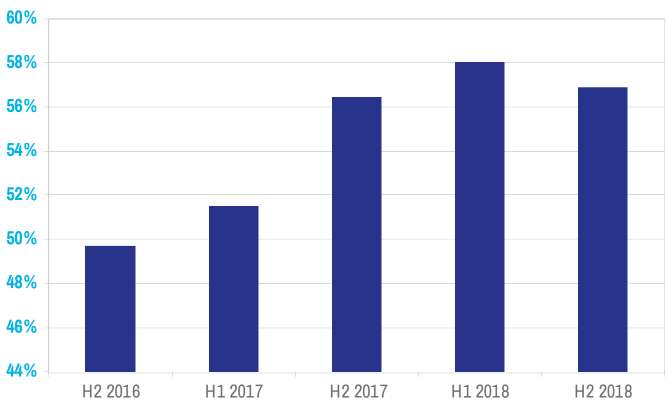
Regional Sales Growth

In line with the Group's strategic focus on the North American market, the Group implemented a major change in its North American operations in 2017, with a number of changes in personnel, strengthened management, expanded sales and sales support team and a re-positioning of the IndigoVision brand. North American revenues grew 8% in 2018 (2017: 6%). Revenue growth in the key US market was 20%.

Within EMEA, performance was mixed with growth in the Middle East & India, as well as in Southern Europe and France offsetting falls in the UK, Northern Europe & Sub-Saharan Africa. Middle East & India growth was 47%, almost completely reversing the 53% fall in 2017.

Difficult market conditions continue in Latin America with sales in the region falling by 9% . There are promising signs however, with the southern part of the region achieving sales growth of 55%.

APAC revenues grew by 45%, represented by growth of 35% in Australia, 267% in China where the Group's software was selected for Shanghai Pudong Airport, to manage a network of 9,100 cameras, and 26% in South East Asia.



Gross Margin

The gross margin improved substantially in the year to 57.4% from 54.0% in 2017, continuing the trend seen since the latter half of 2016. This was achieved through an increasing proportion of software within overall revenue, better control over sales pricing, improved warranty cost management with the increasing proportion of OEM hardware passing more warranty risk back to the supplier and a shift towards more profitable geographic markets.

Overheads (excluding foreign exchange), at $26.8m, were 4% higher than last year (2017: $25.9m). This includes an increase of 16% in engineering costs, which now represent 7% of revenue (2017: 6%). Research and development spend has been increased to enable the Group to continue to differentiate its offering through innovation, with research and development now focused on software-led end-to-end video security.

The operating loss for the year was $0.6m compared to a loss of $2.8m in 2017. This loss is stated after expensing $0.2m in relation to acquisitions which were not completed (2017: $nil), together with a foreign exchange loss of $0.2m (2017: foreign exchange gain of $0.3m). The first time adoption of IFRS 15 has increased the 2018 operating loss by $0.3m (2017: $nil), through the net deferral of extended warranty income to subsequent periods.

Cash

The net cash balance at 31 December 2018 was $2.0m (2017: $2.6m). 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.

During the year, The Royal Bank of Scotland plc indicated that it would be withdrawing the Group's unutilised overdraft facility of $4.0m. The Group is in the latter stages of negotiating a new invoice finance facility to provide additional working capital to facilitate organic and acquisitive growth.

Dividends

It is the Board's policy that dividends should reflect earnings and, given the full year loss, the Company will not pay a dividend this year.

Key performance indicators ("KPIs")

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

	2018	2017	Measure
Revenue growth %	**9.2%**	(7.8%)	Current period revenue / prior period revenue
Operating margin	**(1.4%)**	(6.8%)	Operating profit/(loss) before financing costs / revenue
Underlying operating margin	**(1.4%)**	(5.7%)	Underlying operating profit/(loss) before financing costs /revenue
Loss per share (cents)	**(4.1)**	(34.9)	As set out in note 8
Adjusted loss per share (cents)	**(4.1)**	(29.6)	As set out in note 8
R&D as % of revenue	**7.2%**	7.3%	Research and development expenses / revenue
Annualised return on capital employed	**(3.8%)**	(16.4%)	Loss before tax/Year end total assets less current liabilities
Current ratio	**2.3**	2.2	Current assets / current liabilities
Debtor days	**65**	86	Age profile of trade receivables
Creditor days	**47**	55	Age profile of trade payables

The Group also uses non-financial KPIs, including the monitoring of:
- employees' health and safety
- average time taken to despatch orders
- product return rates
- number of technical support issues opened and resolved

Principal Risks and Uncertainties

The Board, through the Audit Committee, regularly reviews the risks and uncertainties to which the Group is exposed. The Board assesses risk within three categories, Macro-economic/Geo-political, Industry and Group-specific risks. It allocates a risk-rating based upon probability and potential impact and assesses the mitigating actions that the Group can take to mitigate such risks. During 2018, the escalation of the trade war between the USA and China and the lack of certainty over the Brexit negotiations have increased the likelihood of cross-border tariffs and potential supply chain disruption in 2019.

The principal risks and uncertainties affecting the business and the measures taken to mitigate their impact 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 testing and qualification process and the Group has continued to improve its "New Product Introduction" procedures to minimise these risks.

Competitive risk

The Group competes against both a small number of global and local suppliers of end-to-end networked video solutions in addition to a large number of video hardware-only and video software-only providers. Product innovations, technical advances, global reach and price pressure by significantly larger competitors, together with a trend towards consolidation within the industry, could adversely affect the Group. The geographical diversity of operations reduces the possible effect of action by any single competitor. The Group values product quality and customer service as competitive differentiators and continually strives to optimise the customer experience. 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 and seeks to work with third party manufacturers who have licences for such technology.

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 partners that are also AEO accredited, or whose procedures and practices meet the required standards, to minimise risk of operating a global supply chain.

Brexit

The UK is currently scheduled to leave the European Union on 29 March 2019. In the event of a no-deal Brexit, there is likely to be significant disruption to cross-border trade and the possible introduction of new tariffs. The Group trades in a broad range of geographical markets and its sales to customers in the European Union (excluding the UK) currently account for less than 20% of revenue. In response to this Brexit uncertainty, the Group has been actively managing inventory levels within its UK based supply hub to ensure that they are sufficient to cope with the impact of cross-border delays and has developed contingency plans to minimise any potential disruption to supply.

Global trade relationships

The USA is the largest security market in the world and is a key, strategic market for the Group. The recent introduction of tariffs on Chinese products entering the US market (currently 10% with the potential to rise to 25%) and the ongoing US Government concerns regarding Chinese technology being utilised in critical infrastructure and national security applications as set out in the US Government's National Defense Authorization Act 2019, may reduce demand or increase the cost of goods manufactured in China for sale in the US. The Group has mitigated this risk by working with its manufacturing partners to develop and supply a range of products manufactured outside of China, for sale into the US and certain other markets.

Customer 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. In addition, the Group seeks to mitigate credit risk through the use of letters of credit and payments in advance where possible.

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 US dollar income and costs. The Group currently generates euro and Canadian dollar income in excess of euro and Canadian dollar costs, and has sterling costs in excess of sterling income. Foreign currency is purchased as necessary at spot rates. The Group's management does not currently use forward exchange contracts 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 23 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' and 'Waste Electrical and Electronic Equipment' directives.

The effect of legislation and other regulatory activities

The Group regularly monitors forthcoming and current legislation and taxation changes as they affect the Group.

On behalf of the Board

Pedro Simoes	**Chris Lea**
Chief Executive Officer	Chief Financial Officer

Edinburgh
6 March 2019

Directors' report

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2018.

Principal activities and business review

The principal activity of the Group continues to be the development, manufacture and sale of networked video security systems. The Group's software, cameras, encoders and network video recorders 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 minimise usage of network bandwidth. A review of the activities of the Group for the period is given in the Chairman's statement on pages 2 to 3.

Proposed dividend

The Directors do not recommend the payment of a dividend (2017: $nil).

Political and charitable contributions

The Group made charitable donations of $209 (2017: $1,313) and no political contributions during the year (2017: $nil).

Share Capital

As at 31 December 2018, the Company had 7,610,756 ordinary shares of 1 pence each in issue, of which 97,238 were held in Treasury. In addition, 132,000 shares were held by the Employee Benefit Trust.

Substantial interests

As at 31 January 2019, 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	%
New Pistoia Income Limited	2,064,500	27.48
Richard Farmiloe[1]	500,000	6.65
VT Sorbus Vector Fund[1]	460,000	6.12
Interactive Investor	458,500	6.10
Hamish Grossart	423,250	5.63
Peter Gyllenhammer AB	320,029	4.26
Church House Investments	282,500	3.76
Hargreaves Lansdown	266,576	3.55
Barclays Wealth	229,646	3.06

[1] Along with Max Thowless-Reeves, Richard Farmiloe is a partner in Sorbus Partners, the investment managers of the VT Sorbus Vector Fund

Directors

The composition of the Board has been designed to give a good mix and balance of different skill sets, including significant experience in:

- high growth companies;
- technology and security sectors;
- entrepreneurial cultures;
- senior financial reporting;
- both UK and US companies;
- acquisitions; and
- other listed companies.

Through this mix of experience, the Board and the individual Directors are well positioned to set the strategic aims of the Company as well as drive the Group's values and standards throughout the organisation, whilst remaining focused on their obligations to shareholders and meeting their statutory obligations.

