

Consolidated profit and loss account (unaudited)
for the year ended 31 July 2002

	Notes	Before Exceptional items 2002 £000	Exceptional Items (Note 4) 2002	After Exceptional Items 2002 £000	2001 £000
Turnover	3	2,251		2,251	1,112
Cost of sales		(1,098)		(1,098)	(700)
Gross profit		1,153		1,153	412
Research and development expenditure		(3,267)	(288)	(3,555)	(2,000)
Other administrative expenses		(7,844)	(1,112)	(8,956)	(6,000)
Operating loss		(9,958)	(1,400)	(11,358)	(7,588)
Bank interest receivable and similar income		1,088		1,088	1,088
Interest payable and similar charges		(10)		(10)	(10)
Loss on ordinary activities before taxation		(8,880)	(1,400)	(10,280)	(5,510)
Tax on loss on ordinary activities		-		-	-
Retained loss for the year		(8,880)	(1,400)	(10,280)	(5,510)
Loss per ordinary share	5				
Basic and diluted loss per share				(15.01p)	(8.50p)
Loss per share before exceptional items				(12.96p)	(8.50p)

Consolidated statement of total recognised gains and losses (unaudited)
for the year ended 31 July 2002

	2002 £000	2001 £000
Loss for the financial year	(10,280)	(5,873)
Gain (Loss) on foreign currency	82	(17)
Total recognised gains and losses relating to the year	(10,198)	(5,890)

Consolidated balance sheet (unaudited)
at 31 July 2002

	Notes	2002 £000	£000	2001 £000	£000
Fixed assets					
Tangible assets			276		228

Current assets			
Stocks	791		366
Debtors	916		1,191
Cash at bank and in hand	23,588		32,359
	25,295		33,916
Creditors: amounts falling due within one year	(1,870)		(1,739)
Net current assets		23,425	32,177
Total assets less current liabilities		23,701	32,405
Creditors: amounts falling due after more than one year		(65)	(102)
Provisions for liabilities and charges		(1,194)	(59)
Net assets		22,442	32,244
Capital and reserves			
Called up share capital	7	6,849	6,849
Share premium account	8	28,849	28,849
Other reserve	8	8,563	8,563
Profit and loss account	8	(21,819)	(12,017)
Shareholders' funds - equity		22,442	32,244

Consolidated cash flow statement (unaudited)
for the year ended 31 July 2002

	Notes	2002 £000	£000	2001 £000	£00
Cash flow statement					
Cash outflow from operating activities	9		(9,693)		(7,
Returns on investments and servicing of finance					
Interest received		1,088		1,922	
Interest paid		(10)		(14)	
			1,078		1,9
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(190)		(201)	
Realisation of investments		-		30	
			(190)		(17
Cash outflow before management of liquid resources and financing			(8,805)		(5,
Financing					
Issue of ordinary share capital		-		35,456	
Repayment of loans		(48)		(77)	
Repayment of capital element of finance losses		-		(3)	
			(48)		35,
(Decrease) Increase in cash in the year			(8,853)		29,
Reconciliation of net cash flow to movement in net funds	10				
(Decrease) Increase in cash in the year			(8,853)		29,
Cash outflow from decrease in debt and lease financing			48		80
Translation adjustment			82		(17
Movement in net funds in the year			(8,723)		29,
Net funds at the start of the year			32,209		2,2
Net funds at the end of the year			23,486		32,

1. Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 July 2002.

2. Financial statements

The financial information set out in this announcement does not constitute the Group's Statutory Accounts for the years ended 31 July 2001 or 2002. The financial information for 2001 is derived from the Statutory Accounts of IndigoVision Group plc for 2001 which have been delivered to the Registrar of Companies. The auditors have reported on these 2001 Statutory Accounts; their report was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985. The Statutory Accounts for 2002 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

3. Turnover by destination

	2002		2001	
	£000	%	£000	%
USA	1,040	46%	716	40%
Far East	455	20%	296	16%
United Kingdom	452	20%	520	29%
Rest of Europe	232	11%	263	14%
Other	72	3%	14	1%
	2,251	100%	1,809	100%

4. Exceptional Items

Exceptional items relate to restructuring costs incurred during the year.

5. Loss per share.

Loss per share is calculated as follows:

	Year to 31 July 2002	Year to 31 July 2001
	£000	£000
Loss for the financial year	(10,280)	(5,873)
Exceptional items	1,400	-
Loss before exceptional items	(8,880)	(5,873)
Basic and diluted loss per share	(15.01p)	(8.57p)
Loss per share before exceptional items	(12.96p)	(8.57p)

All calculations of earnings per share are based on the weighted average number of ordinary shares in issue during the year of 68,493,520 (2001 - 68,493,520)

6. Dividend

The Directors do not recommend payment of a dividend.

7. Called up share capital

	2002 £000	2001 £000
Authorised Equity: Ordinary shares of 10p each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid Equity: Ordinary shares of 10p each	6,849	6,849
	<u>6,849</u>	<u>6,849</u>

8. Share premium and reserves

	Share Premium Account	Other reserve	Profit and loss account
	£000	£000	£000
At beginning of year	28,849	8,563	(12,017)
Retained loss for year	-	-	(10,280)
Share options charge per UITF 17	-	-	396
Currency exchange movements	-	-	82
At end of year	28,849	8,563	(21,819)

9. Reconciliation of operating loss to operating cash flows

	2002 Total	2001 Total
	£000	£000
Operating loss	(11,358)	(7,781)
Depreciation	142	79
(Increase) in stocks	(425)	(230)
(Increase)/decrease in debtors	275	(728)
Increase/(decrease) in creditors	142	1,036
Share option charges	396	396
Amortisation of capital grant	-	(1)
Movement in provisions	1,135	25
Net cash outflow from operating activities	(9,693)	(7,204)

10. Analysis of net funds

	At beginning of year £000	Cash flows	Other non cash changes	At end of year
		£000	£000	£000
Cash in hand and at bank	32,359	(8,771)	-	23,588
Debt due after one year	(102)	37	-	(65)
Debt due within one year	(48)	11	-	(37)
Total	32,209	(8,723)	-	23,486