George Elliott
Non-Executive Chairman

George Elliott was appointed to the board of IndigoVision as a non-executive director on 1 June 2017 and was appointed Non-Executive Chairman on 1 July 2017. George is also Non-Executive Chairman of AIM-listed Craneware plc (AIM: CRW), the market leader in software and supporting services for healthcare providers in the US, Calnex Solutions Ltd, Optoscribe Ltd and is a Director of RITF Consultants Limited. He has extensive boardroom experience in private and public technology companies in an executive and non-executive capacity. He was formerly Chief Financial Officer of Wolfson Microelectronics plc, then a leading UK-listed global provider of high performance mixed-signal semiconductors to the consumer electronics industry.

Pedro Simoes
Chief Executive Officer

Pedro Simoes was initially appointed as the Company's Senior Vice President – Global Sales on 2 October 2017. Pedro took over as interim Chief Executive Officer in November 2017 and was confirmed as CEO on 8 January 2018, at which time he was appointed to the Board. He is an experienced global sales leader in the security industry, with over 13 years' experience in the sector, and prior to joining the Group he spent nearly six years with Avigilon Corporation (TSX: AVO) where he was ultimately responsible for leading its Global salesforce and driving revenue worldwide.

Chris Lea
Chief Financial Officer and Company Secretary

Chris Lea was appointed a Director on 19 May 2016, as Company Secretary on 31 May 2016 and took up his full time role as Chief Financial Officer on 4 July 2016. Chris was previously Finance Director and Company Secretary of then AIM-listed Superglass Holdings PLC (AIM:SPGH), the UK's only independent manufacturer of glass and mineral wool insulation, prior to the sale of the company to Inflection Management Corporation in July 2016.

Previous to this Chris was Chief Financial Officer for Aviagen Europe, the world's largest poultry breeding company. Chris spent 15 years with KPMG, holding various roles within their audit and corporate finance businesses. He holds a BSc (Hons) from Nottingham University and is a member of the Institute of Chartered Accountants in England and Wales.

Martin Pengelley
Non-Executive Director (Senior Independent Director)

Martin Pengelley was appointed to the board of IndigoVision on 2 January 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 acts as a consultant to Tulchan Communications, a firm specialising in financial communications and corporate reputation, as well as being a director of DB Trustee Services Ltd, the trustee company of the Deutsche Bank UK pension schemes, and Paddock Wood Community Advice Centre.

Max Thowless-Reeves
Non-Executive Director

Max Thowless-Reeves was appointed to the board of IndigoVision with effect from 1 June 2017. Max is a partner in Multi-family Office SORBUS Partners LLP and Chairman and co-founder of DivideBuy. He is a Chartered Fellow of the Chartered Institute for Securities & Investment (CISI) and a Visiting Teaching Fellow at Aston Business School. He has an MBA from Warwick Business School.

In view of Max' personal shareholding, the VT Sorbus Vector Fund shareholding and his close association with his business partner Richard Farmiloe, Max is not regarded as being an independent director.

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

Directors’ attendance at Board and Board Committee meetings

As a minimum, the Board meets once a month, either in person or by telephone. Other Board meetings are scheduled as and when required.

There is a formal schedule of matters reserved for the Board, which include approval of the Group’s strategy, annual budgets and business plans, acquisitions, disposals, business development, annual reports and interim statements, plus any significant financing and capital expenditure plans. As part of this schedule, the Board has clearly laid out levels of devolved decision making authority to the executives.

The attendance at Board and Board committee meetings in 2018 was as follows:

Director	Board Meetings	Remuneration Committee	Audit Committee
Pedro Simoes	14/14	N/A	N/A
Chris Lea	14/14	N/A	N/A
Martin Pengelley	14/14	3/3	2/2
George Elliott	14/14	3/3	2/2
Max Thowless-Reeves	14/14	3/3	2/2

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:

2018 Director	Salary/ Fees $'000	Compensation for loss of office $'000	Bonus $'000	Benefits $'000	Total before pension $'000	Pension contributions $'000	2018 Total $000
Executive							
Pedro Simoes[1]	225	-	28	10	263	34	**297**
Chris Lea	189	-	23	15	227	25	**252**
Non-Executive							
Martin Pengelley	40	-	-	-	40	-	**40**
George Elliott	100	-	-	-	100	-	**100**
Max Thowless-Reeves	40	-	-	-	40	-	**40**
	594	-	51	25	670	59	**729**

[1] Appointed 8 January 2018

2017 Director	Salary/ Fees $'000	Compensation for loss of office $'000	Bonus $'000	Benefits $'000	Total before pension $'000	Pension contributions $'000	2017 Total $000
Executive							
Marcus Kneen[1]	263	285	-	20	568	30	**598**
Chris Lea	189	-	-	15	204	25	**229**
Non-Executive							
Andrew Fulton[4]	39	-	-	-	39	-	**39**
Martin Pengelley	39	-	-	-	39	-	**39**
Hamish Grossart[3]	44	-	-	-	44	-	**44**
George Elliott[2]	52	-	-	-	52	-	**52**
Max Thowless-Reeves[2]	23	-	-	-	23	-	**23**
	649	285	-	35	969	55	**1,024**

[1] Resigned 23 November 2017
[2] Appointed 1 June 2017
[3] Resigned 31 July 2017
[4] Resigned 31 December 2017

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
	2018	**2017**
George Elliott	**18,000**	13,000
Chris Lea	**37,264**	29,078
Martin Pengelley	**10,000**	4,000
Max Thowless–Reeves	**87,383**	47,383
Pedro Simoes	**23,184**	-

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
Chris Lea	80,500	-	-	-	**80,500**	£0.00	Mar 20 - Mar 30
Pedro Simoes	100,000	-	-	-	**100,000**	£0.00	Oct 20 - Oct 30

2018 LTIP

During the year and following shareholder approval at the general meeting held on 24 October 2018, the Company implemented a new long term incentive plan for senior executives. This plan allows the executives to earn shares up to an aggregate maximum of 20% of the then issued share capital of the Company if the earnings per share for the year ended 31 December 2021 reaches $1.00 per share. Each participant is granted a number of "units" out of a total of 1,000 units available. Further details are set out in note 22.

On 21 November 2018, the following awards were made:

		Number of units
Pedro Simoes		**375**
Chris Lea		**375**
Paul Theasby	Chief Operating Officer	**250**

Committees

Audit Committee

Martin Pengelley is the chairman of the Audit Committee and George Elliott and Max Thowless–Reeves are members. 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

Max Thowless–Reeves is the chairman of the Remuneration Committee and both George Elliott 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

Evaluating Board Performance

At the current stage of the Company's development, assessment of the Board's performance and that of its committees will be undertaken by the Board as a whole, led by the Group's Chairman. Although the Group has no formal procedure for measuring the effectiveness of the Board, the Board will be carefully reviewing its effectiveness and the need to refresh its membership by reference to financial performance, adherence to budgets and the overall growth of the Group and taking account of the opinions and insights of its auditors, Nominated Adviser, broker, legal and other advisers. The method of assessing Board effectiveness and performance will be reviewed on a continuing basis.

Corporate Governance Statement

The Group aims to adhere to the Quoted Companies Alliance Corporate Governance Code.

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 RSM UK Audit 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 and the Directors' Report and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and company financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the Directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the IndigoVision Group plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Chris Lea
Director and Company Secretary
Edinburgh, 6 March 2019

Independent auditor's report

To the members of IndigoVision Group plc

Opinion

We have audited the financial statements of IndigoVision Group plc (the 'Company') and its subsidiaries (the 'Group') for the year ended 31 December 2018 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Group statement of changes in equity, Company statement of changes in equity, Consolidated statement of cash flows, Company statement of cash flows and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2018 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Inventory existence and valuation

Risk

As described in the accounting policies, inventory is carried at the lower of cost or net realisable value and is assessed at each reporting date for impairment. The Group holds a material value of inventory, situated across a number of international locations. Inventory items are subject to the risks of technological obsolescence and fluctuations in price. As inventory is held across multiple sites there is a risk over the existence of inventory recorded in the system at the year end.

Our response

We documented and walked through management's systems and controls around stock existence and valuation. We selected a sample of inventory items to consider whether inventory is valued appropriately and carried at the lower of cost or net realisable value, comparing inventory value with purchase records, and then to year end sales proceeds and open sales orders for each line selected. We attended all three year end warehouse inventory counts and tested, on a sample basis, the accuracy of those counts. We subsequently checked that the physical quantities counted were reflected in the valuation. No errors were noted in our samples selected and the error rate in the year end counts was observed as very low. We reviewed the stock provision this year compared to last year, and reviewed movements in the provision examining the impairment of specific stock lines and found no significant errors.

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. During planning materiality for the Group financial statements as a whole was calculated as $358k which was not significantly changed during the course of our audit. Materiality for the Company financial statements as a whole was calculated as $60k, which was not significantly changed during the course of our audit. We agreed with the Audit Committee that we would report to them all unadjusted differences in excess of $10k as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

IndigoVision Group plc, IndigoVision Limited and IndigoVision UK Limited were subjected to full scope statutory audits. These audits were performed to satisfy local statutory audit requirement based on local assessed risks and materiality criteria. These components accounted for 99.5% of the group's revenue. The remaining overseas subsidiaries in the Group were subject to reduced scope review procedures including analytical procedures at group level. These procedures were performed where the entity is not considered to be significant to the Group because of size or assessed risks or both. In aggregate, these components represented 0.5% of the group's revenue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on pages 19 and 20, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

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.

Alan Aitchison (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Third Floor, Centenary House
69 Wellington Street
Glasgow
G2 6HG
6 March 2019

Consolidated statement of comprehensive income

For the year ended 31 December 2018

	Note	**2018** **$'000**	2017 Restated* $'000
Revenue	3	**45,964**	42,100
Cost of sales		**(19,567)**	(19,327)
Gross profit		**26,397**	22,773
Research and development expenses		**(3,311)**	(3,090)
Selling and distribution expenses		**(19,114)**	(17,081)
Administrative expenses		**(4,406)**	(5,699)
Foreign exchange (loss)/gain		**(206)**	281
Operating loss	4	**(640)**	(2,816)
Analysed as:			
Underlying operating loss		**(640)**	(2,420)
Exceptional salary costs	4	**-**	(396)
Financial income	6	**1**	12
Loss before tax		**(639)**	(2,804)
Income tax credit	7	**337**	204
Loss for the period attributable to equity holders of the parent		**(302)**	(2,600)
Analysed as:			
Underlying loss for the period attributable to equity holders of the parent		**(302)**	(2,204)
Exceptional salary costs	4	**-**	(396)
Other comprehensive income			
Foreign exchange translation differences on foreign operations		**(133)**	(255)
Total comprehensive loss for the year attributable to equity holders of the parent		(435)	(2,855)
Basic loss per share (cents)	8	**(4.1)**	(34.9)
Diluted loss per share (cents)	8	**(4.1)**	(34.9)
Adjusted loss per share (cents)	8	**(4.1)**	(29.6)

* See note 2 for details regarding the restatement as a result of change in accounting policy.

Consolidated balance sheet

As at 31 December 2018

	Note	2018 $'000	2017 Restated* $'000
Non-current assets			
Property, plant and equipment	9	**989**	1,504
Intangible assets	10	**352**	352
Deferred tax	12	**1,732**	1,846
Total non-current assets		**3,073**	3,702
Current assets			
Inventories	13	**8,011**	8,936
Trade and other receivables	14	**14,691**	13,100
Cash and cash equivalents	15	**2,024**	2,574
Total current assets		**24,726**	24,610
Total assets		**27,799**	28,312
Current liabilities			
Trade and other payables	16	**9,188**	10,081
Provisions	17	**138**	138
Total current liabilities		**9,326**	10,219
Non-current liabilities			
Provisions	17	**45**	45
Other non-current liabilities	18	**1,932**	1,117
Total non-current liabilities		**1,977**	1,162
Total liabilities		**11,303**	11,381
Net assets		**16,496**	16,931
Equity			
Called up share capital	19	**120**	120
Share premium account	19	**2,684**	2,684
Other reserve	19	**8,080**	8,080
Translation reserve	19	**(729)**	(596)
Treasury/own share reserve	19	**(268)**	(268)
Profit and loss account		**6,609**	6,911
Total equity attributable to equity holders of the parent		**16,496**	16,931

* See note 2 for details regarding the restatement as a result of change in accounting policy.

These financial statements were approved by the Board of Directors on 6 March 2019 and were signed on its behalf by:

Pedro Simoes
Director

Chris Lea
Director

Company balance sheet

As at 31 December 2018

	Note	2018 $'000	2017 Restated* $'000	2016 Restated* $'000
Non-current assets				
Investments	11	**2,217**	2,337	2,135
Total non-current assets		**2,217**	2,337	2,135
Current assets				
Trade and other receivables	14	**1,653**	1,478	1,807
Cash	15	**22**	437	724
Total current assets		**1,675**	1,915	2,531
Total assets		**3,892**	4,252	4,666
Current liabilities				
Trade and other payables	16	**39**	-	-
Total current liabilities		**39**	-	-
Net assets		**3,853**	4,252	4,666
Equity				
Called up share capital	19	**120**	120	120
Share premium account	19	**2,684**	2,684	2,684
Translation Reserve	19	**(1,717)**	(1,434)	(1,313)
Treasury/own share reserve	19	**(268)**	(268)	-
Profit and loss account	19	**3,034**	3,150	3,175
Total equity attributable to equity holders of the parent		**3,853**	4,252	4,666

* See note 2 for details regarding the restatement as a result of the correction of a prior year misstatement.

The Company made a loss of $160,000 in the year (2017: $232,000).
These financial statements were approved by the Board of Directors on 6 March 2019 and were signed on its behalf by:

Pedro Simoes
Director

Chris Lea
Director

Group statement of changes in equity

For the year ended 31 December 2018

Group	Share capital	Share premium	Other reserve	Treasury / own share reserve	Translation reserve	Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2016	120	2,684	8,080	-	(341)	9,243	19,786
Total comprehensive income							
Loss for the year	-	-	-	-	-	(2,600)	(2,600)
Difference on translation	-	-	-	-	(255)	-	(255)
Total comprehensive income	-	-	-	-	(255)	(2,600)	(2,855)
Transactions with the owners of the Company							
Equity-settled transactions, including deferred tax effect	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	(268)	-	268	-
Dividends paid to equity holders	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	(268)	-	268	-
Balance at 31 December 2017	120	2,684	8,080	(268)	(596)	6,911	16,931
Total comprehensive income							
Loss for the year	-	-	-	-	-	(302)	(302)
Difference on translation	-	-	-	-	(133)	-	(133)
Total comprehensive income	-	-	-	-	(133)	(302)	(435)
Transactions with the owners of the Company							
Equity-settled transactions, including deferred tax effect	-	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-	-
Dividends paid to equity holders	-	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-	-
Balance at 31 December 2018	**120**	**2,684**	**8,080**	**(268)**	**(729)**	**6,609**	**16,496**

Company statement of changes in equity

For the year ended 31 December 2018

Company	Share capital	Share premium	Treasury / own share reserve	Translation reserve	Restated* Retained earnings	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 31 December 2016	120	2,684	-	(1,313)	3,175	4,666
Total comprehensive income						
Loss for the year	-	-	-	-	(232)	(232)
Difference on translation	-	-	-	(121)	(61)	(182)
Total comprehensive income	-	-	-	(121)	(293)	(414)
Transactions with the owners of the Company						
Equity-settled transactions, including deferred tax effect	-	-	-	-	-	-
Purchase of own shares	-	-	(268)	-	268	-
Dividends paid to equity holders	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	(268)	-	268	-
Balance at 31 December 2017	120	2,684	(268)	(1,434)	3,150	4,252
Total comprehensive income						
Loss for the year	-	-	-	-	(160)	(160)
Difference on translation	-	-	-	(283)	44	(239)
Total comprehensive income	-	-	-	(283)	(116)	(399)
Transactions with the owners of the Company						
Equity-settled transactions, including deferred tax effect	-	-	-	-	-	-
Purchase of own shares	-	-	-	-	-	-
Dividends paid to equity holders	-	-	-	-	-	-
Total transactions with the owners of the Company	-	-	-	-	-	-
Balance at 31 December 2018	**120**	**2,684**	**(268)**	**(1,717)**	**3,034**	**3,853**

* See note 2 for details regarding the restatement as a result of the correction of a prior year misstatement.

Consolidated statement of cash flows

For the year ended 31 December 2018

	2018 $'000	2017 Restated* $'000
Cash flows from operating activities		
Loss for the year	**(302)**	(2,600)
Adjusted for:		
Depreciation and amortisation	**886**	850
Financial income	**(1)**	(12)
Share based payment expense	**25**	36
Foreign exchange loss/(gain)	**206**	(281)
Loss on disposal of fixed assets	**37**	104
Income tax credit	**(337)**	(204)
Decrease/(increase) in inventories	**925**	(864)
Increase in trade and other receivables	**(1,591)**	(328)
(Decrease)/increase in trade and other payables	**(78)**	1,797
Cash generated absorbed by operations	**(230)**	(1,502)
Income taxes repaid	**228**	179
Net cash outflow from operating activities	**(2)**	(1,323)
Cash flows from investing activities		
Interest received	**1**	12
Acquisition of property, plant and equipment	**(275)**	(1,139)
Acquisition of intangible assets	**(133)**	(414)
Proceeds from the sale of fixed assets	**-**	28
Net cash outflow from investing activities	**(407)**	(1,513)
Cash flows from financing activities		
Purchase of own shares	**-**	(268)
Finance lease payments	**(19)**	(18)
Dividends paid	**-**	(289)
Net cash outflow from financing activities	**(19)**	(575)
Net decrease in cash and cash equivalents	**(428)**	(3,411)
Cash and cash equivalents at 1 January	**2,574**	6,203
Effect of exchange rate fluctuations on cash held	**(122)**	(218)
Cash and cash equivalents at 31 December	**2,024**	2,574

* See note 2 for details regarding the restatement as a result of the correction of a prior year misstatement.

Company statement of cash flows

For the year ended 31 December 2018

	2018	2017
	$000	$000
Cash flows from operating activities		
Loss for the year	**(160)**	(232)
Adjusted for:		
Financial income	**(41)**	(40)
Foreign exchange gain	**(163)**	(55)
(Increase)/decrease in trade and other receivables	**(131)**	557
Increase in trade and other payables	**39**	-
Cash (absorbed by)/generated from operations	**(456)**	230
Net cash (outflow)/inflow from operating activities	**(456)**	230
Cash flows from investing activities		
Interest received	**41**	40
Net cash inflow from investing activities	**41**	40
Cash flows from financing activities		
Purchase of own shares	**-**	(268)
Dividends paid	**-**	(289)
Net cash outflow from financing activities	**-**	(557)
Net decrease in cash and cash equivalents	**(415)**	(287)
Cash and cash equivalents at 1 January	**437**	724
Cash and cash equivalents at 31 December	**22**	437

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 2018 comprise those of the Company and its subsidiaries (together referred to as the "Group").

The address of its registered office is:

Charles Darwin House
The Edinburgh Technopole
Milton Bridge
Edinburgh
Midlothian
EH26 0PY

The financial statements were authorised for issue by the directors on 6 March 2019.

(a) Statement of compliance

Both the 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 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) New Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

(i) IFRS 9 Financial Instruments

The Group has adopted IFRS 9 from 1 January 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

(ii) IFRS 15 Revenue from Contracts with Customers

The Group has adopted IFRS 15 from 1 January 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

The impact on the financial performance and position of the Group from the adoption of these Accounting Standards is detailed in note 2.

1. Significant accounting policies (continued)

(c) Basis of preparation

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

(i) Going concern

As part of its going concern review the Board has followed the guidelines published by the Financial Reporting Council entitled 'Going Concern and Liquidity Risk Guidance for UK Companies 2009'. In determining the appropriate basis of preparing the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future, being a period of not less than 12 months from the date of the approval of the financial statements. As at 31 December 2018 the Group had cash and cash equivalents of $2.0m and net current assets of $15.4m.

Management prepares detailed working capital forecasts which are reviewed by the Board on a regular basis. Cash flow forecasts and projections have been prepared through to December 2020 and take into account sensitivities on revenues and costs. Having made relevant and appropriate enquiries, including consideration of the Company's and the Group's current cash resources and the working capital forecasts, the Directors have a reasonable expectation that the Company and the Group will have adequate cash resources to continue to meet the requirements of the business for at least the next 12 months. Accordingly, the Board continues to adopt the going concern basis in preparing the financial statements.

(ii) Management judgement, estimates and assumptions

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 27.

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

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to direct relevant 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

Intra-group 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. The sterling value of the investments are translated to US dollars at the exchange rates ruling at the balance sheet date for presentation purposes in the Company financial statements.

(e) 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 23.

(ii) Foreign currencies

Income statements of entities whose functional currency is not 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.

1. Significant accounting policies (continued)

(f) 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 3 – 10 years
- Plant and equipment 3 – 5 years
- Computer hardware 3 years
- Demonstration Equipment 2 years

The residual value and useful lives are reassessed annually.

(iii) Finance lease assets

Leases under which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as described below.

(g) 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 software's estimated useful lives (one to three years). Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

(h) Trade and other receivables

Trade and other receivables are stated at their fair value as reduced by appropriate allowances for specific estimated irrecoverable amounts and a general provision, where necessary, following the adoption of IFRS 9.

(i) 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 average cost principle and is the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts or other short term debt facilities 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.

(k) Impairment

The carrying amounts of the Group's assets, other than inventories (see accounting policy (i)), trade and other receivables (see accounting policy (h)) and deferred tax assets (see accounting policy (s)), 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 (k(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.

1. Significant accounting policies (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.

(l) 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.

(m) 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 in the Company. The fair value of options granted is measured at grant date and recognised 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 plans

The Company has established the IndigoVision Group plc 2008 and 2018 Long Term Incentive Plan (the LTIPs). 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 (including unitised awards under the 2018 LTIP) 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 a number of share incentive plans to enable all employees and sales agents to purchase or notionally purchase shares in the Company, as set out in note 22.

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 three 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.

(n) 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.

(o) 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.

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.

(p) Trade and other payables

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

1. Significant accounting policies (continued)

(q) Revenue

Revenue comprises income from the sale of goods, income from technical support activities, income from the sales of software upgrade contracts for between one and five 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, in line with individual Incoterms®, which is normally when the goods have been despatched from the warehouse or are available for customer collection.

(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 between one and five 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.

(r) 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.

(iii) Finance lease payments

Minimum lease payments are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(s) 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 within a reasonable period of time. 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 within a reasonable period of time. Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date.

(t) 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.

(u) New standards and interpretations not yet adopted

The 2018 financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The IASB and the IFRIC have also issued the following standards and interpretations with an effective date after the date of these financial statements:

New standards and Interpretations Endorsed but not yet Effective

1. IFRS 16 Leases (effective date 1 January 2019)

New standards and Interpretations not yet Endorsed and not yet Effective

- IFRS 14 Regulatory Deferral Accounts IFRIC 23
- Uncertainty over Income Tax Treatments (effective date 1 January 2019)
- Amendments to IAS 28
- Investments in Associates and Joint Ventures (effective date 1 January 2019)

A full assessment of the impact of the above standards and interpretations has yet to be made.

2. Restatement of comparatives

(a) Adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers'

This note explains the impact of the adoption of IFRS 15 Revenue from Contracts with Customers on the Group's financial statements.

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the Group has adopted the new rules retrospectively and has restated comparatives for the 2017 financial year.

	Consolidated statement of comprehensive income as originally presented	IFRS 15	**Restated consolidated statement of comprehensive income**
	31 December 2017		**31 December 2017**
	$000	$000	**$000**
Revenue	42,331	(231)	**42,100**
Cost of sales	(19,558)	231	**(19,327)**

	Balance sheet carrying amount	Restatement	**IFRS 15 carrying amount**
	31 December 2017		**1 January 2018**
	$000	$000	**$000**
Trade and other receivables	12,869	231	**13,100**
Trade and other payables	(10,950)	(231)	**(11,181)**

The above adjustments were made to the amounts recognised in the consolidated statement of comprehensive income and balance sheet as at the date of initial application (1 January 2018) and are in relation to the deferral of warranty income and the related costs. The adjustments do not impact the 2017 year reported profits or net assets.

Following an assessment of two years of allowances and recovery of bad debts, any additional impairment allowance relating to the IFRS 9 would be immaterial.

(b) Correction of misstatement relating to the Employee Benefit Trust (Company only)

The 2017 Company balance sheet has been restated to consolidate the assets of the Employee Benefit Trust, removing loans to the Trust from related party debtors and offsetting the cost of shares held in the Trust against reserves. This reduces debtors and reserves in 2017 by $708,000 and in 2016 by $647,000.

3. Segment reporting

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 sales regions: primarily Europe; 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 regional sales and Group-wide gross margin before warranty costs. The operating segments derive their revenue from the sale of software, hardware products and services. Capital is not allocated to geographical regions and substantially all of the Group's income and expenditure is incurred by its UK trading subsidiary, IndigoVision Limited. The information currently provided to the Board is measured in a manner which is consistent with the financial statements.

Segment information is also presented in the respect of the Group's products and services which have different economic characteristics, including the sale of end-to-end video security solutions, consultancy services and multi-year software upgrade plans.

Operating segments

		Restated*
	2018	2017
Regional Sales	**$'000**	$'000
Europe, Middle East and Africa	**19,419**	18,423
North America	**13,149**	12,174
Latin America	**5,513**	6,078
Asia Pacific	**7,883**	5,425
	45,964	42,100

* See note 2 for details regarding the restatement as a result of change in accounting policy.

All sales are to third parties and all segment results are from continuing activities. The gross margin earned in each region is comparable and the majority of overheads are incurred centrally and are therefore unallocated to each region.

Revenues derived from external customers based in the UK were $6,421,000 (2017: $6,794,000).

Analysis of revenue

	2018	2017
	$'000	$'000
Revenues from:		
Products/solutions	**33,599**	32,238
Support services	**35**	113
Software licences	**8,989**	6,808
Software Upgrade Contracts	**3,341**	2,941
	45,964	42,100

4. Operating loss

	2018	2017
	$'000	$'000
Operating loss is stated after charging:		
Depreciation and amortisation	886	850
Exceptional salary costs[1]	-	396
Foreign exchange loss/(gain)	206	(281)
(Recovery of)/allowance for doubtful trade receivables	(234)	385
Net write down of inventories to realisable value	321	379
Research & development expenditure	3,311	3,090
Share based payment expense	25	36
Fees payable to the Group's auditor:		
Audit of these financial statements (Group and Company)	33	17
Audit of subsidiary companies	20	33
Tax compliance and advisory	35	9
All other services	17	3

[1]The exceptional salary costs relate to compensation and settlement payments made to the former CEO who resigned on 23 November 2017.

5. Personnel expenses

Group	2018 $'000	2017 $'000
Wages and salaries	**9,725**	8,913
Compulsory social security contributions	**833**	878
Contributions to defined contribution pension plans	**593**	566
Equity-settled share based payment transactions	**25**	36
	11,176	10,393

The figures above include the Directors' remuneration, including compensation for loss of office, which is disclosed separately in the Directors Remuneration Report.

Average number of employees, including Executive Directors and excluding retained agents, by activity	2018 Number	2017 Number
Selling and distribution	**63**	59
Research & Development	**36**	32
Administration	**25**	25
	124	116

No personnel expenses are paid directly by the Company.

6. Net financing income

Group	2018 $'000	2017 $'000
Bank interest receivable	**-**	10
Interest charged on accounts receivable	**1**	2
Net financial income	**1**	12

7. Income taxes

	2018 $'000	2017 $'000
Current tax expense/(credit)		
UK tax	**(336)**	(236)
UK tax - prior year adjustment	**(127)**	188
Overseas tax	**10**	12
Overseas tax – prior year adjustment	**2**	(9)
	(451)	(45)
Deferred tax expense/(credit)		
Origination and reversal of temporary differences	**-**	(180)
Reduction in tax rates	**-**	21
Adjustments relating to prior year trading losses	**114**	-
	114	(159)
Total income tax expense/(credit) in income statement	**(337)**	(204)

Recognised in the income statement

The Group trades principally through its UK subsidiary, IndigoVision Limited. The current tax credit relates to research and development expenditure at 14.5%

The extent to which a deferred tax asset is recognised is dependent on estimates of future trading over an extended period of time and the extent to which research and development costs may be eligible for research and development tax credits in the future. The Group anticipates increasing its investment in research and development proportional to sales growth.

Based on the Group's trading assumptions the deferred tax asset is expected to begin being realised from 2020 onwards, when the Group starts to generate taxable profits and will be realised over a period of five years. As a result, the deferred tax asset has been valued based upon a future UK Corporation tax rate of 17%.

The deferred tax asset is denominated in sterling and as such is subject to exchange rate fluctuations. Such exchange rate movements are dealt with as part of the deferred tax income or expense for the year.

7. Income taxes (continued)

	2018		2017	
	%	**$'000**	%	$'000
Loss before tax		**(639)**		(2,804)
Income tax using the UK corporation tax rate	**18.97**	**(121)**	19.25	(540)
Other permanent differences	**(1.57)**	**10**	0.18	(5)
Non-deductible expenses	**(12.70)**	**81**	(1.18)	33
Fixed asset timing difference	**(0.78)**	**5**	(0.14)	4
Deduction for R&D expenditure	**68.00**	**(433)**	3.99	(112)
Surrender of tax losses for R&D tax credit refund	**(17.40)**	**111**	(6.38)	179
Deferred tax not recognised	**(20.69)**	**132**	-	-
Tax losses utilised	**0.16**	**(1)**	-	-
Adjustments to brought forward balances	**(1.88)**	**12**	(0.78)	22
Adjust deferred tax to average rate of 19%	**(0.31)**	**2**	-	-
Prior year adjustment – current tax	**19.91**	**(127)**	(6.63)	186
Temporary difference not recognised in computation	**2.66**	**(17)**	-	-
Exchange difference arising on movement between opening and closing spot rates – current tax	**-**	**-**	0.14	(4)
Overseas taxes credit	**(1.88)**	**12**	(0.43)	12
Effect of tax rate change on deferred tax asset	**0.47**	**(3)**	(0.75)	21
Total	**52.96**	**(337)**	17.97	(204)

At 31 December 2018 tax losses generated outside the UK available for offset against future profits, amounted to approximately $1.7m (2017: $1.9m); using an income tax rate of 19.00% (2017: 19.25%) this is equivalent to an asset of $0.3m (2017: $0.4m). 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.

8. Earnings per share

	2018 $'000	2017 $'000
Earnings per share		
Loss for the year attributable to equity shareholders (basic and diluted)	**(302)**	(2,600)
Exceptional compensation and settlement costs	**-**	396
Adjusted loss for the year attributable to equity shareholders	**(302)**	(2,204)
	Cents	Cents
Basic earnings per share	**(4.1)**	(34.9)
Diluted earnings per share	**(4.1)**	(34.9)
Adjusted earnings per share	**(4.1)**	(29.6)

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:

	2018 Number of shares	2017 Number of shares
Issued ordinary shares at start of year	**7,610,756**	7,610,756
Effect of purchase of own shares	**(229,238)**	(170,763)
Weighted average number of ordinary shares for the year – for earnings per share	**7,381,518**	7,439,993

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2018 was based on the loss attributable to equity shareholders of $302,000 (2017 loss: $2,600,000) and a weighted average number of ordinary shares during the year ending 31 December 2018 of 7,381,518 (2017: 7,439,993), calculated as shown above.

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2018 was based on the loss attributable to equity shareholders of $302,000 (2017 loss: $2,600,000) and a weighted average number of ordinary shares during the year ending 31 December 2018 of 7,381,518 (2017: 7,439,993), calculated as shown above.

Adjusted earnings per share

The calculation of adjusted earnings per share for the year ended 31 December 2018 was based on the loss attributable to equity shareholders of $302,000 (2017 loss: $2,600,000), to which the exceptional compensation/settlement costs of $nil (2017: $396,000) have been added back. A weighted average number of ordinary shares during the year ending 31 December 2018 of 7,381,518 (2017: 7,439,993), calculated as shown above. Adjusted earnings per share has been presented to reflect the one-off nature of the exceptional salary costs incurred in 2017. The Board believes an adjusted earnings per share measure is required to reflect its view of the underlying performance and to align more closely with management targets and rewards.

9. Property, plant and equipment

Group	Plant and equipment $'000	Fixtures and fittings $'000	Computer hardware $'000	Demo equipment $'000	**Total $'000**
Cost					
At 31 December 2016	1,638	1,081	1,387	1,666	**5,772**
Additions	313	9	220	597	**1,139**
Disposals	(28)	-	(2)	(651)	**(681)**
At 31 December 2017	1,923	1,090	1,605	1,612	**6,230**
Additions	91	1	86	97	**275**
Disposals	-	-	-	(64)	**(64)**
At 31 December 2018	2,014	1,091	1,691	1,645	**6,441**
Depreciation					
At 31 December 2016	1,407	515	1,253	1,361	**4,536**
Depreciation charge for the period	189	118	103	357	**767**
Disposals	(7)	-	(3)	(567)	**(577)**
At 31 December 2017	1,589	633	1,353	1,151	**4,726**
Depreciation charge for the year	175	113	110	355	**753**
Disposals	-	-	-	(27)	**(27)**
At 31 December 2018	1,764	746	1,463	1,479	**5,452**
Net Book Value					
At 31 December 2016	231	566	134	305	**1,236**
At 31 December 2017	334	457	252	461	**1,504**
At 31 December 2018	250	345	228	166	**989**

Included in the net book value of computer hardware are assets held under finance leases of $17,000 (2017: $34,000) after charging depreciation of $17,000 (2017: $17,000).

There was no property, plant and equipment held in the Company at 31 December 2018.

10. Intangible assets

Group	Intangible assets under Construction $'000	Computer software $'000	**Total** **$'000**
Cost			
At 31 December 2016	-	564	**564**
Additions	-	414	**414**
Disposals	-	(19)	**(19)**
At 31 December 2017	-	959	**959**
Additions (assets under construction)	133	-	**133**
Disposals	-	-	**-**
At 31 December 2018	133	959	**1,092**
Amortisation and impairment losses			
At 31 December 2016	-	542	**542**
Amortisation for the year	-	84	**84**
Disposals	-	(19)	**(19)**
At 31 December 2017	-	607	**607**
Amortisation for the year	-	133	**133**
Disposals	-	-	**-**
At 31 December 2018	-	740	**740**
Net book value			
At 31 December 2016	-	22	**22**
At 31 December 2017	-	352	**352**
At 31 December 2018	133	219	**352**

There were no intangible assets held in the Company at 31 December 2018.

11. Investments in subsidiaries

Company	**2018**	2017
	$'000	$'000
Cost		
At start of period	**2,337**	2,135
Increase in respect of share based payments	**25**	36
Difference on translation	**(145)**	166
At end of period	**2,217**	2,337

All subsidiaries	Registered office address	Country of incorporation	**Ownership interest (direct)**
			2018 & 2017 %
IndigoVision Ltd	Charles Darwin House, Edinburgh Technopole, Milton Bridge, Penicuik, Midlothian, EH26 0PY	Scotland	**100**
IndigoVision Inc	300 Broadacres Drive, 4th Floor, Unit 415, Bloomfield, NJ 07003 -3153, United States of America	United States of America	**100**
IndigoVision Pte Ltd	80 Robinson Road, #02-00, Singapore, 068898	Singapore	**100**
IndigoVision Video Security Solutions Limited.	Avenida da Praia Grande, n.o 815, 4o andar, Edificio Centro Comercial Talento, Macau	Macau	**100**
IndigoVision Solucoes De Seguranca Eletronica Ltda.	Rua Cerro Cora, Numero 1.306, Vila Romana ,Sao Paulo, Brazil, 05061-200	Brazil	**100**
IndigoVision UK Ltd	Condor House, 10 St Paul's Churchyard, London, EC4M 8AL	England & Wales	**100**
IndigoVision Australia Pty Ltd	Level 5, Deutsche Bank Place, 126 Phillip Street, Sydney, New South Wales, 2000	Australia	**100**
Indigo Vision Security System (Shanghai) Co., Ltd	Room 405, No. 553 Mao Tai Road, Chang Ning District, Shanghai, China, 200336	China	**100**

12. Deferred tax assets and liabilities

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	2018 $'000	2017 $'000
Employee benefits – share based payments	**24**	24
Value of tax losses carried forward	**1,671**	1,785
Depreciation in excess of capital allowances	**32**	32
Other timing differences	**5**	5
Tax assets	**1,732**	1,846

Unrecognised deferred tax assets

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

	2018 $'000	2017 $'000
Tax losses - UK	**3,009**	3,407
Tax losses - Non UK	**314**	314
	3,323	3,721

Movement in temporary differences during the period

	1 January 2017 $'000	Recognised in income $'000	**31 December 2017 $'000**
Employee benefits – share-based payments	24	-	**24**
Tax value of losses carried forward	1,626	159	**1,785**
Depreciation in excess of capital allowances	32	-	**32**
Other timing differences	5	-	**5**
	1,687	159	**1,846**

	1 January 2018 $'000	Recognised in income $'000	**31 December 2018 $'000**
Employee benefits – share-based payments	24	-	**24**
Tax value of losses carried forward	1,785	(114)	**1,671**
Depreciation in excess of capital allowances	32	-	**32**
Other timing differences	5	-	**5**
	1,846	(114)	**1,732**

13. Inventories

	2018 $'000	2017 $'000
Raw materials and consumables	**234**	309
Finished goods	**7,777**	8,627
	8,011	8,936

The write-down of inventories to net realisable value amounted to $321,000 (2017: $379,000). In the 12 month period, raw material, consumables and changes to finished goods recognised as cost of sales amounted to $19,423,000 (2017: $19,415,000).

14. Trade and other receivables

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Trade receivables	**11,907**	10,485	**-**	-
Amounts due from subsidiary undertakings	**-**	-	**1,637**	1,478
Other receivables	**2,165**	1,843	**16**	-
Prepayments and accrued income	**619**	772	**-**	-
	14,691	13,100	**1,653**	1,478

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 23.

15. Cash and cash equivalents

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Bank balances and cash and cash equivalents in the statement of cash flows	**2,024**	2,574	**22**	437

The Group's exposure to interest rate risk is disclosed in note 23. The overdraft facility is secured by a floating charge over the assets of the business.

16. Trade and other payables

	Group		Company	
	2018 $'000	2017 $'000	**2018 $'000**	2017 $'000
Trade payables	**5,227**	6,086	**-**	-
Taxation and social security	**235**	395	**-**	-
Finance lease assets: due with one year	**13**	19	**-**	-
Other payables	**180**	740	**39**	-
Accruals	**1,357**	862	**-**	-
Deferred income	**2,176**	1,979	**-**	-
	9,188	10,081	**39**	-

17. Provisions

Group product warranties	**2018 $'000**	2017 $'000
Balance at start of period	**183**	183
Provision made during the period	**479**	796
Provision used during the period	**(479)**	(796)
Balance at the end of the period	**183**	183
Non-current	**45**	45
Current	**138**	138
	183	183

The provision relates to possible claims on products sold during the standard warranty period granted at the point of sale. The provision has been based on analysis of product introductions and instances of actual goods returned and is expected to be utilised within the next two years.

18. Other non-current liabilities

Group	**2018 $'000**	2017 $'000
Finance lease assets: due in more than one year	**-**	14
Deferred income	**1,600**	1,100
Extended Warranty	**329**	-
International Agents Incentive plan	**3**	3
	1,932	1,117

19. Capital and reserves

Ordinary shares	**2018 Number of shares**	2017 Number of shares
In issue at start of period	**7,610,756**	7,610,756
Issued for cash on exercise of employee share options	**-**	-
In issue at end of period - fully paid	**7,610,756**	7,610,756

At 31 December 2018, the issued share capital comprised 7,610,756 ordinary shares (2017: 7,610,756) 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.

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's 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.

Treasury/own shares reserve

The total number of shares held in Treasury at 31 December 2018 was 97,238 (2017: 97,238).

Employee Benefit Trust

Offset within the profit and loss account is an amount of $848,579 (2017: $848,579) representing the cost of own shares held within the Employee Benefit Trust. The nominal value of own shares held is £1,320.

20. Finance Leases

Future lease payments are due as follows:

2018	**Minimum lease payments $'000**	**Interest $'000**	**Present value $'000**
Not later than one year	**13**	**-**	**13**
Between one year and five years	**-**	**-**	**-**
Later than five years	**-**	**-**	**-**
	13	**-**	**13**

2017	Minimum lease payments $'000	Interest $'000	Present value $'000
Not later than one year	19	-	19
Between one year and five years	14	-	14
Later than five years	-	-	-
	33	-	33

21. Contingent Liabilities

HMRC Duty deferment

The Group has provided a bank guarantee of £60,000 in relation to UK duty deferment.

22. Share based payments

Share option schemes

The Company 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 Tax Advantaged Share Option Schemes

The Company currently operates two tax advantaged, discretionary share options schemes: The 2008 Approved Share Option Scheme and the 2018 Company Share Option Scheme, with the latter being introduced during the year to replace the former, which had reached the end of its ten year life.

During 2017, the Company also operated the now terminated 2000 Approved Share Option Scheme.

Under these plans (which are intended to satisfy certain legislative requirements) the Remuneration Committee may grant selected eligible employees in the United Kingdom tax advantaged share options up to certain specified statutory limits.

The Unapproved Share Option Schemes

The Company has two “unapproved” share option schemes (being arrangements that are not intended to benefit from any particular tax advantages in the UK): The 2008 Unapproved Share Option Scheme and the 2018 Employee Share Option Scheme, with the latter being introduced during the year to replace the former, which had reached the end of its ten year life.

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

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) 2008

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 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 2018, 132,000 shares in the Company had been acquired by the Employee Benefit Trust.

The Long Term Incentive Plan (LTIP) 2018

On 24 October 2018, the Company established the IndigoVision Group plc 2018 Long Term Incentive Plan. Under the New LTIP, selected individuals were given the opportunity to share in a proportion of a "pool" of Ordinary Shares that is equal to 20% of the Company’s entire issued share capital.

The amount of this pool that is actually distributed amongst participants is entirely dependent on the level of earnings per share ("EPS") that the Company delivers in its 2021 financial year. In particular:

- the whole of the pool will be available for distribution to participants if the 2021 EPS figure is equal to or greater than $1.00;
- for EPS of $0.20 or less, no part of the pool will be distributed (and all awards will immediately lapse); and
- for performance between these two levels, the amount of the pool available to participants will be calculated by reference to a sliding scale (from 0% to 100%) that is more heavily weighted towards superior performance levels.

The shares to which a participant in the 2018 LTIP becomes entitled following the assessment of the above performance condition will be subject to further holding periods over the financial years ending 31 December 2022, 2023 and 2024. If the EPS in any of these subsequent years falls below the level delivered in 2021, a portion of the participant’s award will immediately lapse and cease to exist.

22. Share based payments (continued)

On 21 November 2018, the following awards were made under the 2018 LTIP:

		Number of units
Pedro Simoes		**375**
Chris Lea		**375**
Paul Theasby	Chief Operating Officer	**250**

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 2008 Approved Share Option Plan			
29 April 2010	3,234	3 years from date of grant	10 years
20 April 2012	3,000	3 years from date of grant	10 years
9 January 2013	3,000	3 years from date of grant	10 years
19 December 2013	7,699	3 years from date of grant	10 years
26 March 2015	6,778	3 years from date of grant	10 years
The 2008 Share Option Plan			
29 April 2010	1,766	3 years from date of grant	10 years
19 December 2013	2,801	3 years from date of grant	10 years
26 March 2015	9,222	3 years from date of grant	10 years
The Stand-Alone Option Agreements			
19 December 2013	48,000	Individually determined (typically 3 years)	10 years
26 March 2015	75,000	Individually determined (typically 3 years)	10 years
15 March 2017	50,000	Individually determined (typically 3 years)	10 years
The Long Term Incentive Plan			
26 March 2015	28,800	Individually determined (typically 3 years)	10 years
26 March 2015	140,500	Individually determined (typically 3 years)	10 years
15 March 2017	280,000	Individually determined (typically 3 years)	10 years
20 October 2017	100,000	Individually determined (typically 3 years)	10 years

22. Share based payments (continued)

	2018		2017	
	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	**-**	**-**	8.48	5,500
Forfeited during the period	**-**	**-**	8.48	(5,500)
Exercised during the period	**-**	**-**	-	-
Outstanding at the end of the period	**-**	**-**	-	-
The 2008 Approved Share Option Plan				
Outstanding at the beginning of the period	**3.75**	**24,711**	3.70	33,246
Granted during the period	**-**	**-**	-	-
Forfeited during the period	**3.75**	**(4,000)**	3.53	(8,535)
Outstanding at the end of the period	**3.75**	**20,711**	3.75	24,711
The 2008 Unapproved Share Option Plan				
Outstanding at the beginning of the period	**3.68**	**13,789**	3.62	29,254
Granted during the period	**-**	**-**	-	-
Forfeited during the period	**3.45**	**(6,000)**	3.56	(15,465)
Outstanding at the end of the period	**3.85**	**7,789**	3.68	13,789
The 2008 Stock Option Plan				
Outstanding at the beginning of the period	**-**	**-**	3.59	2,000
Granted during the period	**-**	**-**	-	-
Forfeited during the period	**-**	**-**	3.59	(2,000)
Outstanding at the end of the period	**-**	**-**	-	-
The Stand Alone Option Agreements				
Outstanding at the beginning of the period	**1.10**	**163,650**	1.56	131,600
Granted during the period	**-**	**-**	1.82	50,000
Forfeited during the period	**0.94**	**(120,600)**	3.59	(17,950)
Exercised during the period	**-**	**-**	-	-
Outstanding at the end of the period	**1.55**	**43,050**	1.10	163,650
The Long Term Incentive Plan				
Outstanding at the beginning of the period	**-**	**299,300**	-	86,800
Granted during the period	**-**	**-**	-	380,000
Forfeited during the period	**-**	**(30,000)**	-	(167,500)
Exercised during the period	**-**	**-**	-	-
Outstanding at the end of the period	**-**	**269,300**	-	299,300

22. Share based payments (continued)

The weighted average share price at the date of exercise of share options exercised during the 12 month period was £ nil (2017: £nil) as no options were exercised.

The options outstanding at the period-end have an exercise price in the range of £0.01 to £5.00 (2017: £0.01 to £5.00) and a weighted average remaining contractual life of 3.9 years (2017: 6.3 years).

The options outstanding at 31 December 2018 have an exercise price in the ranges summarised below:

Exercise Price Range	Number of options outstanding at 31 December 2018	Weighted average remaining contractual life (years)
£0.01- £3.44	35,000	2.7
£3.45 - £4.49	46,500	5.0
£4.50 - £5.00	5,000	1.3
	86,500	3.9

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%.

The total charge recognised for the period arising from share based payments was $25,000 (2017: $36,000). Of this, $25,000 (2017: $36,000) arose from equity-settled share based payments.

Recognised in income statement	2018 $'000	2017 $'000
Share options granted in 2013	-	4
Share options granted in 2014	-	6
Share options granted in 2015	7	10
Share options granted in 2016	8	11
Share options granted in 2017	7	5
Share options granted in 2018	3	-
Total expense recognised as employee costs (note 5)	25	36

23. Financial instruments

The Group's principal financial instruments as at 31 December 2018 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 2018 and 31 December 2017, 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 with high credit ratings.

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	**2018 $'000**	2017 $'000	**2018 $'000**	2017 $'000
Trade and other receivables	**14**	**14,072**	12,328	**1,653**	1,478
Cash and cash equivalents	**15**	**2,024**	2,574	**22**	437
		16,096	14,902	**1,675**	1,915

The Company has limited exposure to trade receivables as receivable balances are due from group companies and related parties.

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

	2018	2017
	$'000	$'000
Europe, Middle East and Africa	**5,354**	5,868
North America	**3,841**	2,726
Latin America	**2,284**	1,868
Asia Pacific	**1,634**	1,512
	13,113	11,974

23. Financial instruments (continued)

Impairment losses

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

	Gross 2018 $'000	Impairment 2018 $'000	Gross 2017 $'000	Impairment 2017 $'000
Not past due	**6,529**	**-**	6,817	-
0-30 days overdue	**3,946**	**-**	1,705	-
31-60 days overdue	**774**	**-**	656	-
More than 61 days overdue	**1,864**	**(1,206)**	2,796	(1,489)
	13,113	**(1,206)**	11,974	(1,489)

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:

	2018 $'000	2017 $'000
Balance at start of period	**(1,489)**	(1,454)
Impairment recognised	**(109)**	(681)
Impairment released	**300**	296
Effect of movements in foreign exchange	**92**	350
Balance at end of period	**(1,206)**	(1,489)

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 (approximately 61% (2017: 55%)), sterling (approximately 14% (2017: 16%)), euro (approximately 18% (2017: 20%)) and Canadian dollars 7% (2017: 9%). 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.

23. Financial instruments (continued)

Financial assets and financial liabilities by currency	Note	2018 $'000	2017 Restated* $'000
Sterling trade and other receivables	14	**2,314**	1,855
Euro trade and other receivables	14	**2,009**	3,012
Other currency trade and other receivables	14	**695**	1,527
Sterling cash and cash equivalents	15	**305**	92
Euro cash and cash equivalents	15	**76**	377
Other currency cash and cash equivalents	15	**105**	316
Sterling trade and other payables	16 & 18	**(1,702)**	(2,183)
Other currency trade and other payables	16 & 18	**(195)**	(766)

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 2018	12 months ended 31 December 2017	**31 December 2018**	31December 2017
US dollar to sterling	**0.7489**	0.7759	**0.7882**	0.7394
US dollar to euro	**0.8465**	0.8861	**0.8755**	0.8326

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. At 31 December 2018, the Group had an overdraft facility of $4.0m.This facility has recently been withdrawn by the Royal Bank of Scotland plc. As at 31 December 2018 the Group was not utilising the overdraft facility and had cash and cash equivalents of $2,024,000 (31 December 2017: $2,574,000). The Group does not have any interest bearing liabilities due after more than one year as the finance lease is interest free.

The Group meets its day to day working capital requirements from operating cash flows and has not utilised the overdraft within the last two years.

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

As at 31 December 2018 Group	Carrying amount $'000	Carrying amount $'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	**5,642**	**5,642**	**5,642**	**-**	**-**	**-**
Finance lease assets	**13**	**-**	**9**	**4**	**-**	**-**
	5,655	**5,655**	**9**	**4**	**-**	**-**

23. Financial instruments (continued)

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. The Board monitors return on capital, which the Group defines as profit before tax divided by total assets less current liabilities.

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 Group.

It is estimated that a general increase of five percentage points in the value of sterling against the US dollar would have decreased the Group's profit before tax by approximately $0.4m for the year ended 31 December 2018 (2017: decrease of $0.3m) and a general increase of five percentage points in the value of the US dollar against the euro would have increased the Group's profit before tax by approximately $0.5m (2017: increase of $0.4m).

Fair values

The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables is deemed to reflect materially the fair value for both the Group and Company.

	2018		2017	
Group	**Carrying Amount $'000**	**Fair Value $'000**	Carrying Amount $'000	Fair Value $'000
Trade and other receivables	**14,072**	**12,866**	12,328	10,839
Cash and cash equivalents	**2,024**	**2,024**	2,574	2,574
Trade and other payables	**(5,642)**	**(5,642)**	(7,221)	(7,221)
	10,454	**9,248**	7,681	6,192

	2018		2017	
Company	**Carrying Amount $'000**	**Fair Value $'000**	Carrying Amount $'000	Fair Value $'000
Trade and other receivables	**16**	**16**	-	-
Amounts due from subsidiary undertakings	**1,637**	**1,637**	1,478	1,478
Amounts due from other related parties				
Cash and cash equivalents	**22**	**22**	437	437
Trade and other payables	**(39)**	**(39)**	-	-
	1,636	**1,636**	1,915	1,915

24. Operating leases

Non-cancellable operating lease rentals are payable as follows.

	2018 $'000	2017 $'000
Lease rentals due within:		
Less than one year	**599**	582
Between one and five years	**406**	1,002
More than five years	**-**	-
	1,005	1,584

During the year ended 31 December 2018, $640,000 was recognised as an expense in the income statement in respect of operating leases (2017: $533,000).

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, the US lease expires April 2021 and the leases for all other premises expire in November 2019 or earlier.

25. Capital commitments

As at 31 December 2018 the Group had no contracts to purchase property, plant and equipment (2017: $nil).

26. Related parties

Identity of related parties

The Group has a related party relationship with its subsidiaries (see note 11) and with its Directors.

Transactions with key management personnel

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

During the year the Group paid $215,000 to Cooper Software Limited, a company of which George Elliott was a director.

Directors of the Company and their immediate relatives control 2.34% 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. Details of the Directors' remuneration are contained in the Directors' report on page 13.

During the year employer National Insurance contributions of $86,000 were made in relation to Directors' remuneration.

Transactions with subsidiaries

During the year the Company was charged a management fee of $216,000 (2017: $213,000) by its subsidiary IndigoVision Limited.

During the year the Company charged interest on cash balances loaned to its subsidiary IndigoVision Limited of $41,000 (2017: $40,000).

At the year end, IndigoVision Limited owed the Company $1,670,000, repayable on demand (2017: $1,468,000).

During the year the Company received no dividend from its subsidiary, IndigoVision Limited (2017: $nil).

27. 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.

Warranty provision

The provision for warranties is estimated based on historical warranty data which typically ranges from 1% to 3% per annum and management judgement on estimated future returns given the operational activities during the two year warranty period preceding the reporting date and the extent to which warranty costs can be passed back to third party manufacturers. If actual project installations or product failure rates are less favourable than those estimated by management or the costs associated with repair or replacement cannot be passed back to the manufacturer, 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 and the availability or otherwise of research and development tax credits. 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.

Secretary and advisors

Secretary and Registered Office

The Company Secretary
Charles Darwin House
The Edinburgh Technopole
Edinburgh
EH26 0PY

Nominated Advisor and Stock Brokers

Nplus1 Singer Advisory LLP
One Bartholomew Lane
London
EC2N 2AX

Auditor

RSM UK Audit LLP
Third Floor
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Solicitors

Shepherd & Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

Bankers

Royal Bank of Scotland plc
36 St Andrews Square
Edinburgh
EH2 2YB

Registrars

Computershare Investor Services plc
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ

Shareholder calendar

16 May 2019	Annual General Meeting

Notice of Annual General Meeting

INDIGOVISION GROUP PLC

(Incorporated in Scotland, registered number SC208809)

Notice is hereby given that the nineteenth annual general meeting of IndigoVision Group plc (the "Company") will be held at the Hoechst Lecture Theatre, Pentlands Science Park, Bush Loan, Penicuik, Midlothian, EH26 0PZ at 11.00 a.m. (UK time) on 16 May 2019 (the "AGM") for the following purposes:

To consider and, if thought fit, pass the following as ordinary resolutions:

1. To receive the Company's accounts for the financial year ended 31 December 2018 and the directors' report and the auditors' report on those accounts.
2. To re-elect Chris Lea, who retires at the AGM, as a director of the Company.
3. To re-elect Vikki Macleod, who retires at the AGM, as a director of the Company.
4. To re-appoint RSM UK Audit LLP as auditor of the Company to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
5. To authorise the directors to determine the auditor's remuneration.
6. That the limit (set out in article 85.1 of the articles of association of the Company) on the fees paid to, and benefits in kind received by, the Directors be increased to £250,000 (in aggregate) per annum with effect from 1 January 2019.
7. That:

(A) the directors be generally and unconditionally authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £25,045;

(B) in addition to the authority contained in paragraph (A), the directors be authorised to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company, comprising equity securities (within the meaning of section 560(1) of the Companies Act 2006 (the "Act")) up to a maximum nominal amount of £25,045 in connection with a Pre-Emptive Offer undertaken by means of a rights issue;

(C) the authorities given by this resolution:

(1) are given pursuant to section 551 of the Act and shall be in substitution for all pre-existing authorities under that section; and

(2) unless renewed, revoked or varied in accordance with the Act, shall expire on 30 June 2020 or, if earlier, at the end of the next annual general meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require the allotment of shares in the Company, or the grant of rights to subscribe for or to convert any security into shares in the Company, after such expiry; and

(D) for the purpose of this Resolution, "Pre-Emptive Offer" means an offer of equity securities to:

(1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and

(2) other persons entitled to participate in such offer by virtue of, and in accordance with, the rights attaching to any other equity securities held by them

in each case, subject to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

To consider and, if thought fit, pass the following as special resolutions:

8. That:

   (A) subject to the passing of resolution 6 above (the "Allotment Authority"), the directors be given power pursuant to section 570 of the Companies Act 2006 (the "Act") to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the Allotment Authority, and to sell treasury shares wholly for cash, as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities or the sale of treasury shares:

      (1) in the case of paragraph (A) of the Allotment Authority:

         (a) in connection with a Pre-Emptive Offer (as defined in the Allotment Authority); or

         (b) otherwise than in connection with a Pre-Emptive Offer, up to a maximum nominal amount of £7,514;

      (2) in the case of paragraph (B) of the Allotment Authority, in connection with a Pre-Emptive Offer undertaken by means of a rights issue; and

   (B) the power given by this resolution:

      (1) shall be in substitution for all pre-existing powers under section 570 of the Act; and

      (2) unless renewed in accordance with the Act, shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted, or treasury shares to be sold, after such expiry.

9. That the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (as amended) (the "Act") to make market purchases (within the meaning of section 693(1) of the Act) of ordinary shares of 1p each ("Ordinary Shares") on such terms and in such manner as the directors may decide provided that:

   (A) the maximum number of Ordinary Shares that may be purchased by the Company pursuant to this authority is 751,351;

   (B) the minimum price that may be paid for any such Ordinary Share shall be the nominal value of that share (exclusive of expenses payable by the Company in connection with the purchase);

   (C) the maximum price that may be paid for any Ordinary Share purchased pursuant to this authority is an amount equal to the higher of (a) 105 per cent. of the average of the middle market prices shown in the quotations for the Company's Ordinary Shares in the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased and (b) an amount equal to the higher of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from all London Stock Exchange trading systems (in each case, exclusive of expenses payable by the Company in connection with the purchase); and

   (D) this authority shall expire at the conclusion of the next annual general meeting of the Company or, if earlier, on 30 June 2020, but the Company may make a contract to purchase Ordinary Shares under this authority before its expiry which will or may be completed wholly or partly after the expiry of this authority, and may complete such a purchase as if this authority had not expired.

2 April 2019

Registered Office:
Charles Darwin House
The Edinburgh Technopole
Milton Bridge
Edinburgh
EH26 0PY

By Order of The Board

Chris Lea
Company Secretary

Explanatory Notes to the Notice of Annual General Meeting

General

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 7 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 8 and 9 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Resolution 1 – Annual report and accounts

The directors must lay the Company's accounts, the directors' report and the auditor's report before the shareholders in a general meeting. A copy of those accounts and reports are enclosed with this document and are also available on the Company's website at http://www.indigovision.com/investors/

Resolutions 2 to 3 – Re-election of directors

The Company's articles of association require that one third of directors (who are subject to retirement by rotation) must retire by rotation at each annual general meeting. Martin Pengelley is standing-down as a director at this AGM and in addition, Chris Lea is required to retire this year. Being eligible, Chris Lea offers himself for re-election.

The Company's articles of association require that a director appointed by the Directors retire at the Company's next annual general meeting. Vikki Macleod was appointed as a director of the Company by the Directors on 29 March 2019. She is required to retire at the AGM and being eligible, offers herself for re-election.

Resolutions 4 and 5 – Re-appointment and remuneration of the auditor

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the shareholders, to hold office until the end of the next such meeting. Resolution 4 proposes the re-appointment of RSM UK Audit LLP as the Company's auditor. Resolution 5 seeks authority for the directors to decide the auditor's remuneration.

Resolution 6 – Directors' Fees Limit Increase

Article 85.1 imposes a limit on the aggregate annual level of fees and other benefits which may be paid to Directors (in their capacity as such). That limit does not of course apply to the level of remuneration paid to executive directors. If passed this resolution would approve an increase in the current limit of £150,000 (which has been in place since 2002) to a level which will enable the company to pay competitive rates of fees to its non-executive directors for their services.

Resolution 7 - Renewal of authority to allot shares

The purpose of this resolution is to confer upon the directors the power to allot shares. Section 551 of the Companies Act 2006 provides that the directors may not allot new shares (other than pursuant to employee share schemes) without shareholder approval. The directors currently have authority to allot shares up to a maximum amount of £25,045, which represented approximately 33 per cent. of the Company's issued share capital when that authority was conferred upon the directors in 2018.

The resolution proposes that such authority be renewed and granted in substitution for the existing authority to allot securities up to a maximum amount of £25,045, representing approximately 33 per cent. of the Company's total issued share capital as at 2 April 2019 (excluding shares then held in treasury).

In addition (and as was the case at the last AGM), the Company is seeking additional authority to allot securities in connection with a fully pre-emptive rights issue up to a maximum amount of £25,045, representing approximately 33 per cent of the Company's total issued share capital as at 2 April 2019 (excluding shares then held in treasury). The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to implement a rights issue of an amount equal to two-thirds of the issued share capital without the need to call an additional general meeting. This would shorten the implementation timetable of such a rights issue. This is in accordance with best practice guidance issued by the Investment Association.

The directors have no present intention of exercising this authority. The authority will expire at the conclusion of the next annual general meeting or, if earlier, on 30 June 2020, unless previously cancelled or varied by the Company in general meeting. It is the intention of the Directors to renew this authority annually at each annual general meeting.

As at 2 April 2019, the Company held 97,238 shares in treasury.

Resolution 8 - Disapplication of pre-emption rights

Section 561(1) of the Companies Act 2006 provides that if the directors wish to allot any equity securities, or sell any treasury shares (if it holds any), for cash, the Company must first offer them to existing shareholders in proportion to their existing shareholdings. Section 561 does not apply in connection with allotments made pursuant to an employee share scheme.

The purpose of this resolution is to allow the directors to allot shares or sell any treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply, in connection with rights issues, open offers and other pre-emptive offers pursuant to the authority to allot shares granted by resolution 7, and otherwise up to a total amount of £7,514, representing approximately 10 per cent. of the Company's total issued share capital as at 2 April 2019 (excluding shares then held in treasury).

As regards this latter power to allot equity securities on a non pre-emptive basis, shareholders should note that the directors currently have power to allot equity securities on a non pre-emptive basis up to a maximum amount of £7,514 (which represented approximately 10 per cent. of the Company's issued share capital when that power was granted). If passed, this resolution will renew and replace that existing power.

The power conferred by this resolution will expire at the conclusion of the next annual general meeting or, if earlier, on 30 June 2020, unless previously cancelled or varied by the Company in general meeting. It is the intention of the directors to renew this power annually at each annual general meeting.

Resolution 9 - Market purchase of own shares by the Company

Authority for the Company to make market purchases of its own shares was granted at the 2018 annual general meeting. This resolution seeks to renew that authority.

The authority given by this resolution will be exercised only if the directors are satisfied that any purchase is in the interests of shareholders generally (irrespective of whether or not it results in an immediate increase in earnings per Ordinary Share).

The maximum number of Ordinary Shares which may be purchased under the proposed authority will be 751,351, representing approximately 10 per cent. of the issued share capital of the Company as at 2 April 2019 (excluding shares then held in treasury). The price paid for Ordinary Shares will not be less than the nominal value of the shares nor more than 5 per cent. above the average of the middle market quotations of the Company's Ordinary Shares as derived from the London Stock Exchange Daily Official List for the five business days preceding the day on which the Ordinary Shares are purchased.

As at 2 April 2019, the total number of outstanding options to subscribe for shares was 302,000 (this number does not include any rights to acquire shares which may come into existence through operation of the Company's unitised LTIP), representing approximately 4.02 per cent. of the total issued share capital of the Company (excluding shares then held in treasury) at that date. That percentage will increase to approximately 4.47 per cent. if the authority being sought is exercised in full.

The authority will expire at the end of the next annual general meeting or, if earlier, on 30 June 2020, unless previously cancelled or varied by the Company in general meeting. It is the intention of the directors to renew this authority annually at each annual general meeting.

Shareholder Notes

Appointment of proxy

Any shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be shareholders) to attend the AGM and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.

In order for a proxy form to be valid, it must be completed and signed and returned to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY so they receive it no later than 11 a.m. (UK time) on 14 May 2019.

Shareholders may also register their proxy appointments online at www.investorcentre.co.uk/eproxy.

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline on 0370 707 1088 to obtain additional proxy forms. Alternatively you may wish to photocopy your proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

Appointment of proxy using CREST

Shareholders may also appoint proxies online through CREST by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST proxy instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by the issuer's agent (ID 3RA50) by 11 a.m. (UK time) on 14 May 2019. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. Any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is therefore the responsibility of the CREST member concerned to take (or procure the taking of) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representatives

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

Record date

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 10 p.m. (UK time) on 14 May 2019 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the AGM, and at the venue for the AGM from half an hour before the time fixed for the AGM until the end of the AGM:

- the Company's annual report and accounts for the year ended 31 December 2018; and
- copies of the executive directors' service contracts and non-executive directors' letters of appointment.

Shareholder helpline

Shareholders who have general queries about the AGM or need additional proxy forms should call our Shareholder Helpline on 0370 707 1088 (no other methods of communication will be accepted).

Statement of capital and voting rights

As at 2 April 2019, the Company's issued share capital consisted of 7,610,756 Ordinary Shares of which 97,238 are held by the Company as treasury shares. Therefore, total voting rights in the Company as at 2 April 2019 are 7,513,518.

Other matters

Shareholders may not use any electronic address provided in either this notice of AGM or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

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IndigoVision | INNOVATION THAT MAKES YOU SAFE